



NATIONAL BANK OF CANADA

ANALYST AND INVESTOR PRESENTATION Q4-2015 CONFERENCE CALL

Wednesday, December 2, 2015 - 1:00 pm



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and oral forward-looking statements, such as those contained in the Outlook for National Bank and the Major Economic Trends sections of this 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 2016 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 2016 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 credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk and environmental risk, all of which are described in more detail in the Risk Management section beginning on page 55 of this 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; 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 section of this 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⁾	Q4 15	Q3 15	Q4 14	QoQ	YoY
Net Income ⁽²⁾	417	444	407	(6%)	2%
Diluted EPS	\$1.16	\$1.25	\$1.14	(7%)	2%
Provision for Credit Losses	61	56	57	9%	7%
Return on Equity	16.6%	18.4%	17.9%		
Common Equity Tier 1 Ratio Under Basel III	9.9%	9.5%	9.2%		
Leverage ratio	3.7%	3.6%			
Liquidity coverage ratio	131%	128%			
Dividend Payout ⁽³⁾	42.9%	42.3%	41.5%		

- 2015 diluted EPS up 5% YoY
- Quarterly dividend increase of \$0.02 to \$0.54
- CET1 ratio up 40 bps due to common equity issue

(1) Excluding specified items (see Appendix 1, page 25)
 (2) Net income before non-controlling interests
 (3) Trailing 4 quarters

Q4 2015 RESULTS CONFERENCE CALL – December 2, 2015 | 3



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%

Q4 2015 RESULTS CONFERENCE CALL – December 2, 2015 | 4



FINANCIAL REVIEW

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



PERFORMANCE SNAPSHOT – Q4 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	Q4 15	Q3 15	Q4 14	QoQ	YoY
Revenues ⁽²⁾	1,473	1,553	1,440	(5%)	2%
Expenses	869	900	841	(3%)	3%
Net Income	417	444	407	(6%)	2%
Diluted EPS	\$1.16	\$1.25	\$1.14	(7%)	2%
ROE	16.6%	18.4%	17.9%		

□ Adjusted revenues up 2%, YoY

□ Adjusted diluted EPS up 2% from Q4 2014

□ Solid ROE at 16.6%

REPORTED	Q4 15	Q3 15	Q4 14	QoQ	YoY
Specified Items	(70)	9	(77)		
Net Income	347	453	330	(23%)	5%
Diluted EPS	\$0.95	\$1.28	\$0.91	(26%)	4%
ROE	13.6%	18.8%	14.3%		

□ After tax specified items of (\$70M) or (\$0.21) EPS impact
▪ (\$86M) before tax restructuring charge

□ Reported net income up 5%

(1) Excluding specified items (see Appendix 1, page 25)
(2) Taxable equivalent basis

PERFORMANCE SNAPSHOT – FY 2015

(millions of dollars)

ADJUSTED ⁽¹⁾	12M 15	12M 14	YoY
Revenues	5,982	5,638	6%
Expenses	3,505	3,303	6%
Net Income	1,682	1,593	6%
Diluted EPS	\$4.70	\$4.48	5%
ROE	17.6%	18.5%	

REPORTED	12M 15	12M 14	YoY
Specified Items	(63)	(55)	
Net Income	1,619	1,538	5%
Diluted EPS	\$4.51	\$4.32	4%
ROE	16.9%	17.9%	

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

(2) Taxable equivalent basis

- Adjusted revenues up 6% YoY
- Adjusted diluted EPS up 5% YoY
- Flat operating leverage, expecting neutral to slightly positive leverage in FY 2016
- Solid ROE at 17.6%

- After tax specified items of (\$63M) or (\$0.19) EPS impact (Appendix 1)
- Reported net income up 5% YoY

Q4 2015 RESULTS CONFERENCE CALL – December 2, 2015 | 7

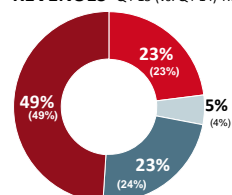


INCOME STATEMENT OVERVIEW – Q4 2015 (Excluding specified items)

