



NATIONAL BANK OF CANADA

ANALYST AND INVESTOR PRESENTATION Q2-2015 CONFERENCE CALL

Wednesday, May 27, 2015 - 11:00 am



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and oral forward-looking statements, such as those contained in the *Major Economic Trends* and the *Outlook for National Bank* sections of the 2014 Annual Report, in other filings with Canadian securities regulators, and in other communications, for the purpose of describing the economic environment in which the Bank will operate during fiscal 2015 and the objectives it hopes to achieve for that period. These forward-looking statements are made in accordance with current securities legislation in Canada and the United States. They include, among others, statements with respect to the economy — particularly the Canadian and U.S. economies — market changes, observations regarding the Bank's objectives and its strategies for achieving them, Bank-projected financial returns and certain risks faced by the Bank. These forward-looking statements are typically identified by future or conditional verbs or words such as "outlook," "believe," "anticipate," "estimate," "project," "expect," "intend," "plan," and similar terms and expressions.

By their very nature, such forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2015 and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives and in determining its financial targets, including provisions for credit losses. In determining its expectations for economic growth, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a strong possibility that express or implied projections contained in these forward-looking statements will not materialize or will not be accurate. The Bank recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Bank's control, could cause actual future results, conditions, actions or events to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include strategic risk, credit risk, market risk, liquidity risk, operational risk, regulatory risk, reputation risk, and environmental risk (all of which are described in more detail in the *Risk Management* section beginning on page 61 of the 2014 Annual Report), general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including regulatory changes affecting the Bank's business, capital and liquidity; the situation with respect to the restructured notes of the master asset vehicle (MAV) conduits, in particular the realizable value of underlying assets; changes in the accounting policies the Bank uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Bank operates, primarily Canada and the United States (including the U.S. Foreign Account Tax Compliance Act (FATCA)); changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted; changes to the credit ratings assigned to the Bank; and potential disruptions to the Bank's information technology systems, including evolving cyber attack risk.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the *Risk Management* and *Other Risk Factors* sections of the 2014 Annual Report. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.



HIGHLIGHTS

ADJUSTED RESULTS ⁽¹⁾	Q2 15	Q1 15	Q2 14	QoQ	YoY
Net Income ⁽²⁾	411	410	375	-	10%
Diluted EPS	\$1.15	\$1.14	\$1.05	1%	10%
Provision for Credit Losses	57	54	51	6%	12%
Return on Equity	17.9%	17.5%	18.1%		
Common Equity Tier 1 Ratio Under Basel III	9.5%	9.3%	8.7%		
Leverage ratio	3.7%	3.6%			
Liquidity coverage ratio	121.8%				
Dividend Payout ⁽³⁾	41.9%	41.9%	42.5%		

- ❑ Net income up 10%
- ❑ Quarterly dividend increase of 4% to \$0.52

(1) Excluding specified items (see Appendix 1, page 25)

(2) Net income before non-controlling interests

(3) Trailing 4 quarters

MID-TERM OBJECTIVES

Excluding specified items

MID-TERM	
Growth in diluted earnings per share	5% to 10%
Return on common shareholders' equity	15% to 20%
Common Equity Tier 1 capital ratio	≥ 9.5%
Leverage ratio	≥ 3.5%
Dividend payout ratio	40% to 50%

FINANCIAL REVIEW

Ghislain Parent
Chief Financial Officer and
Executive Vice-President, Finance and Treasury



PERFORMANCE SNAPSHOT – Q2 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	Q2 15	Q1 15	Q2 14	QoQ	YoY
Revenues ⁽²⁾	1,497	1,459	1,344	3%	11%
Expenses	879	857	789	3%	11%
Net Income	411	410	375	-	10%
Diluted EPS	\$1.15	\$1.14	\$1.05	1%	10%
ROE	17.9%	17.5%	18.1%		

□ Adjusted revenues up 11%, YoY

□ Diluted EPS up 10% from Q2 2014

REPORTED	Q2 15	Q1 15	Q2 14	QoQ	YoY
Specified Items	(7)	5	(13)		
Net Income	404	415	362	(3%)	12%
Diluted EPS	\$1.13	\$1.16	\$1.01	(3%)	12%
ROE	17.6%	17.8%	17.4%		

(1) Excluding specified items (see Appendix 1, page 25)

(2) Taxable equivalent basis

PERFORMANCE SNAPSHOT – YTD 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	6M 15	6M 14	YoY
Revenues ⁽²⁾	2,956	2,714	9%
Expenses	1,736	1,596	9%
Net Income	821	759	8%
Diluted EPS	\$2.30	\$2.14	7%
ROE	17.7%	18.4%	

