

INVESTOR PRESENTATION

Q1|20

February 27, 2020

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and oral forward-looking statements, such as those contained in the Economic Review and Outlook section of the Report to Shareholders - First Quarter 2020 and of the 2019 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 2020 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 2020 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 58 of the 2019 Annual Report, and more specifically, 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; 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; potential disruptions to the Bank’s information technology systems, including evolving cyberattack risk and possible impacts of catastrophic events affecting local and global economies, including public health emergencies and natural disasters.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the Risk Management section of the 2019 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.

OVERVIEW

Louis Vachon
President & Chief Executive Officer

OVERVIEW - Q1|20 ADJUSTED RESULTS⁽¹⁾

ADJUSTED RESULTS ⁽¹⁾ (\$MM, TEB)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Revenues	2,010	2,008	1,862	-	8%
Net Income	620	612	552	1%	12%
Diluted EPS	\$1.70	\$1.69	\$1.50	1%	13%
PCL	89	89	88	-	1%
Return on Equity	18.3%	18.4%	17.2%		
CET1 Ratio	11.7%	11.7%	11.5%		

Highlights – Q1|20

- Strong performance in Q1/20
- Continued momentum in all businesses
- Disciplined cost management
- Credit quality remains strong across our portfolios
- Strong capital position
- Industry-leading ROE
- Favorable backdrop in Canadian and Quebec economies

(1) For details on Specified Items, see slide 25

SEGMENT HIGHLIGHTS - Q1|20

NET INCOME (\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
P&C Banking	251	265	242	(5%)	4%
Wealth Management	135	129	123	5%	10%
Financial Markets	184	203	168	(9%)	10%
US Specialty Finance & International	85	78	60	9%	42%

Highlights – Q1|20

P&C Banking

- Good performance with positive momentum on both sides of the balance sheet
- Balance between sustainable growth, prudent risk management and margins

Wealth Management

- Solid earnings growth driven by favorable markets and good volumes
- Maintaining double-digit earnings growth target through the cycle

Financial Markets

- Robust quarter with general recovery in market environment
- Strong performance in Global Markets

USSF&I

- Strong growth in ABA Bank
- Credigy: double-digit earnings growth for F2020

FINANCIAL REVIEW

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

TRANSFORMATION DRIVING EFFICIENCY

ADJUSTED RESULTS⁽¹⁾

Total Bank (\$MM, TEB)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Revenues	2,010	2,008	1,862	0.1%	7.9%
Expenses	1,078	1,084	1,026	(0.6%)	5.1%
Operating Leverage					2.8%
Efficiency Ratio	53.6%	54.0%	55.1%	↓ 40 bps	↓ 150 bps

Business Segments (TEB)	Revenue Growth Q1 20 vs Q1 19	Expense Growth Q1 20 vs Q1 19	Operating Leverage	Efficiency Ratio Q1 20
Personal & Commercial	3.4%	1.1%	2.3%	53.2%
Wealth Management	7.1%	5.6%	1.5%	60.6%
Financial Markets	11.7%	11.8%	(0.1%)	43.4%
US Specialty Finance & International	14.0%	14.7%	(0.7%)	40.0%

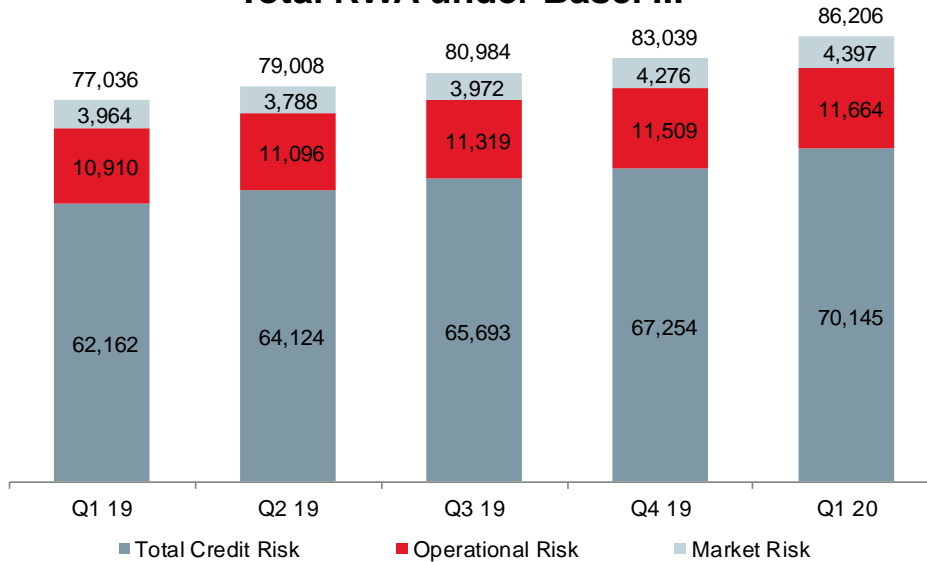
Highlights

- Significant improvement in all-bank efficiency ratio and solid operating leverage in Q1/20
- Maintaining good balance between cost management and investing for growth
- P&C: expecting 3% expense growth for F2020
- Targeting positive operating leverage for F2020
- Drivers for efficiency gains: cultural transformation, simplification, digitalization, and automation