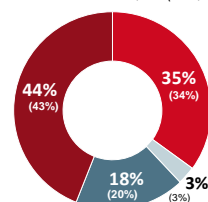
(millions of dollars)	Q4 15	Q3 15	Q4 14	QoQ	YoY
Revenues ⁽¹⁾	1,473	1,553	1,440	(5%)	2%
P&C Banking	717	728	690	(2%)	4%
Wealth Management	340	347	339	(2%)	-
Financial Markets	404	470	380	(14%)	6%
Other Segment	12	8	31		
Net Income	417	444	407	(6%)	2%
P&C Banking	187	197	174	(5%)	7%
Wealth Management	76	84	80	(10%)	(5%)
Financial Markets	162	202	151	(20%)	7%
Other Segment	(8)	(39)	2		

(1) Taxable equivalent basis

REVENUES Q4-15 (vs. Q4-14) T.E.B.



NET INCOME Q4-15 (vs. Q4-14) T.E.B.



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

Q4 2015 RESULTS CONFERENCE CALL – December 2, 2015 | 8



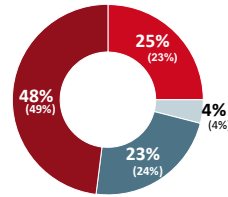
INCOME STATEMENT OVERVIEW – FY 2015 (Excluding specified items)

<i>(millions of dollars)</i>	12M 15	12M 14	YoY
Revenues ⁽¹⁾	5,982	5,638	6%
P&C Banking	2,816	2,689	5%
Wealth Management	1,391	1,330	5%
Financial Markets	1,720	1,527	13%
Other Segment	55	92	
Net Income	1,682	1,593	6%
P&C Banking	725	683	6%
Wealth Management	327	310	5%
Financial Markets	718	611	18%
Other Segment	(88)	(11)	

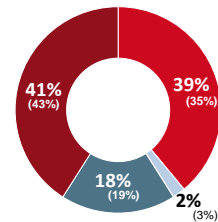
(1) Taxable equivalent basis

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REVENUES 12M-15 (vs. 12M-14) T.E.B.



NET INCOME 12M-15 (vs. 12M-14) T.E.B.



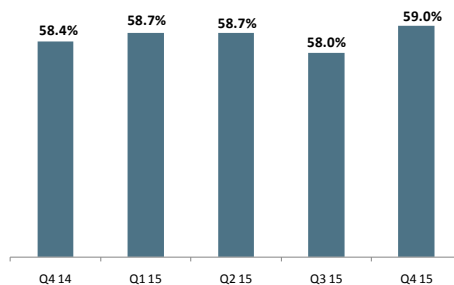
■ Personal and Commercial Banking
■ Financial Markets (excluding Credigy)
■ Credigy
■ Wealth Management



NON INTEREST EXPENSES (Excluding specified items)

<i>(millions of dollars)</i>	Q4 15	Q3 15	Q4 14	QoQ	YoY	12M 15	12M 14	YoY
Salaries and Staff Benefits	513	554	506	(7%)	1%	2,147	2,032	6%
Technology and Professional Fees	191	181	184	5%	4%	720	668	8%
Other Expenses	165	165	151	0%	10%	638	603	6%
Non Interest Expense	869	900	841	(3%)	3%	3,505	3,303	6%

EFFICIENCY RATIO



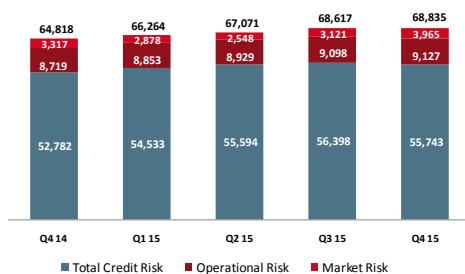
- Higher expenses resulting from technology investments, business development and higher employee benefits and tax on salaries
- FY 2015 efficiency ratio at 58.6%
- FY 2015 flat operating leverage, expecting neutral to slightly positive operating leverage in FY 2016
- Current pace of technology investments will continue in 2016
- \$35 million of ongoing pretax cost savings expected in 2016 due to restructuring initiatives