□ Adjusted revenues up 9%, YoY

□ Diluted EPS up 7%, YoY

REPORTED	6M 15	6M 14	YoY
Specified Items	(2)	8	
Net Income	819	767	7%
Diluted EPS	2.29	2.16	6%
ROE	17.7%	18.6%	

(1) Excluding specified items (see Appendix 1, page 25)

(2) Taxable equivalent basis

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INCOME STATEMENT OVERVIEW – Q2 2015 (Excluding specified items)

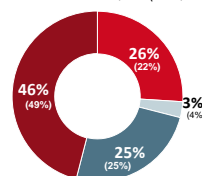
(millions of dollars)	Q2 15	Q1 15	Q2 14	QoQ	YoY
Revenues ⁽¹⁾	1,497	1,459	1,344	3%	11%
P&C Banking	680	691	645	(2%)	5%
Wealth Management	359	345	332	4%	8%
Financial Markets	428	418	337	2%	27%
Other Segment	30	5	30		

Net Income	411	410	375	-	10%
P&C Banking	166	175	157	(5%)	6%
Wealth Management	84	83	78	1%	8%
Financial Markets	176	178	128	(1%)	38%
Other Segment	(15)	(26)	12		

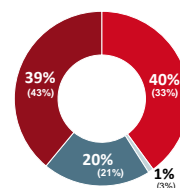
(1) Taxable equivalent basis

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REVENUES Q2-15 (vs. Q2-14) T.E.B.



NET INCOME Q2-15 (vs. Q2-14) T.E.B.



■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



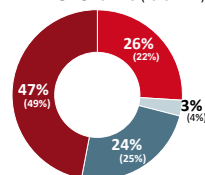
INCOME STATEMENT OVERVIEW – YTD 2015 (Excluding specified items)

<i>(millions of dollars)</i>	6M 15	6M 14	YoY
Revenues ⁽¹⁾	2,956	2,714	9%
P&C Banking	1,371	1,303	5%
Wealth Management	704	656	7%
Financial Markets	846	702	21%
Other Segment	35	53	
Net Income	821	759	8%
P&C Banking	341	323	6%
Wealth Management	167	154	8%
Financial Markets	354	273	30%
Other Segment	(41)	9	

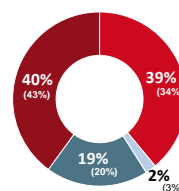
(1) Taxable equivalent basis

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REVENUES 6M-15 (vs. 6M-14) T.E.B.



NET INCOME 6M-15 (vs. 6M-14) T.E.B.



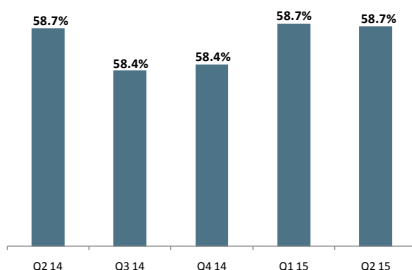
■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



NON INTEREST EXPENSES (Excluding specified items)

<i>(millions of dollars)</i>	Q2 15	Q1 15	Q2 14	QoQ	YoY	6M 15	6M 14	YoY
Salaries and Staff Benefits	535	545	477	(2%)	12%	1,080	981	10%
Technology and Professional Fees	175	173	158	1%	11%	348	315	10%
Other Expenses	169	139	154	22%	10%	308	300	3%
Non Interest Expense	879	857	789	3%	11%	1,736	1,596	9%

EFFICIENCY RATIO



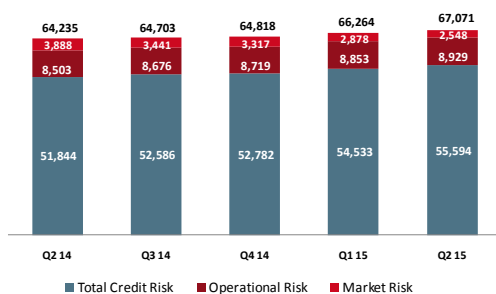
- Higher expenses resulting from technology investments, regulatory costs and variable compensation
- YTD 2015 efficiency ratio: 58.7% (58.8% YTD 2014)

