



# **NATIONAL BANK OF CANADA**

## **ANALYST AND INVESTOR PRESENTATION Q4-2016 CONFERENCE CALL**

**Friday, December 2, 2016 – 11:00 am**



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# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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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 2017 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 2017 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 48 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

<b>ADJUSTED RESULTS <sup>(1)</sup></b>	<b>Q4 16</b>	<b>Q3 16</b>	<b>Q4 15</b>	<b>QoQ</b>	<b>YoY</b>
Net Income <sup>(2)</sup>	463	486	417	(5%)	11%
Diluted EPS	\$1.24	\$1.33	\$1.16	(7%)	7%
Provision for Credit Losses	59	45	61	31%	(3%)
Return on Equity	17.4%	19.0%	16.6%		
Common Equity Tier 1 Ratio Under Basel III	10.1%	9.9%	9.9%		
Leverage ratio	3.7%	3.7%	3.7%		
Liquidity coverage ratio	134%	137%	131%		
Dividend Payout <sup>(3)</sup>	49.7%	49.9%	42.9%		

- ❑ Strong performance in all business segments
- ❑ Net income up 11%
- ❑ Solid ROE at 17.4%
- ❑ CET1 ratio at 10.1%
- ❑ Dividend increase of \$0.01 to \$0.56

(1) Excluding specified items (see Appendix 1, page 24)

(2) Net income before non-controlling interests

(3) Trailing 4 quarters

# MID-TERM OBJECTIVES

*Excluding specified items*

<b>MID-TERM</b>	
<b>Growth in diluted earnings per share</b>	5% to 10%
<b>Return on common shareholders' equity</b>	15% to 20%
<b>Common Equity Tier 1 capital ratio</b>	> 10%
<b>Leverage ratio</b>	> 3.5%
<b>Dividend payout ratio</b>	40% to 50%
<b>Liquidity coverage ratio</b>	> 100%

# FINANCIAL REVIEW

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



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# PERFORMANCE SNAPSHOT – Q4 2016

(millions of dollars)

<b>ADJUSTED <sup>(1)</sup></b>	<b>Q4 16</b>	<b>Q3 16</b>	<b>Q4 15</b>	<b>QoQ</b>	<b>YoY</b>
Revenues <sup>(2)</sup>	1,632	1,610	1,473	1%	11%
Expenses	954	932	869	2%	10%
Net Income	463	486	417	(5%)	11%
Diluted EPS	\$1.24	\$1.33	\$1.16	(7%)	7%
ROE	17.4%	19.0%	16.6%		

- ❑ Adjusted revenues up 11% YoY
- ❑ 1% positive operating leverage
- ❑ Adjusted net income of \$463 million up 11% YoY
- ❑ Adjusted diluted EPS of \$1.24 up 7% YoY

<b>REPORTED</b>	<b>Q4 16</b>	<b>Q3 16</b>	<b>Q4 15</b>	<b>QoQ</b>	<b>YoY</b>
Specified Items	(156)	(8)	(70)		
Net Income	307	478	347	(36%)	(12%)
Diluted EPS	\$0.78	\$1.31	\$0.95	(40%)	(18%)
ROE	11.0%	18.7%	13.6%		

(1) Excluding specified items (see Appendix 1, page 24)

(2) Taxable equivalent basis

# PERFORMANCE SNAPSHOT – FY 2016

(millions of dollars)

<b>ADJUSTED <sup>(1)</sup></b>	<b>12M 16</b>	<b>12M 15</b>	<b>YoY</b>
Revenues <sup>(2)</sup>	6,279	5,982	5%
Expenses	3,653	3,505	4%
Net Income	1,613	1,682	(4%)
Diluted EPS	\$4.35	\$4.70	(7%)
ROE	15.5%	17.6%	

- ❑ Adjusted revenues up 5%
- ❑ 1% positive operating leverage

<b>REPORTED</b>	<b>12M 16</b>	<b>12M 15</b>	<b>YoY</b>
Specified Items	(357)	(63)	
Net Income	1,256	1,619	(22%)
Diluted EPS	\$3.29	\$4.51	(27%)
ROE	11.7%	16.9%	

(1) Excluding specified items (see Appendix 1, page 24)

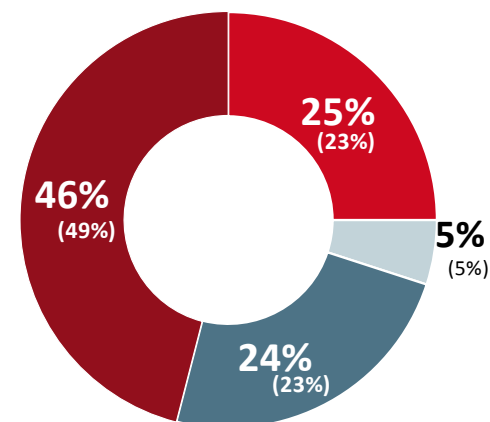
(2) Taxable equivalent basis

# INCOME STATEMENT OVERVIEW – Q4 2016 (Excluding specified items)

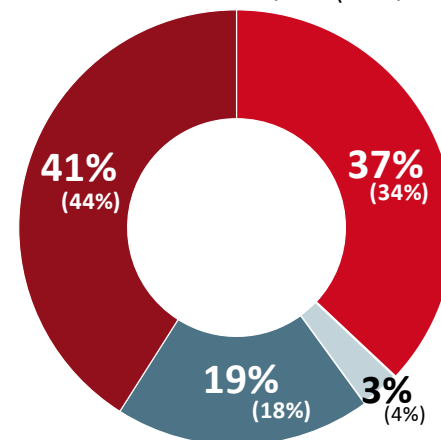
<i>(millions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
<b>Revenues <sup>(1)</sup></b>	<b>1,632</b>	<b>1,610</b>	<b>1,473</b>	<b>1%</b>	<b>11%</b>
P&C Banking	740	739	721	-	3%
Wealth Management	375	362	340	4%	10%
Financial Markets	481	440	404	9%	19%
Other Segment	36	69	8		
<b>Net Income</b>	<b>463</b>	<b>486</b>	<b>417</b>	<b>(5%)</b>	<b>11%</b>
P&C Banking	196	203	183	(3%)	7%
Wealth Management	91	86	75	6%	21%
Financial Markets	191	174	162	10%	18%
Other Segment	(15)	23	(3)		

(1) Taxable equivalent basis

## REVENUES Q4-16 (vs. Q4-15) T.E.B.



## NET INCOME Q4-16 (vs. Q4-15) T.E.B.



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



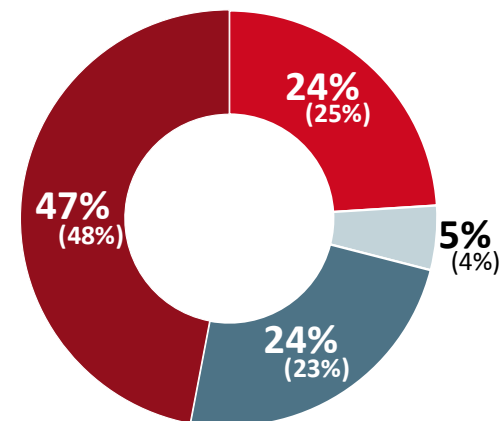
# INCOME STATEMENT OVERVIEW – FY 2016 (Excluding specified items)