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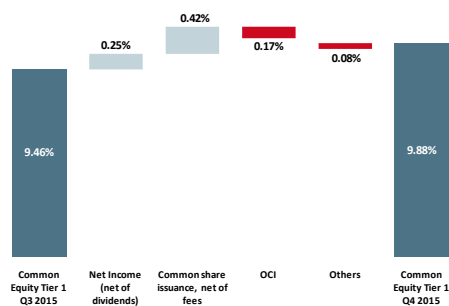


STRONG CAPITAL POSITION

TOTAL RISK-WEIGHTED ASSETS
UNDER BASEL III



COMMON EQUITY TIER 1 UNDER BASEL III
EVOLUTION (QoQ)



- Common Equity Tier 1 ratio at 9.9%
- \$300M common equity issuance in Q4
- 0.3% risk-weighted assets increase
- Leverage ratio at 3.7%

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RISK MANAGEMENT

William Bonnell
Executive Vice-President, Risk Management



LOAN PORTFOLIO OVERVIEW

(billions of dollars)	Q4 15	% of Total
Retail mortgages & HELOC	54.0	46%
Secured by non real estate	4.9	4%
Credit cards	1.9	2%
Other retail	6.8	6%
Total Retail	67.6	58%

(billions of dollars)	Q4 15	% of Total
Real Estate	8.1	7%
Retail & Wholesale Trade	4.9	5%
Agriculture	4.4	4%
Manufacturing	3.8	3%
Mining and Oil & Gas	3.6	3%
Education & Health Care	2.6	2%
Other ⁽¹⁾	20.8	18%
Total Wholesale	48.2	42%
Total Gross Loans and Acceptances	115.8	100%

Mining and Oil & Gas (billions of dollars)	Q4 15	% of total
Mining	0.4	0.4%
O&G Corporate	0.8	0.7%
O&G Commercial	2.2	1.9%
O&G Services	0.2	0.1%
Total	3.6	3.1%

(1) Includes Utilities, Transportation, Financial, Prof. Services, Construction, Communication, Government, and Other Services

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REGIONAL DISTRIBUTION OF CANADIAN LOANS

As at October 31, 2015

REGION	RETAIL			WHOLESALE			TOTAL
	RM + HELOC	Other Retail	Other Wealth Mgt	Oil & Gas Sector	Commercial	Other	
QC / ON	39.6%	8.2%	2.5%	0.1%	22.6%	10.4%	83.4%
Oil Regions (AL/SK/NL)	2.9%	0.4%	0.4%	2.6%	0.8%	1.9%	9.0%
BC / MB	2.3%	0.3%	0.6%	0.0%	0.5%	1.2%	4.9%
Maritimes (NB/NS/PE)	1.1%	0.4%	0.1%	0.0%	0.6%	0.5%	2.7%

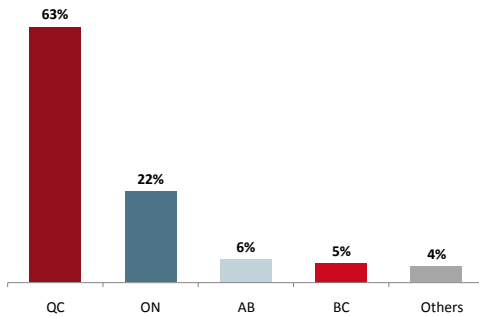
- ❑ Limited total exposure in the oil regions
- ❑ Direct lending to Oil and Gas sector represents approximately 2.7% of total loans

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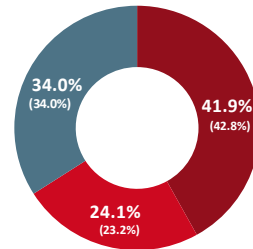
RETAIL MORTGAGE AND HELOC PORTFOLIO