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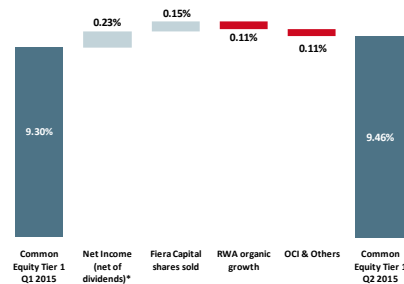


STRONG CAPITAL POSITION

**TOTAL RISK-WEIGHTED ASSETS
UNDER BASEL III**



**COMMON EQUITY TIER 1 UNDER BASEL III
EVOLUTION (QoQ)**



* Excludes impact of Fiera Capital shares sold

- Common Equity Tier 1 ratio is 9.5% in Q2 15
- Risk-weighted assets at \$67.1B
- Leverage ratio at 3.7%

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RISK MANAGEMENT

William Bonnell
Executive Vice-President, Risk Management



LOAN PORTFOLIO OVERVIEW

(billions of dollars)	Q2 15	% of Total
Retail mortgages & HELOC	51.4	47%
Secured by non real estate	4.8	4%
Credit cards	1.8	2%
Other retail	6.6	6%
Total Retail	64.6	59%

- The loan portfolio is well diversified across industrial sectors

(billions of dollars)	Q2 15	% of Total
Real Estate	7.6	7%
Retail & Wholesale Trade	5.3	5%
Mining and Oil & Gas	4.0	4%
Agriculture	4.0	4%
Manufacturing	3.7	3%
Education & Health Care	2.5	2%
Other ⁽¹⁾	17.7	16%
Total Wholesale	44.8	41%

Mining and Oil & Gas (billions of dollars)	Q2 15	% of total
Mining	0.4	0.3%
O&G Corporate	0.7	0.7%
O&G Commercial	2.7	2.5%
O&G Services	0.1	0.1%
Other	0.1	0.1%
Total	4.0	3.7%

Total Gross Loans and Acceptances	109.4	100%
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(1) Includes Utilities, Transportation, Financial, Prof. Services, Construction, Communication, Government, and Other Services

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REGIONAL DISTRIBUTION OF CANADIAN LOANS

As at April 30, 2015

REGION	RETAIL			WHOLESALE			TOTAL
	RM + HELOC	Other Retail	Other Wealth Mgt	Oil & Gas Sector	Commercial	Other	
QC / ON	40.3%	8.3%	2.6%	0.2%	22.9%	9.3%	84%
Oil Regions (AL/SK/NL)	2.9%	0.4%	0.4%	3.1%	0.7%	1.6%	9%
BC / MB	2.1%	0.3%	0.7%	0.0%	0.5%	1.1%	5%
Maritimes (NB/NS/PE)	1.1%	0.4%	0.1%	0.0%	0.6%	0.4%	2%

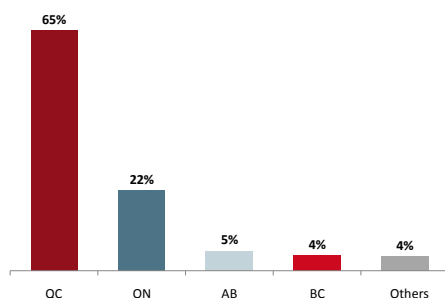
- Limited total exposure in the oil regions
- Direct lending to Oil and Gas sector represents approximately 3% of total loans

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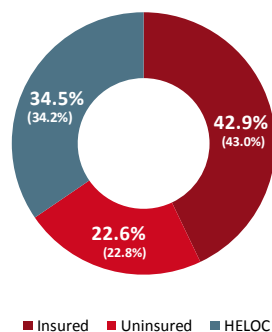


RETAIL MORTGAGE AND HELOC PORTFOLIO

DISTRIBUTION BY PROVINCE
As at April 30, 2015



MORTGAGE PORTFOLIO COMPOSITION
As at April 30, 2015
(vs. January 31, 2015)

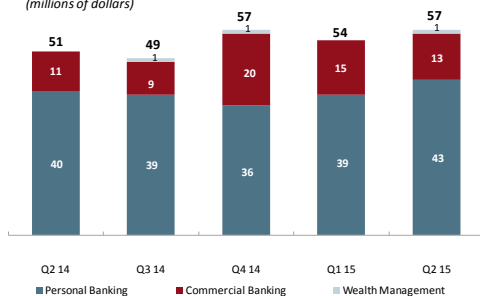


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SPECIFIC PROVISION FOR CREDIT LOSSES

(millions of dollars)