<i>(millions of dollars)</i>	12M 16	12M 15	YoY
<b>Revenues <sup>(1)</sup></b>	<b>6,279</b>	<b>5,982</b>	<b>5%</b>
P&C Banking	2,901	2,827	3%
Wealth Management	1,450	1,392	4%
Financial Markets	1,801	1,720	5%
Other Segment	127	43	
<b>Net Income</b>	<b>1,613</b>	<b>1,682</b>	<b>(4%)</b>
P&C Banking <sup>(2)</sup>	574	711	(19%)
Wealth Management	347	322	8%
Financial Markets	720	714	1%
Other Segment	(28)	(65)	

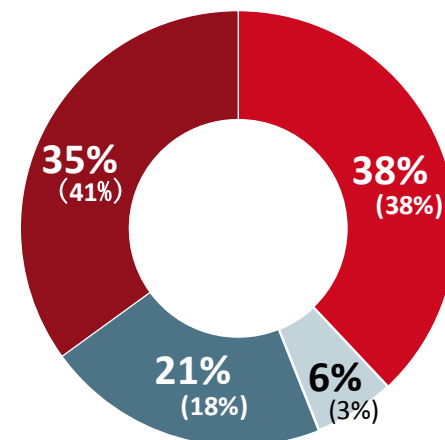
(1) Taxable equivalent basis

(2) Excluding sectoral provision for credit losses, 12M-16 net income of \$757 million, up 6% YoY

## REVENUES 12M-16 (vs. 12M-15) T.E.B.



## NET INCOME 12M-16 (vs. 12M-15) T.E.B.



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

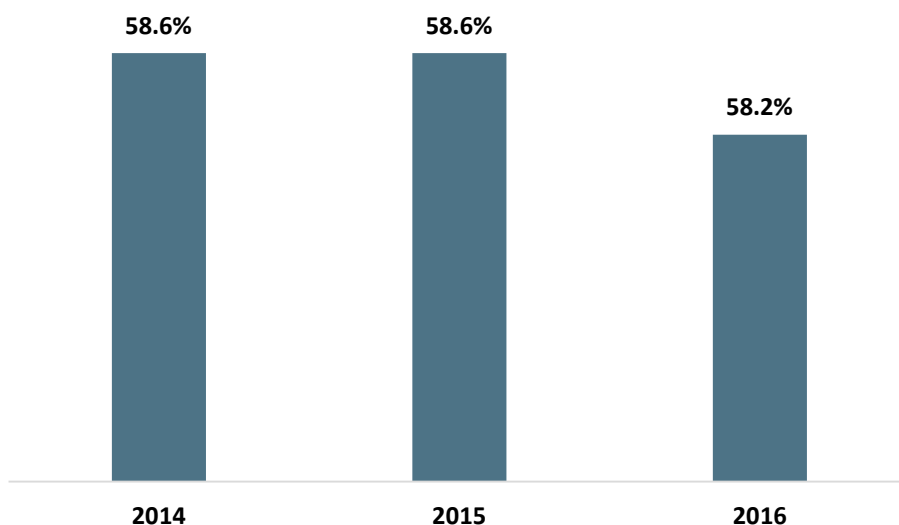


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# NON INTEREST EXPENSES (Excluding specified items)

<i>(millions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY	12M 16	12M 15	YoY
Salaries and Staff Benefits	554	553	513	-	8%	2,151	2,147	-
Technology, Professional and Servicing Fees	221	203	191	9%	16%	817	720	13%
Other Expenses	179	176	165	2%	8%	685	638	7%
<b>Non Interest Expense</b>	<b>954</b>	<b>932</b>	<b>869</b>	<b>2%</b>	<b>10%</b>	<b>3,653</b>	<b>3,505</b>	<b>4%</b>

## EFFICIENCY RATIO



- ❑ Higher expenses YoY resulting from technology investments, professional fees and expenses related to the activities of the new ABA subsidiary
- ❑ 1% positive operating leverage YTD
- ❑ Q4 2016 efficiency ratio at 58.5%, an improvement of 50 bps YoY
- ❑ 2016 efficiency ratio at 58.2%, an improvement of 40 bps

# RESTRUCTURING & SAVINGS

- ❑ Pursuing restructuring initiatives to:
  - Accelerate transformation plan
  - Meet clients' changing needs
  - Achieve greater operating efficiencies
- ❑ Restructuring initiatives primarily focused on:
  - Increasing advisor productivity
  - Optimize premises
  - Simplify structure, processes, reports and forms
- ❑ Better positioned for long-term growth and sustained success in key markets

## DETAILS OF THE CHARGE

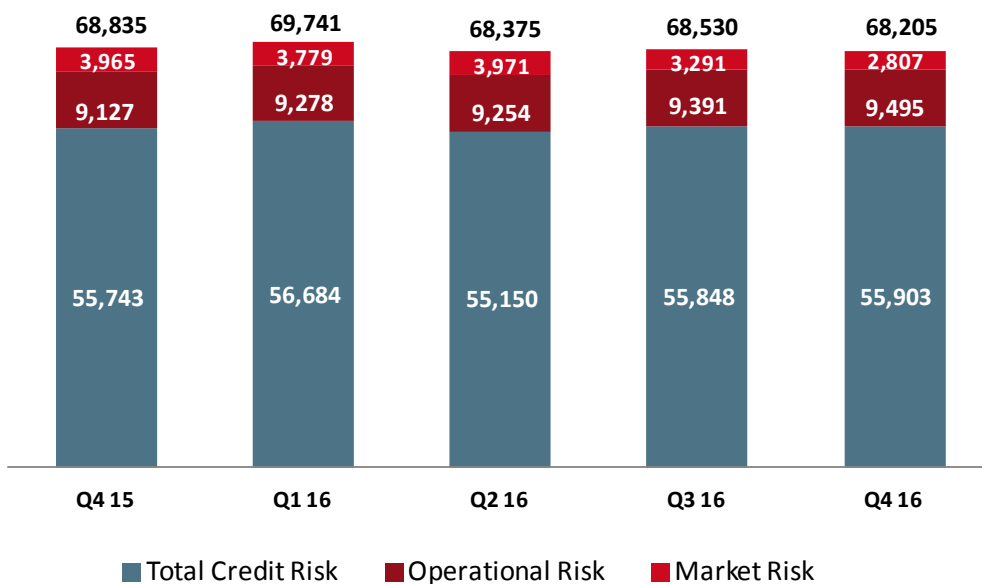
<b>Q4 16 charge breakdown:</b>	
❑ Restructuring:	\$131 million
❑ Write-off of intangible assets:	<u>\$44 million</u>
	\$175 million
<b>Impact on CET1 ratio:</b>	14 bps
<b>Savings allocation per segment:</b>	<ul style="list-style-type: none"> <li>❑ 60% in P&amp;C</li> <li>❑ 25% in Wealth management</li> <li>❑ 15% in Financial markets</li> </ul>
<b>Total charges (pre tax):</b>	
❑ Q4 15:	\$85 million
❑ Q4 16:	<u>\$175 million</u>
	\$260 million
<b>Cumulative savings:</b>	
❑ FY2016:	\$25 million <sup>(1)</sup>
❑ Expected in FY2017:	\$135 million (\$35M <sup>(1)</sup> + \$100M <sup>(2)</sup> )
❑ Expected in FY2018:	\$155 million (\$35M <sup>(1)</sup> + \$120M <sup>(2)</sup> )