(1) For details on Specified Items, see slide 25

STRONG CAPITAL POSITION

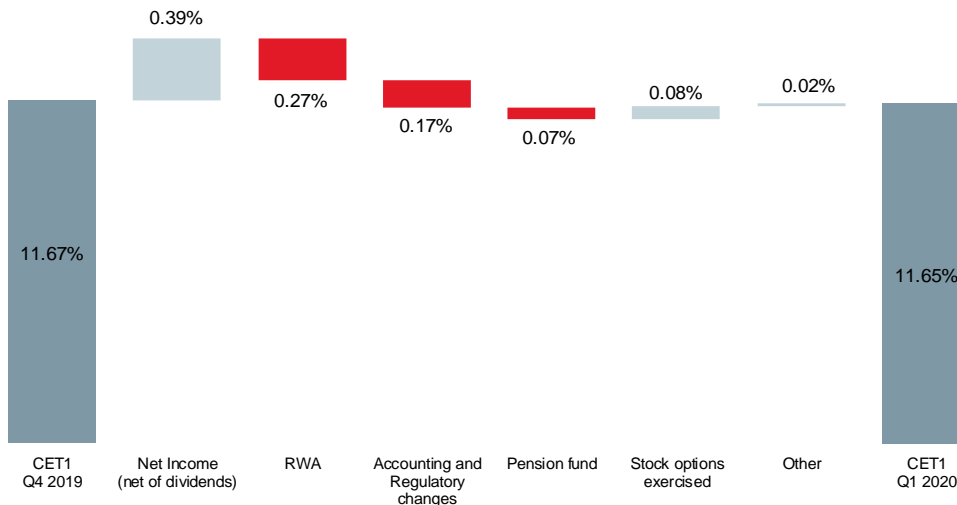
Total RWA under Basel III



Highlights

- Common Equity Tier 1 ratio at 11.7%
- Leverage ratio at 4.0%
- Liquidity coverage ratio at 144%
- RWA growth driven by good volumes across all segments
- Combined CET1 impact from accounting and regulatory changes in Q1/20: 17 bps

CET1 under Basel III Evolution (QoQ)





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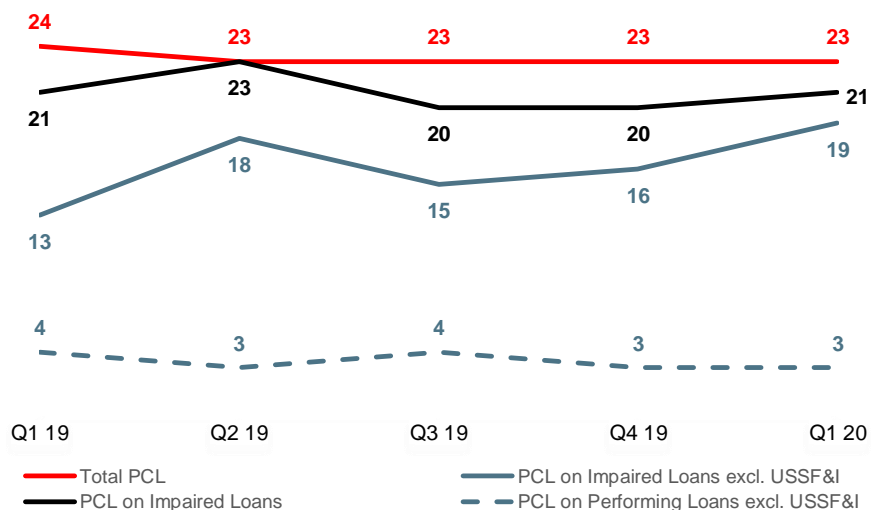
RISK MANAGEMENT

William Bonnell

Executive Vice-President
Risk Management

PROVISIONS FOR CREDIT LOSSES

Quarterly PCL Ratio (bps)



PCL by Business Segment

(\$MM)	Q1 20	Q4 19	Q1 19
Personal	45	43	43
Commercial	9	11	1
Wealth Management	-	-	-
Financial Markets	13	5	2
PCL on Impaired Loans x-USSF&I	67	59	46
ABA Bank	1	1	1
Credigy	14	17	30
Total PCL on Impaired Loans	82	77	77
PCL on Performing Loans x-USSF&I	12	10	15
PCL on Performing Loans USSF&I	(4)	(1)	(8)
POCI	(1)	3	4
Total PCL	89	89	88

Highlights

PCL on impaired loans:

- Stable total impaired PCL of 21 bps (\$82 million)
- Lower impaired PCLs at Credigy, offset by higher impaired PCLs in Financial Markets

PCL on performing loans:

- PCL on performing loans (x-USSF&I) of 3 bps (\$12 million), primarily due to portfolio growth and revisions of forward-looking factors
- PCL on performing loans in USSF&I of -\$4 million, tracking amortization of Credigy's unsecured consumer portfolio

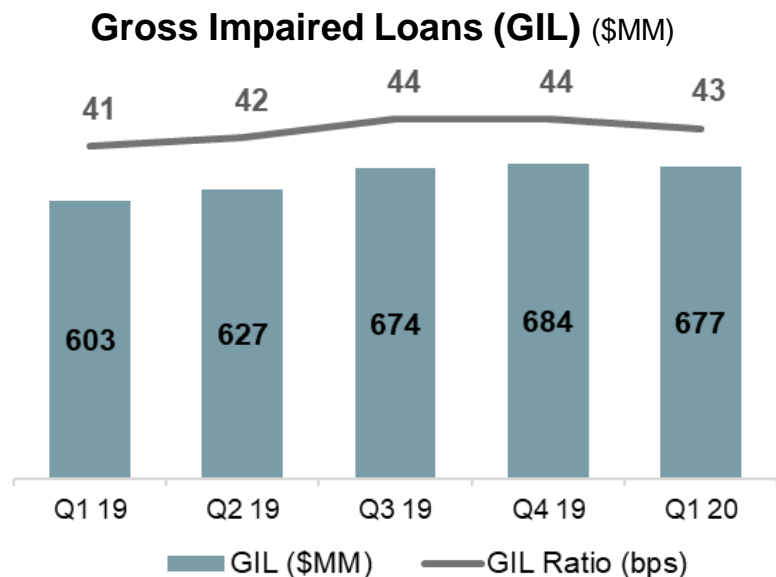
Total PCL:

- 23 bps (\$89 million) stable QoQ

Total PCL target range:

- 20-30 bps for 2020

GROSS IMPAIRED LOANS⁽¹⁾ AND FORMATIONS⁽²⁾



Highlights

- GIL ratio of 43 bps (\$677 million), -1 bp QoQ
- Net formations of \$78 million
 - Lower formations in Personal and Credigy
 - New formations in Financial Markets related to one account in the electricity generation sector

Net Formations by Business Segment

(\$MM)	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Personal	48	54	34	36	55
Commercial	(21)	47	31	40	(43)
Financial Markets	30	(4)	36	-	9
Wealth Management	-	1	(1)	-	-
Credigy	17	20	23	27	36
ABA Bank	4	0	2	1	1
Total GIL Net Formations	78	118	125	104	58

(1) Under IFRS 9, impaired loans are all loans classified in stage 3 of the expected credit loss model. Those loans do not take into account purchased or originated credit-impaired loans.

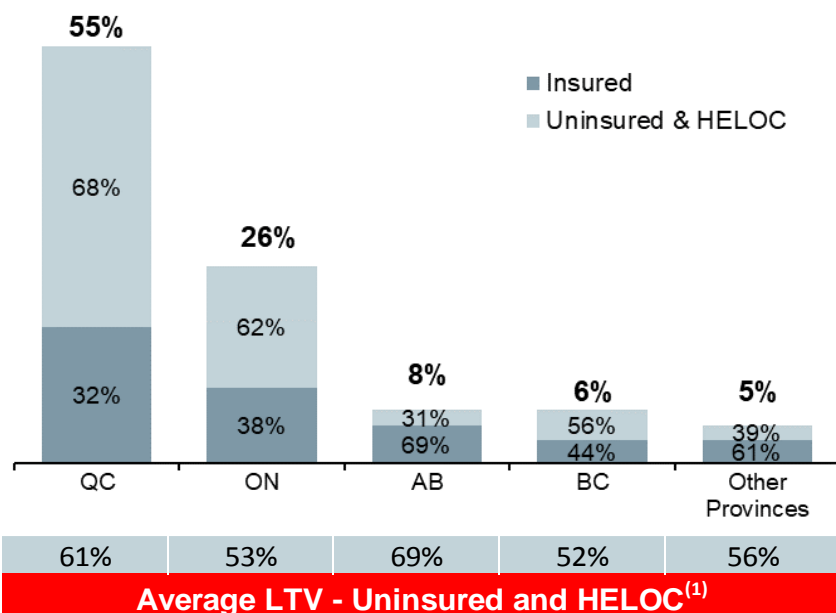
(2) Formations include new accounts, disbursements, principal repayments, and exchange rate fluctuation; net of write-offs.



RETAIL MORTGAGE AND HELOC PORTFOLIO

Canadian Distribution by Province

(As at January 31, 2020)



Canadian Uninsured and HELOC Portfolio

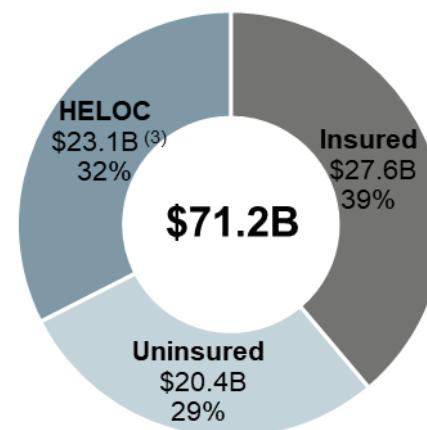
	HELOC	Uninsured
Average LTV ⁽¹⁾	57%	60%
Average Credit Bureau Score ⁽²⁾	790	770
90+ Days Past Due (bps)	8	22

- (1) LTV are based on authorized limit for HELOCs and outstanding amount for Uninsured Mortgages. They are updated using Teranet-National Bank sub-indices by area and property type.
- (2) National Bank implemented an updated version of the credit bureau score for its portfolio management activities.
- (3) Of which \$13.7B are amortizing HELOC.

Highlights

- Distribution across product and geography remained stable. Insured mortgages account for 39% of the total
- Uninsured mortgages and HELOC in GTA and GVA represent 10% and 2% of the total portfolio and have an average LTV⁽¹⁾ of 52% and 53% respectively