HIGHLIGHTS

- Q2 2015: 22 bps
- YTD 2015: 21 bps
- Next 2 quarters target: 20-30 bps

PCLs (in bps)	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14
Personal Banking	31	27	26	28	31
Commercial Banking	19	21	29	13	16
Wealth Management	4	-	3	3	-
Corporate Banking	-	-	-	-	-
TOTAL	22	20	22	19	21

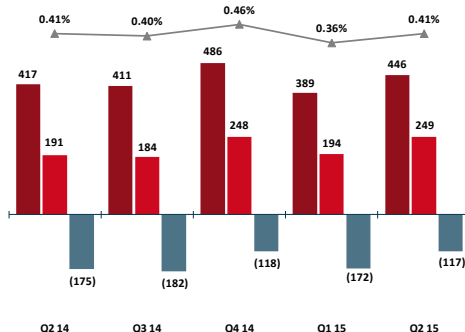
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IMPAIRED LOANS AND FORMATION

(millions of dollars)

IMPAIRED LOANS



■ Gross Impaired Loans
■ Impaired Loans before collective allowance for unimpaired loans
■ Impaired Loans, net of individual and collective allowances
▲ Gross Impaired Loans as a % of Loans and BA's

IMPAIRED LOANS FORMATION⁽¹⁾

(millions of dollars)	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14
Retail	28	22	29	20	15
Commercial	65	(37)	79	2	15
Corporate Banking	-	-	-	-	-
Wealth Management	1	2	2	1	-
Total	94	(13)	110	23	30

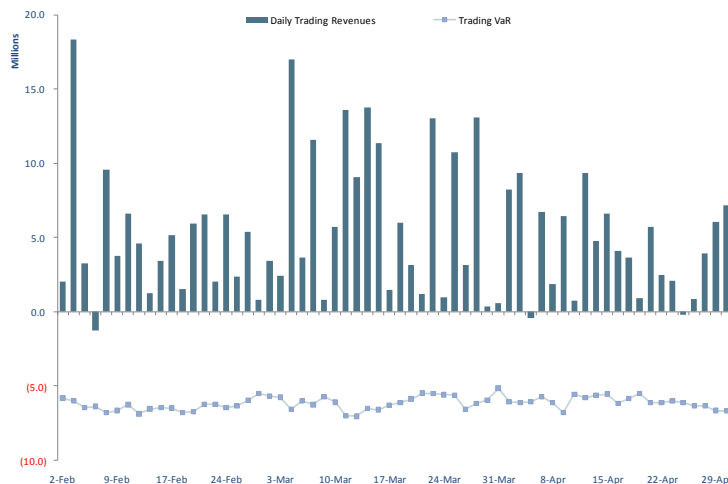
(1) Formations include new accounts, disbursements, principal repayments, and exchange rate fluctuation and exclude write-offs.

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DAILY TRADING REVENUES vs VaR

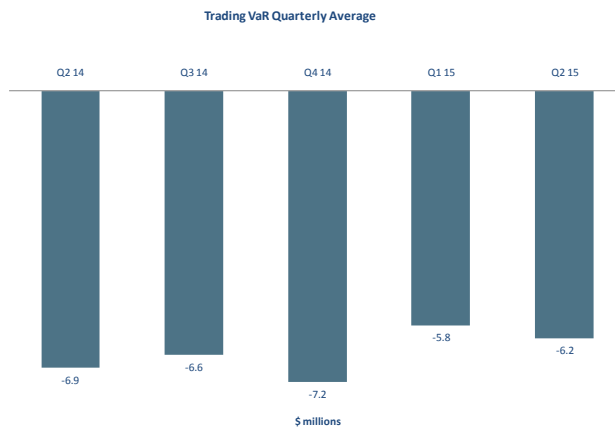
Daily Trading Revenues vs Trading VaR - Q2 2015
(CAD millions)



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VaR TREND



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BUSINESS SEGMENT REVIEW

Jean Dagenais
Senior Vice-President, Finance



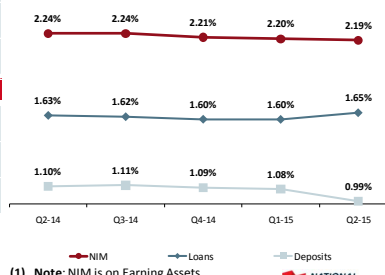
PERSONAL AND COMMERCIAL BANKING

(millions of dollars)	Q2 15	Q1 15	Q2 14	QoQ	YoY
Revenues	680	691	645	(2%)	5%
Personal Banking	316	323	300	(2%)	5%
Commercial Banking	256	251	237	2%	8%
Credit Card	82	89	83	(8%)	(1%)
Insurance	26	28	25	(7%)	4%
Operating Expenses	396	397	379	-	4%
Pre-provisions / Pre-tax	284	294	266	(3%)	7%
Provisions for Credit Losses	56	54	51	4%	10%
Net Income	166	175	157	(5%)	6%
Key Metrics (in millions)	Q2 15	Q1 15	Q2 14	QoQ	YoY
Loans & BAs (avg vol.)	85,814	84,573	80,310	1%	7%
Deposits (avg vol.)	43,726	43,833	42,570	-	3%
Efficiency Ratio (%)	58.2%	57.5%	58.8%		