(1) Related to Q4-2015 charge

(2) Related to Q4-2016 charge

# 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 10.1%
- ❑ Total capital ratio at 15.3%
- ❑ Leverage ratio at 3.7%

# RISK MANAGEMENT

William Bonnell

Executive Vice-President, Risk Management



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# LOAN PORTFOLIO OVERVIEW

<i>(billions of dollars)</i>	Q4 16	% of Total
Retail mortgages & HELOC	58.3	46%
Secured by non real estate	4.6	3%
Credit cards	2.0	2%
Other retail	7.9	6%
<b>Total Retail</b>	<b>72.8</b>	<b>57%</b>

<i>(billions of dollars)</i>	Q4 16	% of Total
Real Estate	8.3	6%
Retail & Wholesale Trade	4.9	4%
Agriculture	4.6	4%
Manufacturing	3.6	3%
Oil & Gas	2.1	2%
Education & Health Care	2.6	2%
Other <sup>(1)</sup>	28.1	22%
<b>Total Wholesale</b>	<b>54.2</b>	<b>43%</b>
<b>Total Gross Loans and Acceptances</b>	<b>127.0</b>	<b>100%</b>

## HIGHLIGHTS

- ❑ Modest exposure to unsecured retail lending
- ❑ Wholesale portfolio is well-diversified across industries
- ❑ O&G Producer/Services account for 1.7% of total loans

<b>Oil &amp; Gas</b> <i>(billions of dollars)</i>	Q4 16	% of total
O&G Corporate	0.7	0.5%
O&G Commercial	1.3	1.0%
O&G Services	0.1	0.1%
<b>Total</b>	<b>2.1</b>	<b>1.7%</b>

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

# REGIONAL DISTRIBUTION OF CANADIAN LOANS

As at October 31, 2016

REGION	RETAIL			WHOLESALE			TOTAL
	RM + HELOC	Other Retail	Other Wealth Mgt	Oil & Gas Sector	Commercial	Other <sup>(1)</sup>	
QC / ON	38.9%	8.1%	2.3%	0.1%	21.1%	11.0%	<b>81.5%</b>
Oil Regions (AL/SK/NL)	3.4%	0.4%	0.3%	1.6%	0.8%	3.3%	<b>9.8%</b>
BC / MB	2.8%	0.4%	0.5%	0.0%	0.6%	1.5%	<b>5.8%</b>
Maritimes (NB/NS/PE)	1.1%	0.4%	0.1%	0.0%	0.6%	0.7%	<b>2.9%</b>

(1) Other Wholesale in the oil regions includes Financial Markets securitization activity of insured mortgages

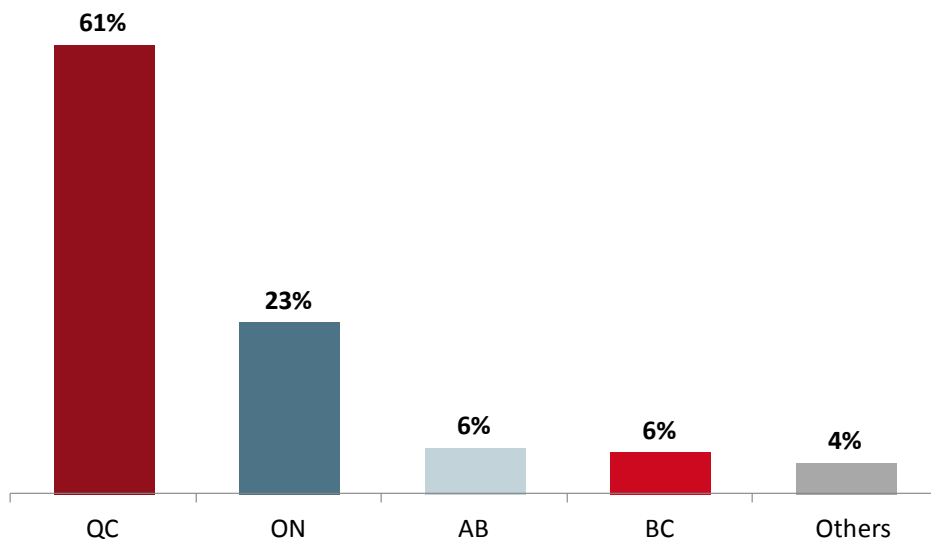
## HIGHLIGHTS

- ❑ Loan portfolio concentrated in regions with stronger job growth
- ❑ Limited small commercial or unsecured retail lending in the oil regions

# RETAIL MORTGAGE AND HELOC PORTFOLIO

## DISTRIBUTION BY PROVINCE

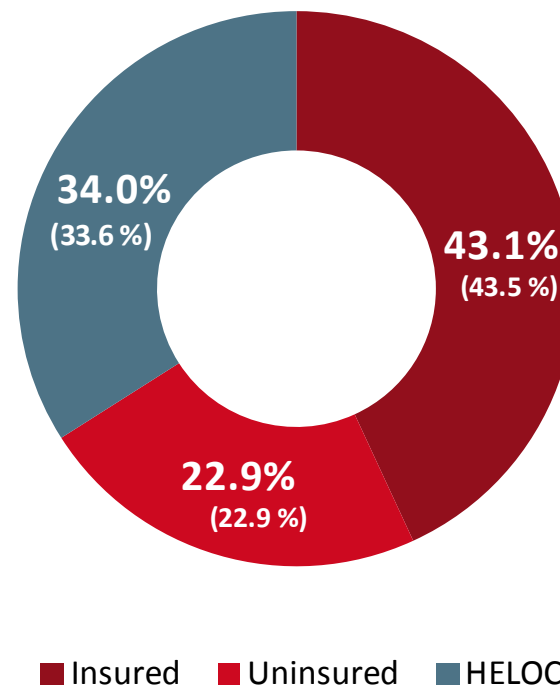
As at October 31, 2016



## CANADIAN MORTGAGE PORTFOLIO COMPOSITION

As at October 31, 2016

(vs. July 29, 2016)