Canadian Distribution by Mortgage Type

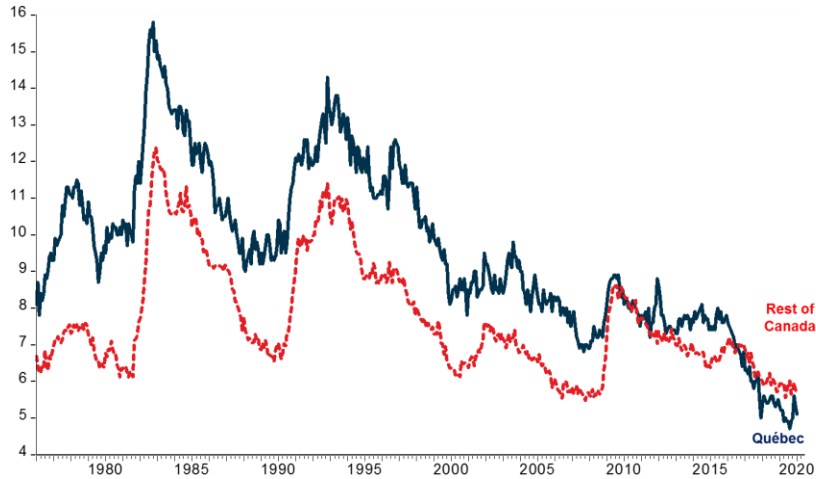


APPENDICES

APPENDIX 1 | STRONG FUNDAMENTALS IN QUÉBEC ECONOMY

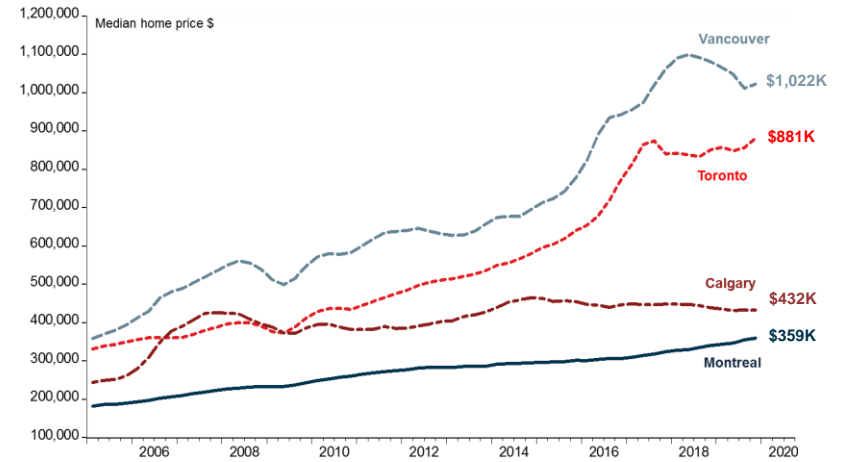
Jobless rate at historical lows

Jobless rate % - Rest of Canada and Québec



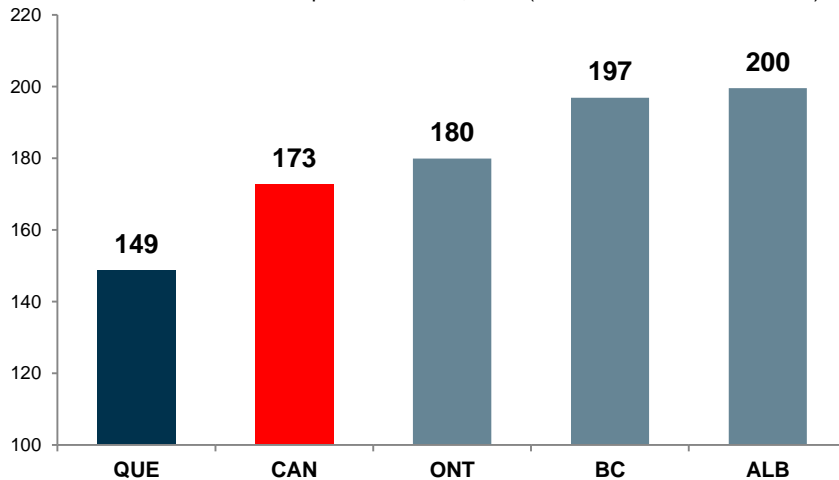
Affordable home prices

Median home price in different cities (\$)



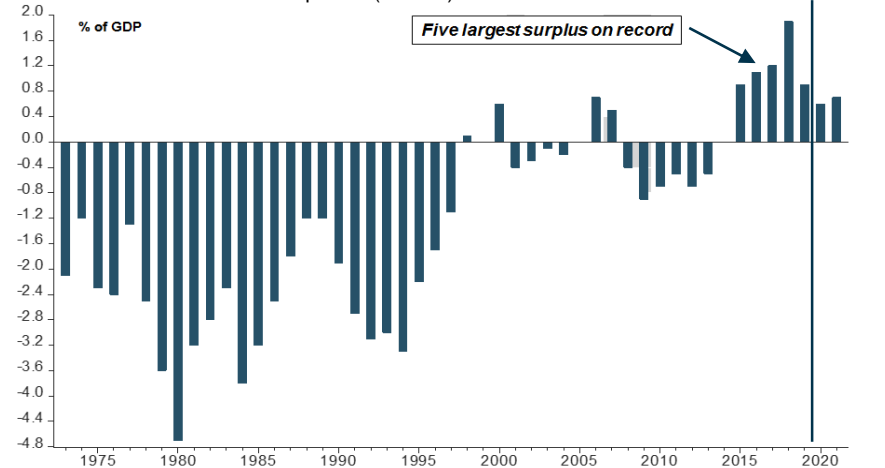
Household leverage below national average

Household debt as a % of disposable income, 2017 (Data does not include NPISH)



Sound public finances

Historical surpluses (deficits) – Province of Québec



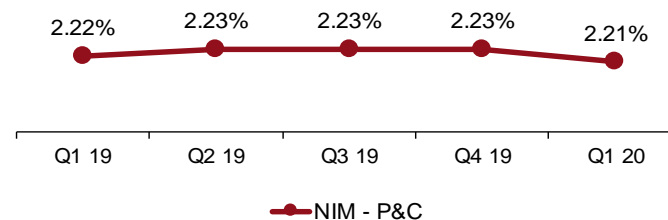
APPENDIX 2 | PERSONAL AND COMMERCIAL BANKING