DISTRIBUTION BY PROVINCE



MORTGAGE PORTFOLIO COMPOSITION

As at October 31, 2015
(vs. July 31, 2015)



■ Insured ■ Uninsured ■ HELOC

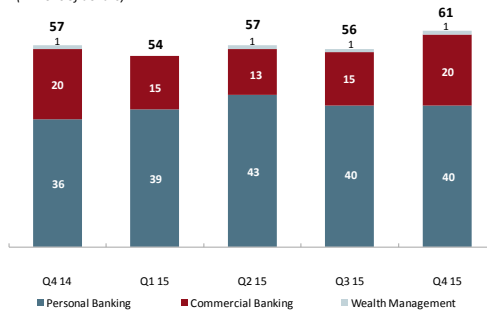
- The average Loan to Value on the HELOC and uninsured mortgage portfolio was approximately 59%
- Mortgage loans with second lien amounted to \$300 million approximately and accounted for less than 1% of the outstanding mortgage and HELOC portfolio

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SPECIFIC PROVISION FOR CREDIT LOSSES

(millions of dollars)



HIGHLIGHTS

- Q4 2015: 21 bps
- FY 2015: 21 bps
- Next 2 quarters target: 20-30 bps

PCLs (in bps)	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14
Personal Banking	27	27	31	27	26
Commercial Banking	26	21	19	21	29
Wealth Management	3	5	4	-	3
Corporate Banking	-	-	-	-	-
TOTAL	21	20	22	20	22

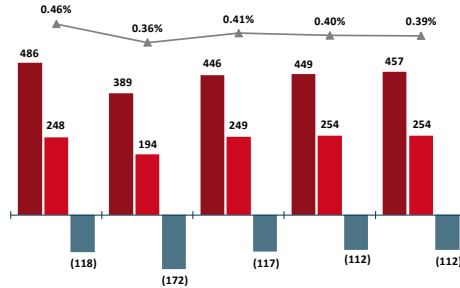
Q4 2015 RESULTS CONFERENCE CALL – December 2, 2015 | 16



IMPAIRED LOANS AND BA'S AND FORMATION

(millions of dollars)

IMPAIRED LOANS AND BA'S



Q4 14 Q1 15 Q2 15 Q3 15 Q4 15

- 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

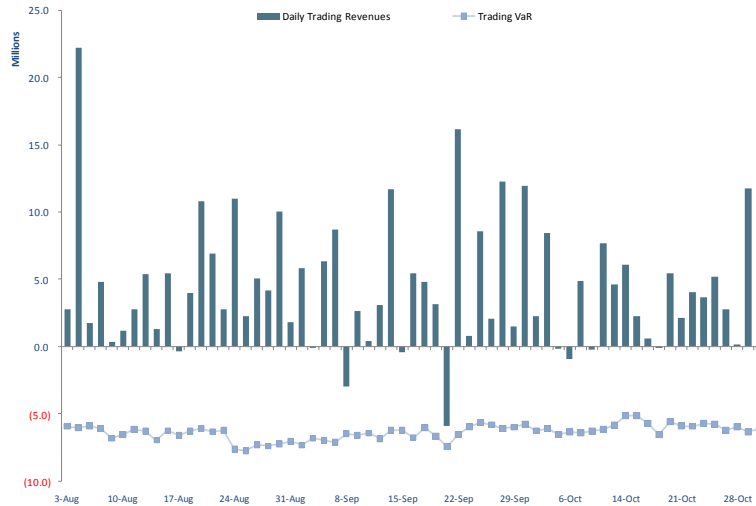
IMPAIRED LOANS AND BA'S FORMATION⁽¹⁾

(millions of dollars)	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14
Retail	23	16	28	22	29
Commercial	19	24	65	(37)	79
Corporate Banking	-	-	-	-	-
Wealth Management	1	4	1	2	2
Total	43	44	94	(13)	110