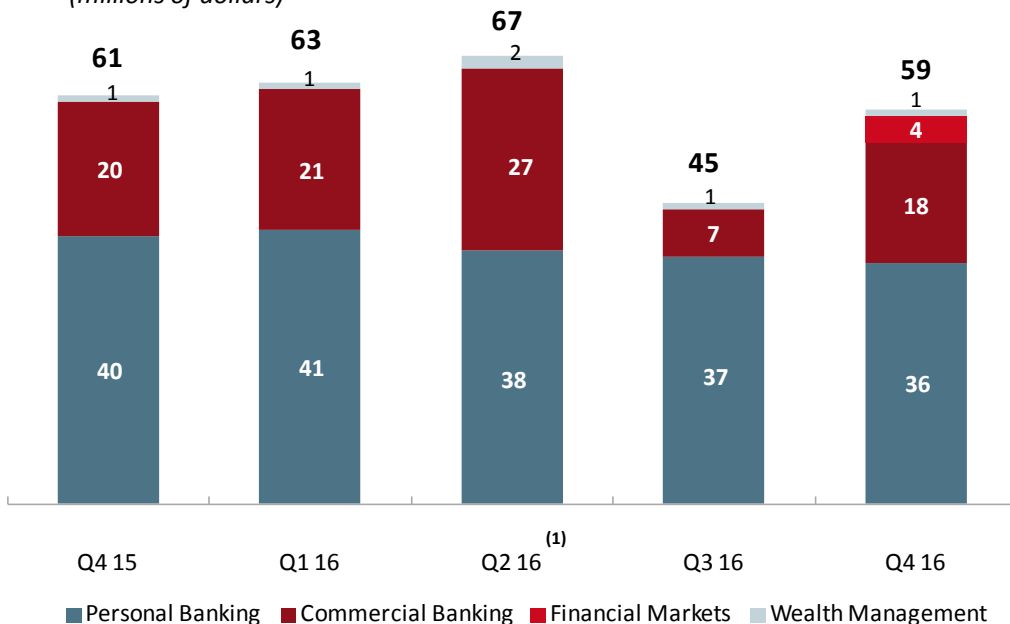
## HIGHLIGHTS

- ❑ The average Loan to Value on the HELOC and uninsured mortgage portfolio was approximately 59%
- ❑ Less than \$250 million of second lien mortgages



# PROVISION FOR CREDIT LOSSES

(millions of dollars)



(1) Excluding sectoral provision for non-impaired loans of \$250 million before taxes

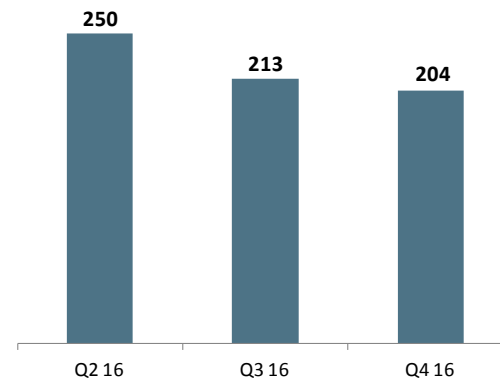
PCLs (in bps)	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
Personal Banking	24	24	26	27	27
Commercial Banking	23	10	35	28	26
Wealth Management	4	3	7	5	3
Financial Markets	6	-	-	-	-
<b>Total Specific Provisions</b>	<b>19</b>	<b>15</b>	<b>23</b>	<b>21</b>	<b>21</b>

## HIGHLIGHTS

- ❑ 19 bps of specific provisions
- ❑ \$9 million transferred from the Oil & Gas sectoral allowance
- ❑ \$4 million PCLs in Credigy's performing portfolio
- ❑ Maintain PCLs target of 20-30bps for the next 2 quarters

## OIL AND GAS SECTORAL ALLOWANCE

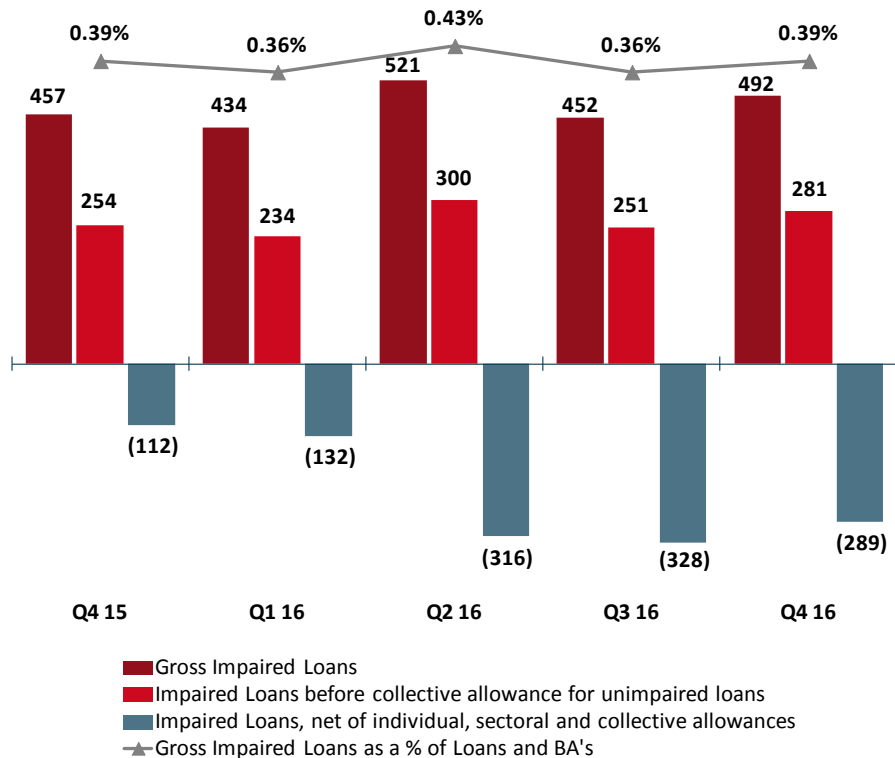
(millions of dollars)



# IMPAIRED LOANS AND BA'S AND FORMATION

(millions of dollars)

## IMPAIRED LOANS AND BA'S



## IMPAIRED LOANS AND BA'S FORMATION <sup>(1)</sup>

(millions of dollars)	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15
Retail	17	11	21	23	23
Commercial (excluding O&G)	24	(23)	3	(35)	(6)
Oil & Gas	36	29	86	30	25
Corporate Banking	-	-	-	-	-
Wealth Management	2	(1)	3	4	1
Other	1	1	-	-	-
<b>Total</b>	<b>80</b>	<b>17</b>	<b>113</b>	<b>22</b>	<b>43</b>

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

## HIGHLIGHTS

- GIL ratio stable YoY at 39bps
- One new impaired formation in O&G sector

# BUSINESS SEGMENT REVIEW

Jean Dagenais  
Senior Vice-President, Finance



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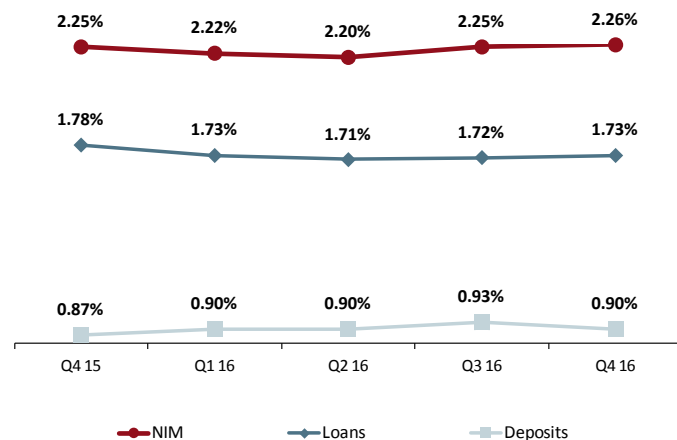
# PERSONAL AND COMMERCIAL BANKING