(\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Revenues	880	875	851	1%	3%
Personal	547	545	527	-	4%
Commercial	333	330	324	1%	3%
Operating Expenses	468	455	463	3%	1%
Pre-provisions / Pre-tax	412	420	388	(2%)	6%
Provisions for Credit Losses	70	59	58	19%	21%
Stage 3	54	54	44	-	23%
Stages 1 and 2	16	5	14	220%	14%
Net Income	251	265	242	(5%)	4%
Key Metrics (\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Loans & BAs - Personal (avg vol.)	77,903	77,015	75,268	1%	4%
Loans & BAs - Commercial (avg vol.)	37,542	37,466	35,321	-	6%
Loans & BAs - Total (avg vol.)	115,445	114,481	110,589	1%	4%
Deposits - Total (avg vol.)	64,388	64,488	61,108	-	5%
NIM (%)	2.21%	2.23%	2.22%	(0.02%)	(0.01%)
Efficiency Ratio (%)	53.2%	52.0%	54.4%	+120 bps	-120 bps
PCL ratio	0.24%	0.20%	0.21%	0.04%	0.03%

Highlights YoY

- Good revenue growth supported by solid loan and deposit volumes
- Lower expenses driven by:
 - Lower amortization as a result of the Q3/19 projects write-off
 - Savings mainly related to distribution optimization
- Unusually low PCLs on impaired loans in Commercial in Q1/19
- QoQ PCL increase due to higher allowances on performing loans

Margins Evolution⁽¹⁾



(1) NIM is on Earning Assets.

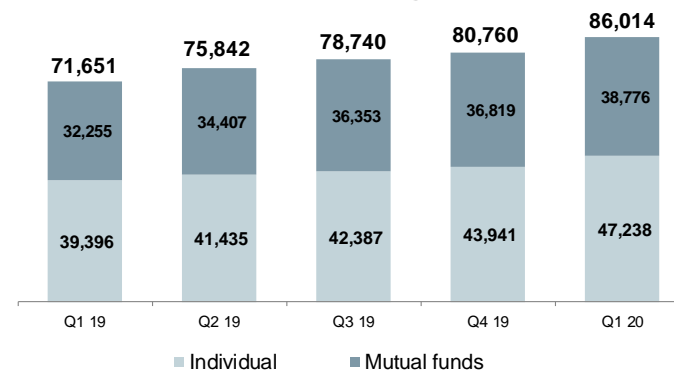
APPENDIX 3 | WEALTH MANAGEMENT

(\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Revenues	465	446	434	4%	7%
Fee-based	273	263	242	4%	13%
Transaction & Others	73	72	68	1%	7%
Net Interest Income	119	111	124	7%	(4%)
Operating Expenses	282	271	267	4%	6%
Provision for Credit Losses	-	-	-		
Net Income	135	129	123	5%	10%
Key Metrics (\$B)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Loans & BAs (avg vol.)	4.8	4.8	4.9	(1%)	(3%)
Deposits (avg vol.)	32.4	31.8	33.1	2%	(2%)
Asset Under Administration	521	485	438	7%	19%
Asset Under Management	86	81	72	7%	20%
Efficiency Ratio (%)	60.6%	60.8%	61.5%	-20 bps	-90 bps

Highlights YoY

- Solid performance with net income up 10%
- Favorable markets and good volumes led to solid revenue growth
 - Decline in NII driven by lower overnight funding rate
- Higher variable expenses impacted by revenue mix

Assets under Management (\$MM)



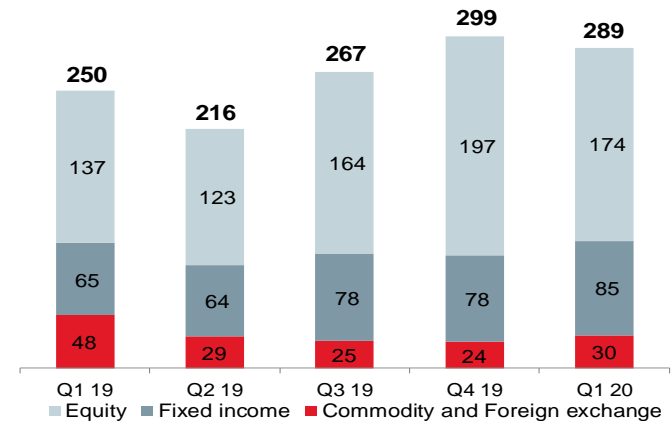
APPENDIX 4 | FINANCIAL MARKETS

(\$MM, TEB)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Revenues	458	495	410	(7%)	12%
Global Markets	289	299	250	(3%)	16%
Corporate & Investment Banking	169	196	160	(14%)	6%
Operating Expenses	199	209	178	(5%)	12%
Pre-provisions / Pre-tax	259	286	232	(9%)	12%
Provision for Credit Losses	9	10	3		
Net Income	184	203	168	(9%)	10%
Other Metrics (\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Loans & BAs (avg vol.)	17,025	16,950	16,230	-	5%
Corporate banking					
Efficiency Ratio (%)	43.4%	42.2%	43.4%	+120 bps	0 bps

Highlights YoY

- Another robust performance in Global Markets driven by both equity and fixed income
- Good performance across Investment Banking, partly offset by lower upfront fees in Corporate Banking
- Higher expenses on higher compensation and higher transaction volumes

Global Markets Revenues (\$MM)