HIGHLIGHTS

- Revenues up 5% YoY due to strong volume growth from loans, deposits and mutual funds
- Net Interest Margins down 1 bps QoQ
- Operating leverage ratio at 1% YoY
- Efficiency ratio improved by 60 bps YoY

P&C MARGINS EVOLUTION⁽¹⁾



(1) Note: NIM is on Earning Assets



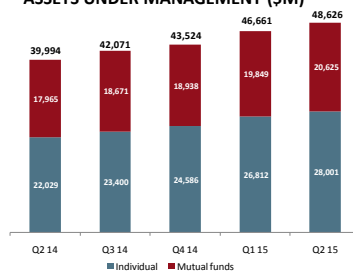
WEALTH MANAGEMENT⁽¹⁾

(millions of dollars)	Q2 15	Q1 15	Q2 14	QoQ	YoY
Revenues	359	345	332	4%	8%
Fee-based	191	179	161	7%	19%
Transaction & Others	87	84	92	4%	(5%)
Net Interest Income	81	82	79	(1%)	3%
Operating Expenses	244	233	226	5%	8%
Provision for Credit Losses	1	-	-		
Net Income	84	83	78	1%	8%
Key Metrics (billions of dollars)	Q2 15	Q1 15	Q2 14	QoQ	YoY
Loans & BAs (avg vol.)	8.5	8.6	8.2	(1%)	3%
Deposits (avg vol.)	24.4	24.5	24.3	(1%)	-
Asset Under Administration	318	313	294	2%	8%
Asset Under Management	49	47	40	4%	22%
Efficiency Ratio (%)	68.0%	67.5%	68.1%		

YOY HIGHLIGHTS

- Good net income growth at 8%
- Revenues were up 8% mostly due to strong fee-based growth (19%) partly offset by lower transactional revenues
- Efficiency ratio stood at 68.0% in-line with last year
- AUM growth is still strong at 22% driven by the success of our new MyWealth platform and good growth in Mutual Funds

ASSETS UNDER MANAGEMENT (\$M)



(1) Excluding specified items



FINANCIAL MARKETS⁽¹⁾

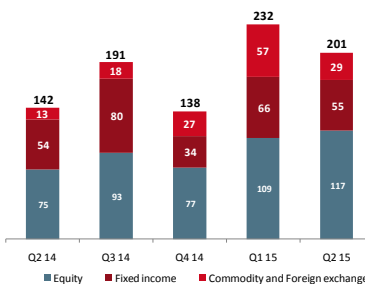
(millions of dollars)	Q2 15	Q1 15	Q2 14	QoQ	YoY
Revenues	428	418	337	2%	27%
Trading	201	232	142	(13%)	42%
Banking Services	63	69	61	(9%)	3%
Financial Market Fees	81	58	66	40%	23%
Gains on AFS Securities	3	(7)	2		
Credigy	42	41	51	2%	(17%)
Other	38	25	15	52%	153%
Operating Expenses	187	175	162	7%	15%
Net Income	176	178	128	(1%)	38%
Other Metrics (in millions)	Q2 15	Q1 15	Q2 14	QoQ	YoY
CVA / DVA	(16.4)	10.6	(3.3)		
Proprietary Trading	(4.3)	19.8	4.9		
Efficiency Ratio (%)	43.7%	41.9%	48.1%		

(1) Excluding specified items

HIGHLIGHTS

- Solid revenues from client activity in risk management products in all asset classes
- Very active market for new equity issues
- Gains from realizations in the private equity portfolio

TRADING REVENUES (\$M)