<i>(millions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
<b>Revenues</b>	<b>740</b>	<b>739</b>	<b>721</b>	-	<b>3%</b>
Personal Banking	349	344	347	1%	1%
Commercial Banking	269	272	261	(1%)	3%
Credit Card	93	92	88	1%	6%
Insurance	29	31	25	(6%)	16%
<b>Operating Expenses</b>	<b>418</b>	<b>417</b>	<b>411</b>	-	<b>2%</b>
<b>Pre-provisions / Pre-tax</b>	<b>322</b>	<b>322</b>	<b>310</b>	-	<b>4%</b>
<b>Provisions for Credit Losses</b>	<b>54</b>	<b>44</b>	<b>60</b>	23%	<b>(10%)</b>
<b>Net Income</b>	<b>196</b>	<b>203</b>	<b>183</b>	<b>(3%)</b>	<b>7%</b>
<i>(billions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
Loans & BAs (avg vol.)	91.3	90.8	88.6	1%	3%
Loans & BAs (avg vol.) excluding Oil & Gas sector	90.1	89.3	86.3	1%	4%
Deposits (avg vol.)	50.6	49.3	45.7	3%	11%
Efficiency Ratio (%)	56.5%	56.4%	57.0%		

## HIGHLIGHTS

- ❑ Revenues up 3% YoY due to:
  - Strong loan and deposit volume growth
  - Higher insurance revenues due to gain on disposal of investments
  - Lower BA's revenues due to Energy
- ❑ Net interest margin up 1 bp QoQ
- ❑ Operating leverage at 1%
- ❑ PCL down 10% YoY

## P&C MARGINS EVOLUTION (1)



(1) NIM is on Earning Assets

# WEALTH MANAGEMENT (1)

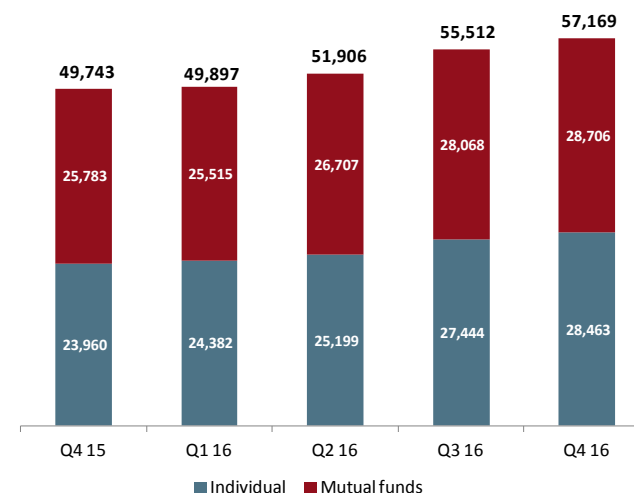
<i>(millions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
<b>Revenues</b>	<b>375</b>	<b>362</b>	<b>340</b>	<b>4%</b>	<b>10%</b>
Fee-based	212	202	195	5%	9%
Transaction & Others	65	66	64	(2%)	2%
Net Interest Income	98	94	81	4%	21%
<b>Operating Expenses</b>	<b>250</b>	<b>245</b>	<b>238</b>	<b>2%</b>	<b>5%</b>
<b>Provision for Credit Losses</b>	<b>1</b>	<b>1</b>	<b>1</b>		
<b>Net Income</b>	<b>91</b>	<b>86</b>	<b>75</b>	<b>6%</b>	<b>21%</b>
<i>Key Metrics (billions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
Loans & BAs (avg vol.)	9.4	9.4	9.1	0%	4%
Deposits (avg vol.)	29.6	28.3	24.9	5%	19%
Asset Under Administration	341	332	308	3%	11%
Asset Under Management	57	56	50	3%	15%
Efficiency Ratio (%)	66.7%	67.7%	70.0%		

(1) Excluding specified items

## YoY HIGHLIGHTS

- Revenues up 10% mainly due to:
  - 9% growth fee-based revenues
  - Higher NII (+21%)
- Good cost control
- Solid net income growth, up 21%
- Assets under management show good momentum
- 66.7% efficiency ratio down 330 bps

## ASSETS UNDER MANAGEMENT (\$M)



# FINANCIAL MARKETS

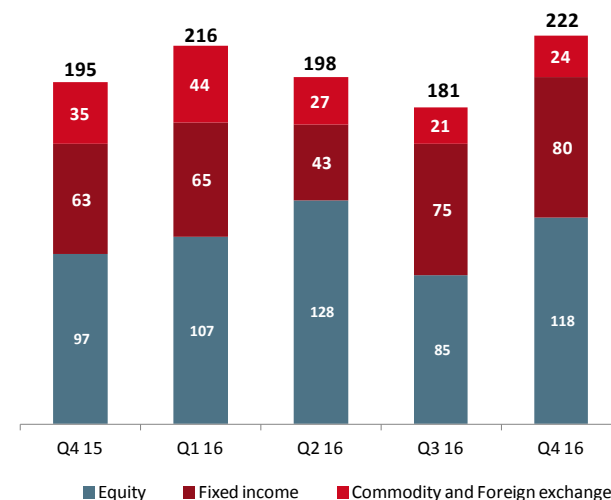
<i>(millions of dollars)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
<b>Revenues</b>	<b>481</b>	<b>440</b>	<b>404</b>	<b>9%</b>	<b>19%</b>
Trading	222	181	195	22%	14%
Banking Services	91	84	79	8%	15%
Financial Market Fees	74	93	57	(20%)	30%
Gains on AFS Securities	5	7	(10)		
Credigy	80	70	70	14%	14%
Other	9	5	13		
<b>Operating Expenses</b>	<b>213</b>	<b>198</b>	<b>184</b>	<b>8%</b>	<b>16%</b>
<b>Provision for Credit Losses</b>	<b>4</b>	<b>-</b>	<b>-</b>		
<b>Net Income</b>	<b>191</b>	<b>174</b>	<b>162</b>	<b>10%</b>	<b>18%</b>

<i>Other Metrics (in millions)</i>	Q4 16	Q3 16	Q4 15	QoQ	YoY
CVA / DVA	(6.4)	(6.3)	6.5		
Proprietary Trading	(3.0)	(1.0)	0.9		
Loans & BAs (avg vol.) Corporate banking	13,364	13,234	10,985	1%	22%
Efficiency Ratio (%)	44.3%	45.0%	45.5%		

## YoY HIGHLIGHTS

- Higher trading revenues driven by equity derivatives, interest rate derivatives and fixed income trading
- Strong performance from investment banking with an active market for new equity issues and M&A
- Higher banking services revenues on solid balance sheet growth