APPENDIX 5 | US SPECIALTY FINANCE & INTERNATIONAL

(\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Revenues	195	192	171	2%	14%
Credigy	98	95	105	3%	(7%)
ABA	95	90	65	6%	46%
Other	2	7	1		
Operating Expenses	78	74	68	5%	15%
Credigy	36	38	36	(5%)	-
ABA	41	36	31	14%	32%
Other	1	-	1	-	-
Provision for Credit Losses	10	20	27	(50%)	(63%)
Credigy	7	18	23	(61%)	(70%)
ABA	3	2	4	50%	(25%)
Net Income	85	78	60	9%	42%
Credigy	43	31	36	39%	19%
ABA	41	41	24	-	71%
Other	1	6	-		
Other Metrics (\$MM)	Q1 20	Q4 19	Q1 19	QoQ	YoY
Loans (avg vol.)					
Credigy	6,413	6,174	6,498	4%	(1%)
ABA	3,467	3,159	2,310	10%	50%
Deposits (avg vol.)					
ABA	4,373	4,227	2,758	3%	59%
Efficiency Ratio (%)	40.0%	38.5%	39.8%	+150 bps	+20 bps
Number of Branches					
ABA Bank	77	70	66	10%	17%

Highlights YoY

- ABA Bank:
 - Strong growth with earnings up 71%, loans up 50% and deposits up 59%
 - Increase in expenses due to branch openings in Q1/20
- Credigy:
 - Lower PCL due to seasoning and amortization of unsecured portfolio
 - Expecting double-digit earnings growth in F2020
- Moratorium on significant investments in emerging markets until the end of 2021

APPENDIX 6 | OTHER

ADJUSTED RESULTS ⁽¹⁾ (\$MM, TEB)	Q1 20	Q4 19	Q1 19
Revenues	12	-	(4)
Operating Expenses	51	75	50
Provision for Credit Losses	-	-	-
Pre-tax Income	(39)	(75)	(54)
Net Income	(35)	(63)	(41)

REPORTED RESULTS (\$MM)	Q1 20	Q4 19	Q1 19
Specified Items	(10)	(8)	-
Net Income	(45)	(71)	(41)

Highlights YoY

- Higher contribution from Treasury

(1) For details on Specified Items, see slide 25

APPENDIX 7 | TOTAL LOAN PORTFOLIO OVERVIEW

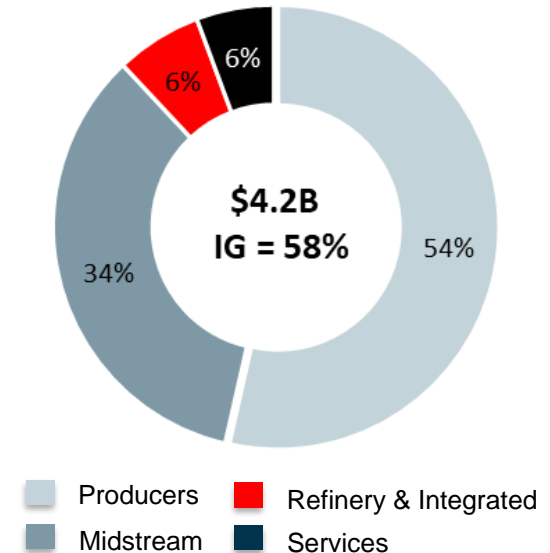
Loan Distribution by Borrower Category

(\$B)	As at January 31, 2020	% of Total
Retail		
- Secured - Mortgage & HELOC	75.7	48%
- Secured - Other ⁽¹⁾	9.0	6%
- Unsecured	4.6	3%
- Credit Cards	2.0	1%
Total Retail	91.3	58%
Non-Retail		
- Real Estate and Construction RE	12.4	8%
- Agriculture	6.4	4%
- Manufacturing	6.3	4%
- Retail & Wholesale trade	5.6	4%
- Other Services	5.1	3%
- Finance and Insurance	4.4	3%
- Oil & Gas and Pipeline	4.2	3%
Oil & Gas	2.5	2%
Pipeline & Other	1.7	1%
- Other ⁽²⁾	20.1	12%
Total Non-Retail	64.5	41%
Purchased or Originated Credit-impaired	1.0	1%
Total Gross Loans and Acceptances	156.8	100%

Highlights

- Secured lending accounts for 93% of Retail loans
- Limited exposure to unsecured retail and cards (4% of total loans)
- Non-Retail portfolio is well-diversified across industries

O&G and Pipeline sector



(1) Includes indirect lending and other lending secured by assets other than real estate.

(2) Includes Mining, Utilities, Transportation, Professional Services, Construction, Communication, Government and Education & Health Care.

APPENDIX 8 | REGIONAL DISTRIBUTION OF CANADIAN LOANS

As at January 31, 2020	Quebec	Ontario	Oil Regions ⁽¹⁾	BC/MB	Maritimes ⁽²⁾ and Territories	TOTAL
Retail						
Secured - Mortgage & HELOC	27.2%	13.1%	4.8%	3.6%	1.1%	49.8%
Secured - Other	3.1%	1.3%	0.5%	0.6%	0.3%	5.8%
Unsecured and Credit Cards	3.2%	0.5%	0.1%	0.1%	0.2%	4.1%
Total Retail	33.5%	14.9%	5.4%	4.3%	1.6%	59.7%
Non-Retail						
Commercial	18.1%	4.0%	2.1%	1.1%	0.5%	25.8%
Corporate Banking and Other ⁽³⁾	4.8%	4.8%	3.1%	1.2%	0.6%	14.5%
Total Non-Retail	22.9%	8.8%	5.2%	2.3%	1.1%	40.3%
Total	56.4%	23.7%	10.6%	6.6%	2.7%	100.0%

Highlights

Within the Canadian loan portfolio:

- Limited exposure to unsecured consumer loans (4.1%)
- Modest exposure to unsecured consumer loans outside Québec (0.9%)
- RESL exposure predominantly in Québec