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

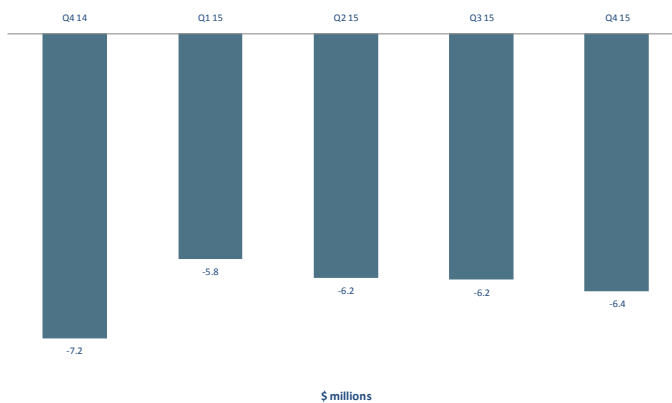
DAILY TRADING REVENUES vs VaR

Daily Trading Revenues vs Trading VaR - Q4 2015
(CAD millions)



VaR TREND

Trading VaR Quarterly Average



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BUSINESS SEGMENT REVIEW

Jean Dagenais
Senior Vice-President, Finance



PERSONAL AND COMMERCIAL BANKING⁽¹⁾

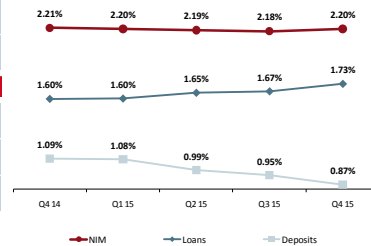
(millions of dollars)	Q4 15	Q3 15	Q4 14	QoQ	YoY
Revenues	717	728	690	(2%)	4%
Personal Banking	348	344	324	1%	7%
Commercial Banking	257	259	250	(1%)	3%
Credit Card	88	91	90	(3%)	(2%)
Insurance	24	34	26	(29%)	(8%)
Operating Expenses	402	404	395	-	2%
Pre-provisions / Pre-tax	315	324	295	(3%)	7%
Provisions for Credit Losses	60	55	56	9%	7%
Net Income	187	197	174	(5%)	7%
Key Metrics (billions of dollars)	Q4 15	Q3 15	Q4 14	QoQ	YoY
Loans & BAs (avg vol.)	88.6	87.2	83.2	2%	6%
Deposits (avg vol.)	45.7	45.1	44.0	1%	4%
Efficiency Ratio (%)	56.1%	55.5%	57.2%		

(1) Excluding specified items
(2) NIM is on Earning Assets

HIGHLIGHTS

- Revenues up 4% YoY due to strong volume growth from loans, deposits and mutual funds
- Net Interest Margin up 2 bps QoQ
- Operating leverage ratio at 2% YoY
- Efficiency ratio improved by 110 bps

P&C MARGINS EVOLUTION⁽²⁾



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WEALTH MANAGEMENT⁽¹⁾

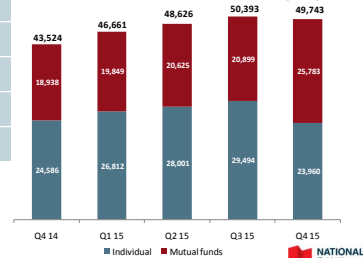
(millions of dollars)	Q4 15	Q3 15	Q4 14	QoQ	YoY
Revenues	340	347	339	(2%)	-
Fee-based	195	195	178	-	10%
Transaction & Others	64	73	82	(12%)	(22%)
Net Interest Income	81	79	79	3%	3%
Operating Expenses	237	233	230	2%	3%
Provision for Credit Losses	1	1	1		
Net Income	76	84	80	(10%)	(5%)
Key Metrics (billions of dollars)	Q4 15	Q3 15	Q4 14	QoQ	YoY
Loans & BAs (avg vol.)	9.0	8.8	8.4	3%	7%
Deposits (avg vol.)	24.9	24.2	24.2	3%	3%
Asset Under Administration	308	315	302	(2%)	2%
Asset Under Management	50	50	44	-	14%
Efficiency Ratio (%)	69.7%	67.1%	67.8%		