## TRADING REVENUES (\$M)



# APPENDIX



Powering your ideas

# APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

<i>(millions of dollars)</i>	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
Wealth Management acquisitions	(6)	(9)	(7)	(7)	(9)
Items related to TMX	(1)	(18)	-	(1)	(2)
MAV and Other Notes	(2)	(2)	(3)	(2)	(2)
Litigation provisions	-	-	-	-	(25)
Write-off of Intangible Assets	-	-	-	-	(44)
Restructuring charge	(86)	-	-	-	(131)
Write-off of an equity interest in an associate	-	(164)	-	-	-
Income Before Income Taxes	(95)	(193)	(10)	(10)	(213)
Income Taxes	25	27	1	2	57
Impact of changes to tax measures	-	-	(18)	-	-
<b>Net Income</b>	<b>(70)</b>	<b>(166)</b>	<b>(27)</b>	<b>(8)</b>	<b>(156)</b>
<b>EPS Impact</b>	<b>(0.21)</b>	<b>(0.50)</b>	<b>(0.08)</b>	<b>(0.02)</b>	<b>(0.46)</b>

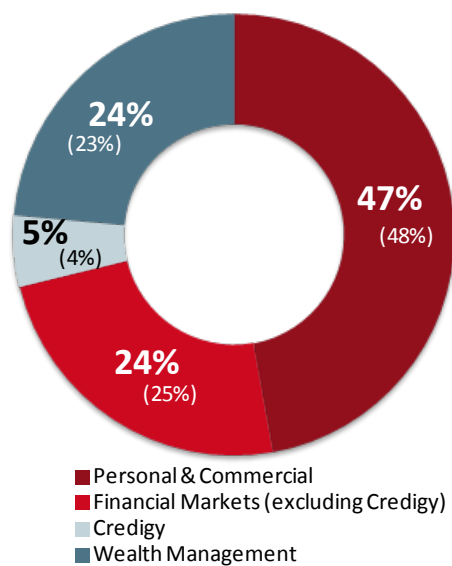


# APPENDIX 2 | FY 2016 INCOME STATEMENT <sup>(1)</sup>

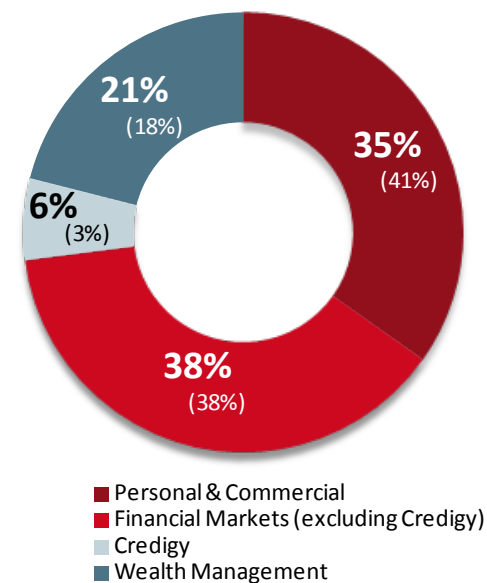
(taxable equivalent basis)

	Personal & Commercial			Wealth Management			Financial Markets		
(millions of dollars)	FY 2016	FY 2015	YoY	FY 2016	FY 2015	YoY	FY 2016	FY 2015	YoY
Revenues	2,901	2,827	2.6%	1,450	1,392	4.2%	1,801	1,720	4.7%
Operating Expenses	1,640	1,630	0.6%	976	955	2.2%	796	743	7.1%
PCLs <sup>(2)</sup>	475	225	111.1%	5	3	66.7%	4	-	
Net Income	574	711	-19.3%	347	322	7.8%	720	714	0.8%

## Revenues 2016 vs. 2015



## Net Income 2016 vs. 2015



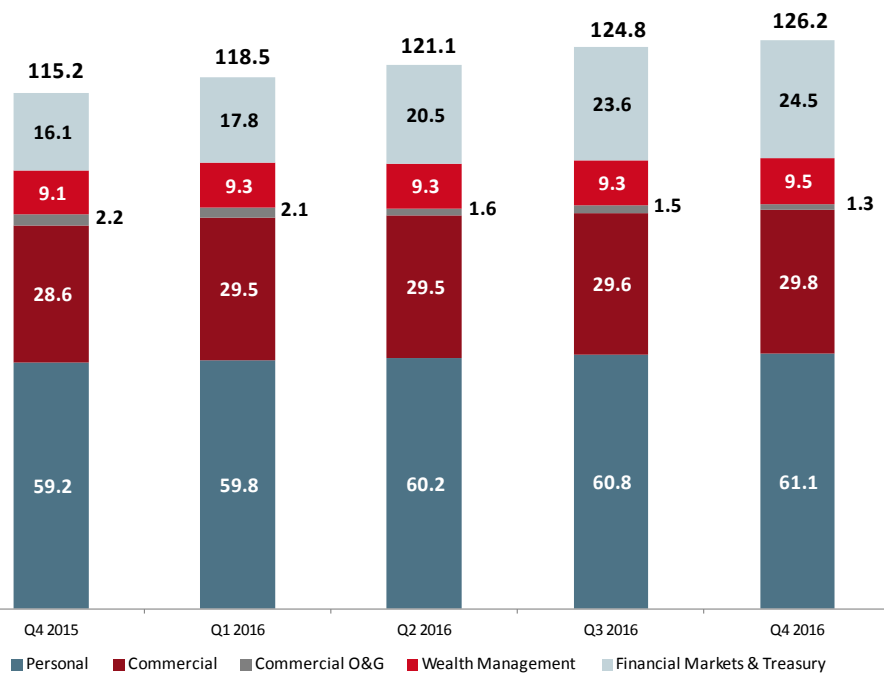
(1) Excluding specified items

(2) Including the Q2-16 sectoral loss of \$250M (\$183M after taxes)

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

(billions of dollars)

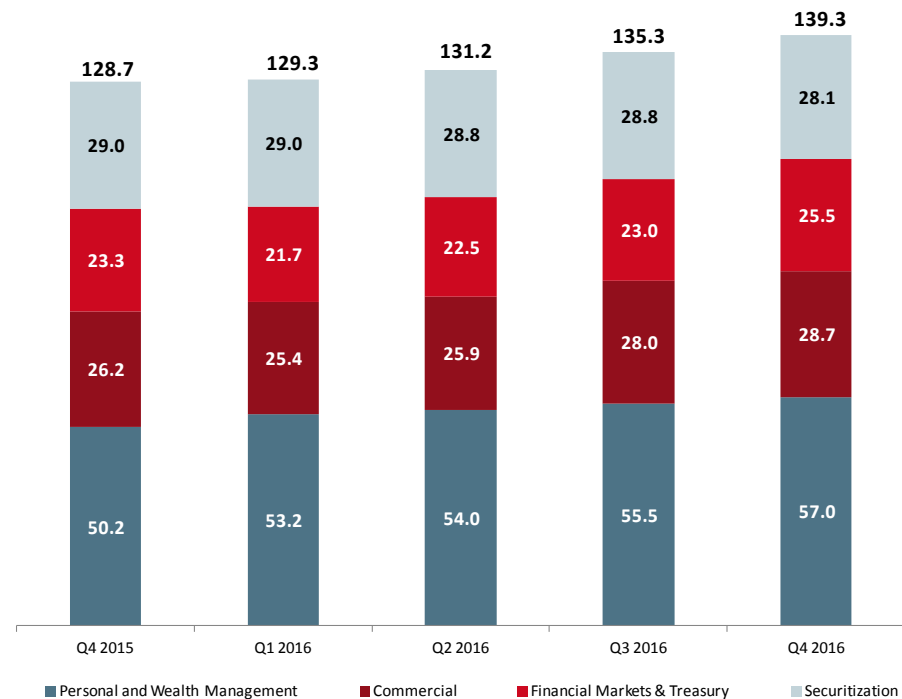
## LENDING – LOANS AND BAS (MONTH END BALANCE)