(1) Oil regions include Alberta, Saskatchewan and Newfoundland

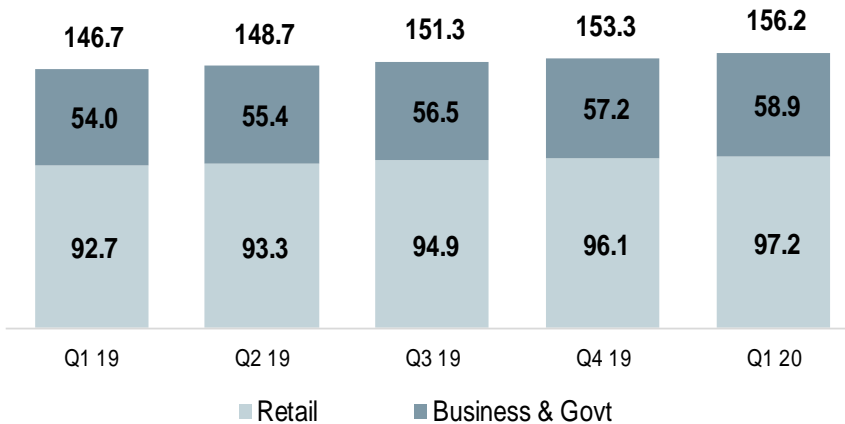
(2) Maritimes include New Brunswick, Nova Scotia and P.E.I.

(3) Includes Corporate, Other FM and Government portfolios

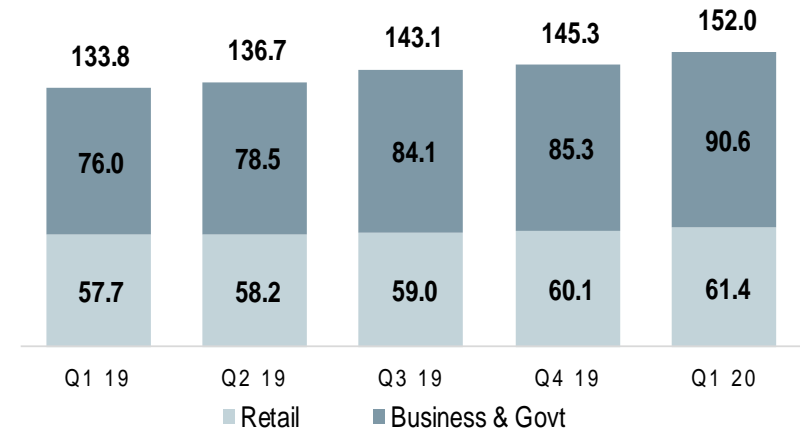
APPENDIX 9 | LOAN & DEPOSIT OVERVIEW

(\$B)