APPENDIX

APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

(millions of dollars)	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
Wealth Management and other acquisitions	(13)	(22)	(14)	(10)	(8)
Gain on disposal of equity interest in Fiera Capital	-	-	-	-	29
Share of current tax asset write-down of an associated company	-	-	-	-	(18)
Funding Valuation Adjustments	-	-	(13)	-	-
MAV and Other Notes	(4)	42	(4)	18	33
Litigation provisions	-	-	(14)	-	-
Write-off of Intangible Assets	-	-	(62)	-	(46)
Income Before Income Taxes	(17)	20	(107)	8	(10)
Income Taxes	4	(6)	30	(3)	3
Net Income	(13)	14	(77)	5	(7)
EPS Impact	(0.04)	0.04	(0.23)	0.02	(0.02)

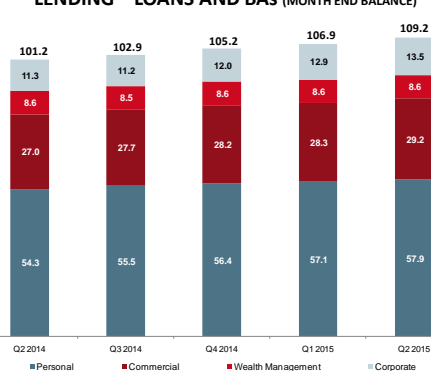
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BALANCE SHEET OVERVIEW (Banking Book)

(billions of dollars)

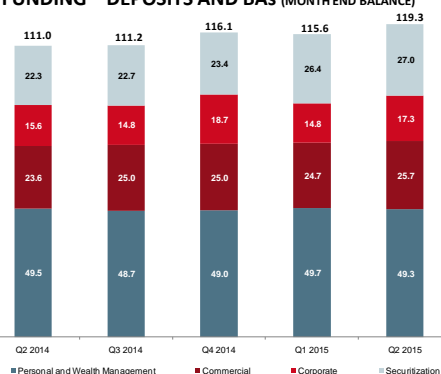
LENDING – LOANS AND BAS (MONTH END BALANCE)



YoY growth:

Personal and Wealth Management	6%
Commercial and Corporate	12%
Total	8%

FUNDING – DEPOSITS AND BAS (MONTH END BALANCE)



YoY growth:

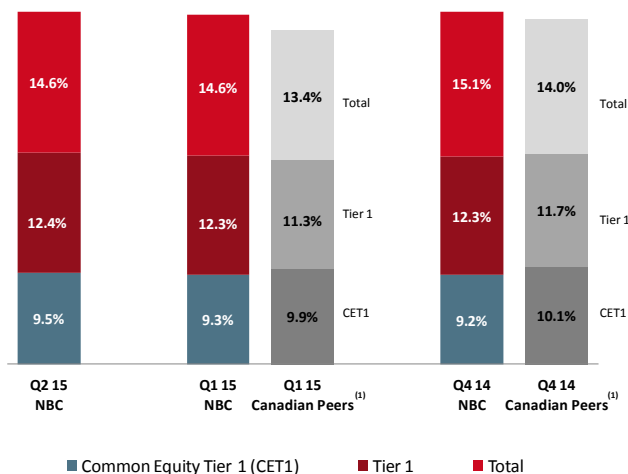
Personal and Wealth Management	-
Commercial and Corporate	10%
Securitization	21%
Total	7%

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COMPARATIVE PERFORMANCE – Capital Ratios

CAPITAL RATIOS UNDER BASEL III

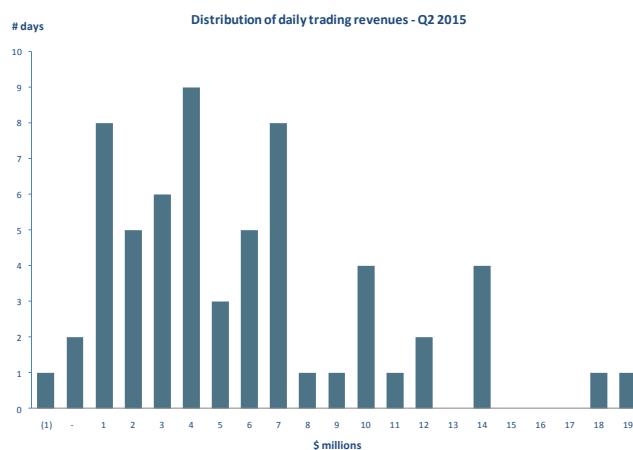


(1) Weighted average ratios of Royal Bank of Canada, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal and Canadian Imperial Bank of Commerce

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APPENDIX 6 | TRADING P&L RESULTS



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INVESTOR RELATIONS

Financial analysts and investors who want to obtain financial information on the Bank are asked to contact the Investor Relations Department.

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Website: www.nbc.ca/investorrelations



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