□ YoY growth:

Personal and Wealth Management	4%
Commercial, Financial Markets & Treasury	23%
Commercial O&G	-39%

## FUNDING – DEPOSITS AND BAS (MONTH END BALANCE)

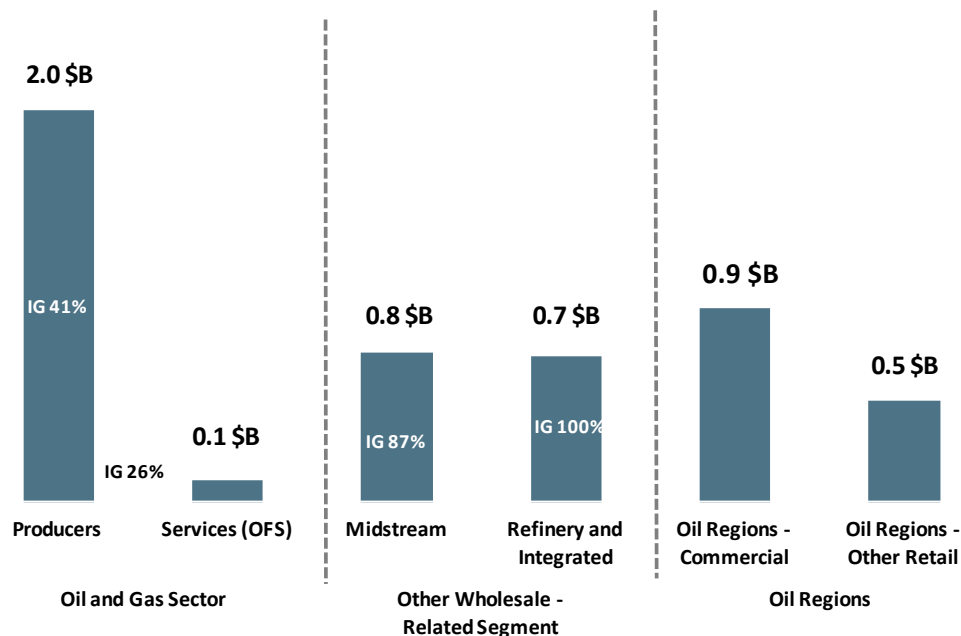


□ YoY growth:

Personal and Wealth Management	12%
Commercial, Financial Markets & Treasury	2%
Securitization	3%

# APPENDIX 4 | OIL & GAS SECTOR & RELATED SEGMENTS

## OUTSTANDING LOANS – Q4 16



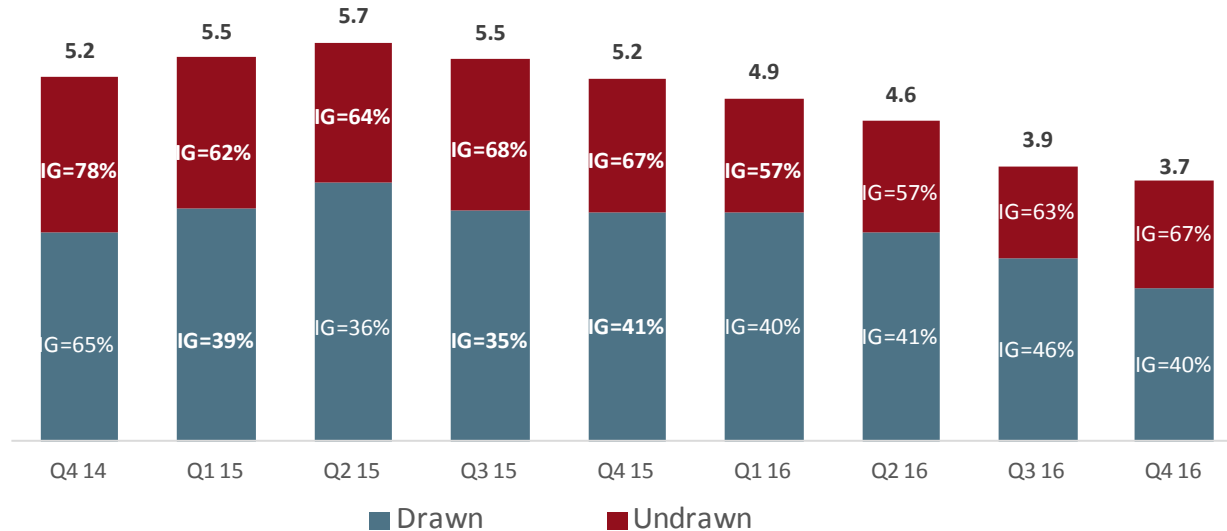
## HIGHLIGHTS

- ❑ 41% of loans to producers and 26% to servicers rated investment grade
- ❑ Majority of loans in the other wholesale related segments have investment grade rating
- ❑ Modest unsecured retail exposure in the region