(1) Excluding specified items

YOY HIGHLIGHTS

- Revenues up 1 million, with 10% growth in fee-based revenues, offset by lower transactional revenues due to market downturn
- Expenses were up 3% mainly due to project costs and IT expenses
- National Bank Investment launched two Smart-Beta funds managed by Rothschild Asset Management showing our commitment to the open architecture concept
- Good growth in our Partnership channels, gross sales have tripled representing close to \$300 million of volumes

ASSETS UNDER MANAGEMENT (\$M)



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FINANCIAL MARKETS⁽¹⁾

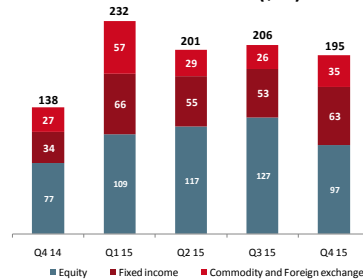
<i>(in millions of dollars)</i>	Q4 15	Q3 15	Q4 14	QoQ	YoY
Revenues	404	470	380	(14%)	6%
Trading	195	206	138	(5%)	41%
Banking Services	79	75	67	5%	18%
Financial Market Fees	57	90	80	(37%)	(29%)
Gains on AFS Securities	(10)	15	15		
Credigy	70	63	60	11%	17%
Other	13	21	20	(38%)	(35%)
Operating Expenses	184	193	173	(5%)	6%
Net Income	162	202	151	(20%)	7%
<i>Other Metrics (in millions)</i>	Q4 15	Q3 15	Q4 14	QoQ	YoY
CVA / DVA	6.5	2.1	6.6		
Proprietary Trading	0.9	0.1	(18.6)		
Efficiency Ratio (%)	45.5%	41.1%	45.5%		

(1) Excluding specified items

YOY HIGHLIGHTS

- Strong Trading Revenues driven by hedging activity by clients particularly in foreign exchange, interest rates and commodities, and improved Prop Trading
- Higher Banking Services revenues on solid balance sheet growth
- Lower Financial Markets Fees because of lower new equity issue activity
- Solid quarter for Credigy as a result of growing asset purchases during the fiscal year

TRADING REVENUES (\$M)



APPENDIX

APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

(millions of dollars)	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
Wealth Management and other acquisitions	(14)	(10)	(8)	(9)	(7)
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)	18	33	21	(2)
Litigation provisions	(14)	-	-	-	-
Write-off of Intangible Assets	(62)	-	(46)	-	-
Restructuring charge	-	-	-	-	(86)
Income Before Income Taxes	(107)	8	(10)	12	(95)
Income Taxes	30	(3)	3	(3)	25
Net Income	(77)	5	(7)	9	(70)
EPS Impact	(0.23)	0.01	(0.02)	0.03	(0.21)

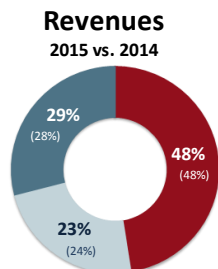
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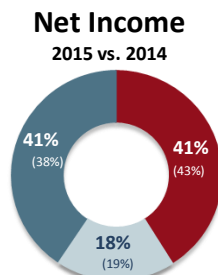
APPENDIX 2 | 2015 INCOME STATEMENT⁽¹⁾

(taxable equivalent basis)

(millions of dollars)	Personal & Commercial			Wealth Management			Financial Markets		
	2015	2014	YoY	2015	2014	YoY	2015	2014	YoY
Revenues	2,816	2,689	4.7%	1,391	1,330	4.6%	1,720	1,527	12.6%
Operating Expenses	1,599	1,548	3.3%	947	909	4.2%	739	690	7.1%
PCLs	225	205	9.8%	3	3	-	-	-	-
Net Income	725	683	6.1%	327	310	5.5%	718	611	17.5%