Loans & BA's



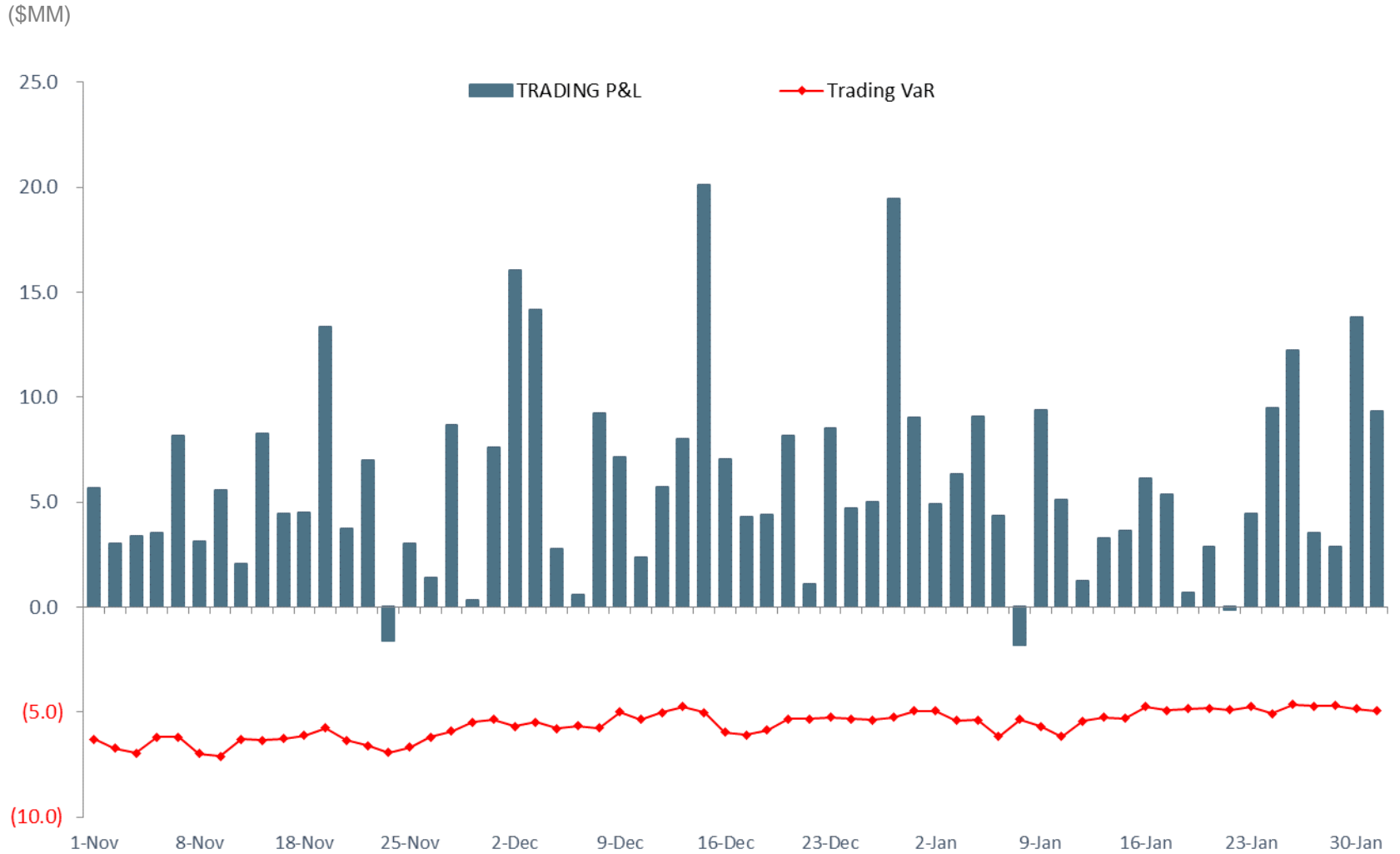
Deposits



- **Loan growth YoY** **6.4%**
- Retail 4.9%
- Business & Govt 9.1%

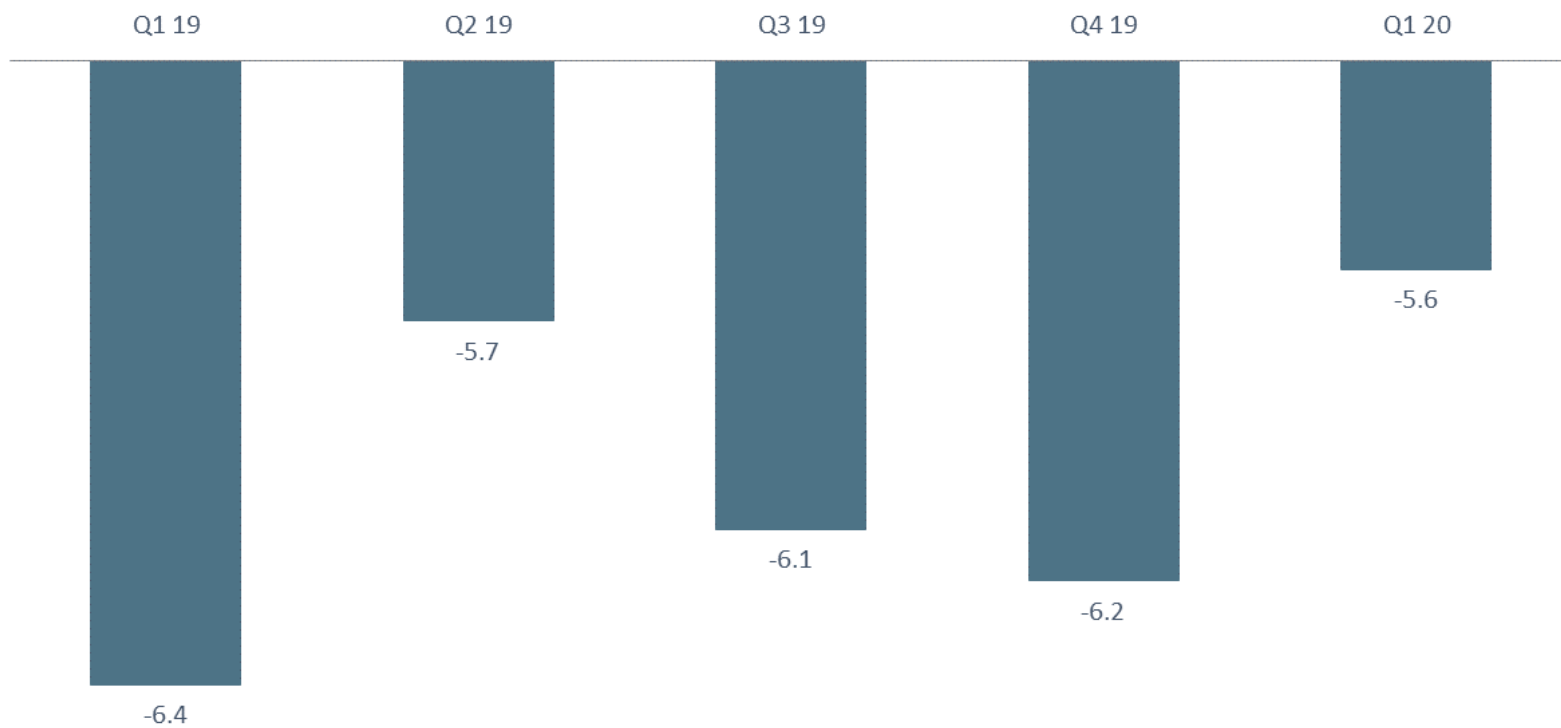
- **Deposits growth YoY** **13.6%**
- Retail 6.3%
- Business & Govt 19.2%

APPENDIX 10 | DAILY TRADING AND UNDERWRITING REVENUES VS. VAR



APPENDIX 11 | TRADING VaR TREND

(\$MM)



APPENDIX 12 | SPECIFIED ITEMS

Specified items (\$MM)	Q1 20			Q4 19		
	Income Before Taxes	Net income	EPS	Income Before Taxes	Net income	EPS
Charge related to Maple ⁽¹⁾	(13)	(10)	(\$0.03)	(11)	(8)	(\$0.02)
Total impact	(13)	(10)	(\$0.03)	(11)	(8)	(\$0.02)

(1) The Bank recorded charges related to the company Maple Financial Group Inc. in Q1-20 (\$13 million) and in Q4-19 (\$11 million). The charges are reflected in "Non-interest expenses" and accounted for under the "Other" heading of segment results. Please refer to page 16 of National Bank's First Quarter 2020 Report to Shareholders for additional information.



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