■ Personal & Commercial ■ Wealth Management ■ Financial Markets



■ Personal & Commercial ■ Wealth Management ■ Financial Markets

(1) Excluding specified items

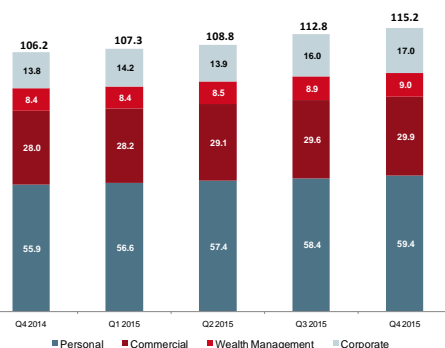
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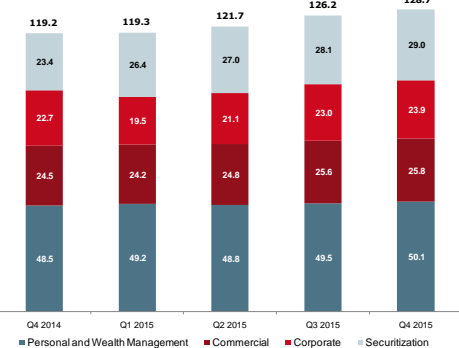
APPENDIX 3 | BALANCE SHEET OVERVIEW (Banking Book & Other)

(billions of dollars)

LENDING – LOANS AND BAS (MONTH END BALANCE)



FUNDING – DEPOSITS AND BAS (MONTH END BALANCE)



YoY growth:

Personal and Wealth Management	6%
Commercial and Corporate	12%
Total	8.5%

YoY growth:

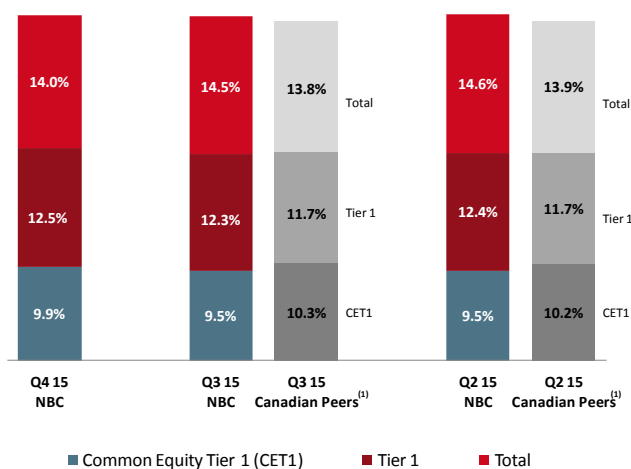
Personal and Wealth Management	3%
Commercial and Corporate	5%
Securitization	24%
Total	8.0%

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APPENDIX 4 | COMPARATIVE PERFORMANCE – Capital Ratios

CAPITAL RATIOS UNDER BASEL III

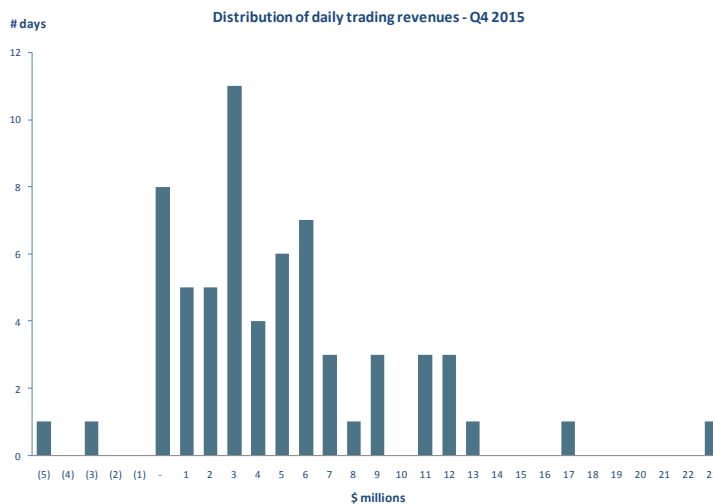


(1) Weighted average ratios of Royal Bank of Canada, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal and Canadian Imperial Bank of Commerce

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APPENDIX 5 | 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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