Note: IG refers to investment grade equivalent AIRB ratings

# APPENDIX 5 | PRODUCERS & SERVICES

## HISTORICAL TREND IN EXPOSURES AT DEFAULT (\$B)



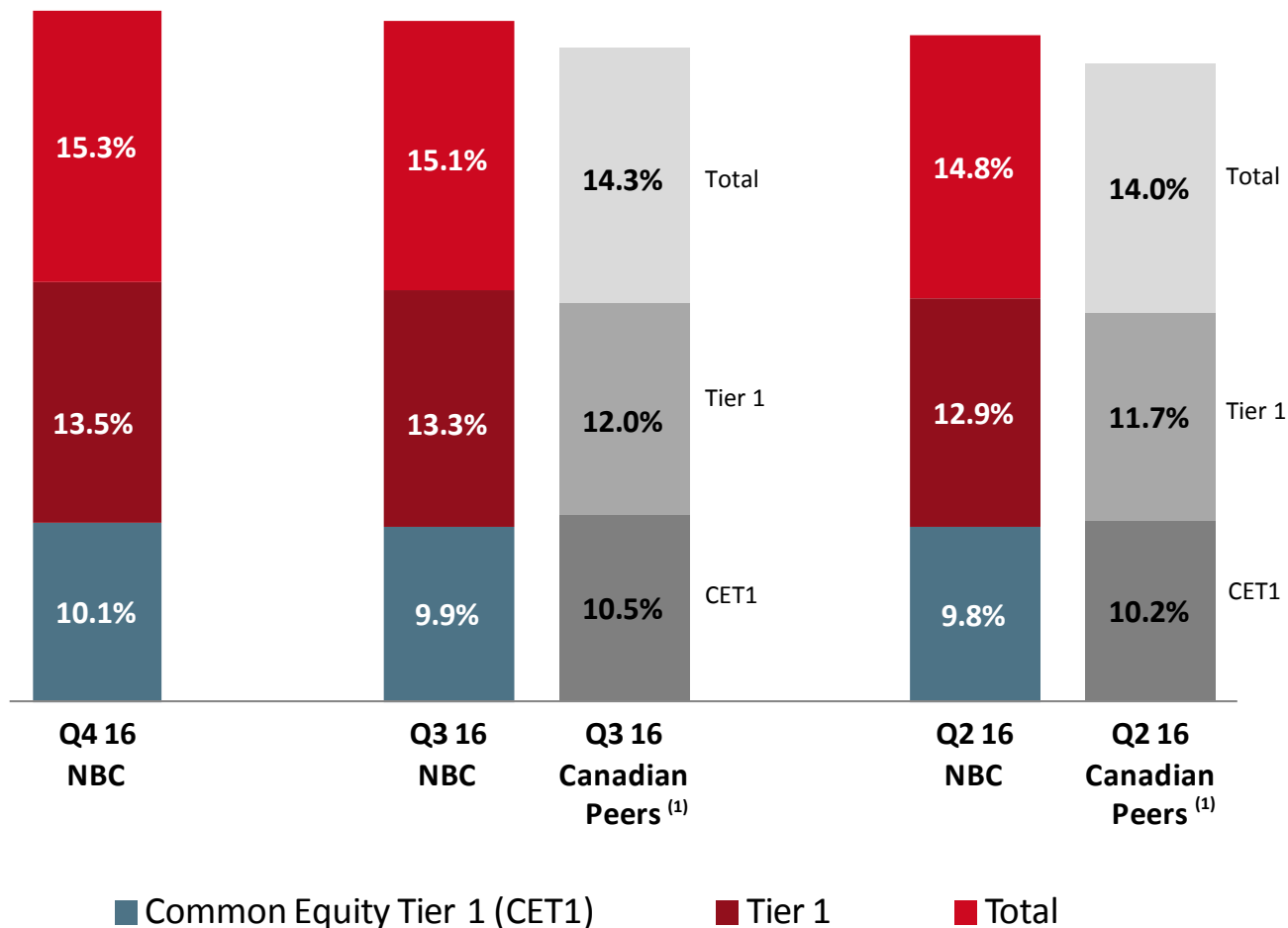
## HIGHLIGHTS

- ❑ Proactive management
- ❑ Sectoral provision for non-impaired loans represents 11% of total drawn loans and 18% of non-investment grade drawn loans in this portfolio
- ❑ Comfortable with the overall level of provisions for this portfolio

Note: Based on AIRB estimates of exposures at default

# APPENDIX 6 | COMPARATIVE PERFORMANCE – Capital Ratios

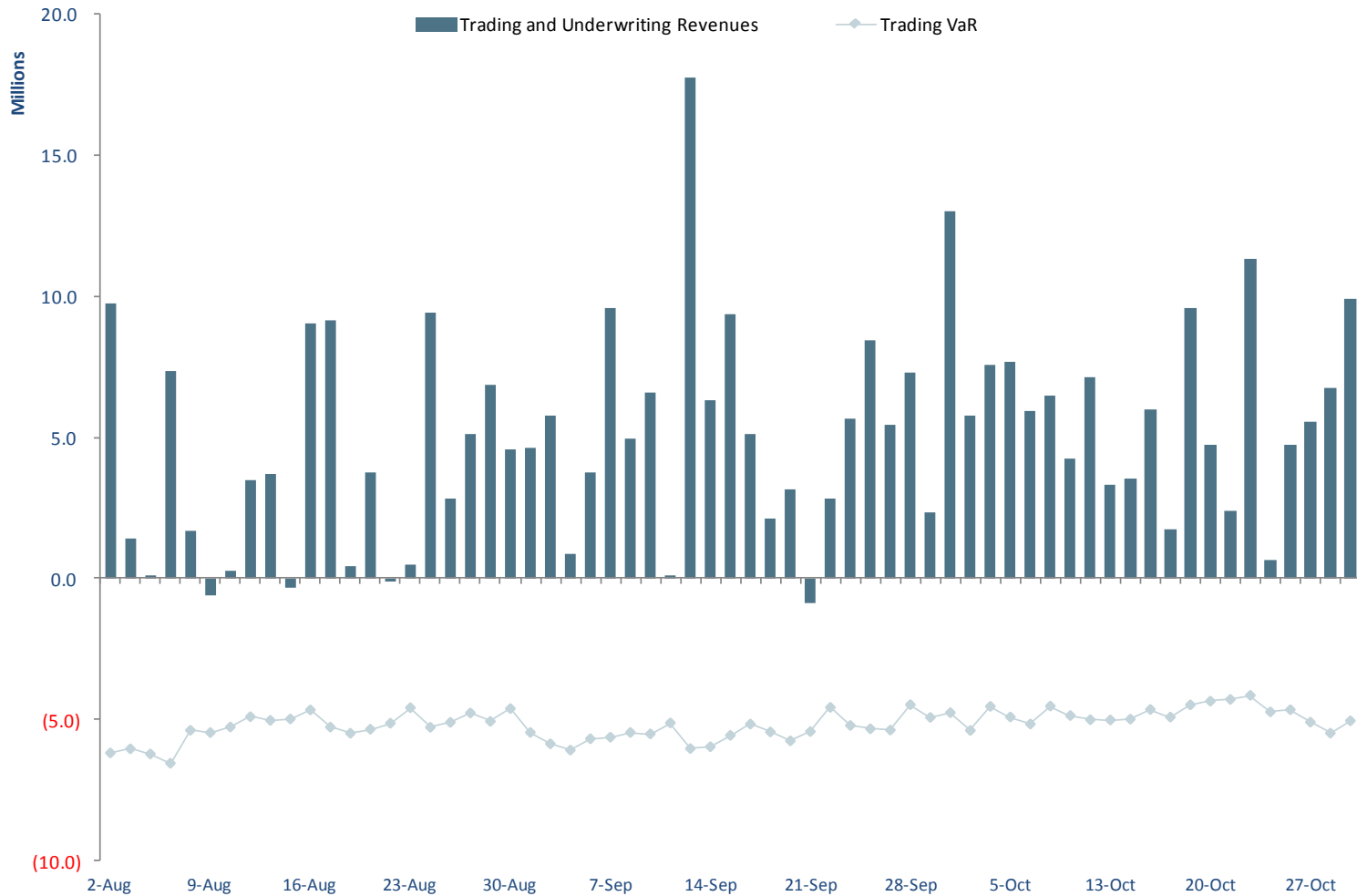
## CAPITAL RATIOS UNDER BASEL III



(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

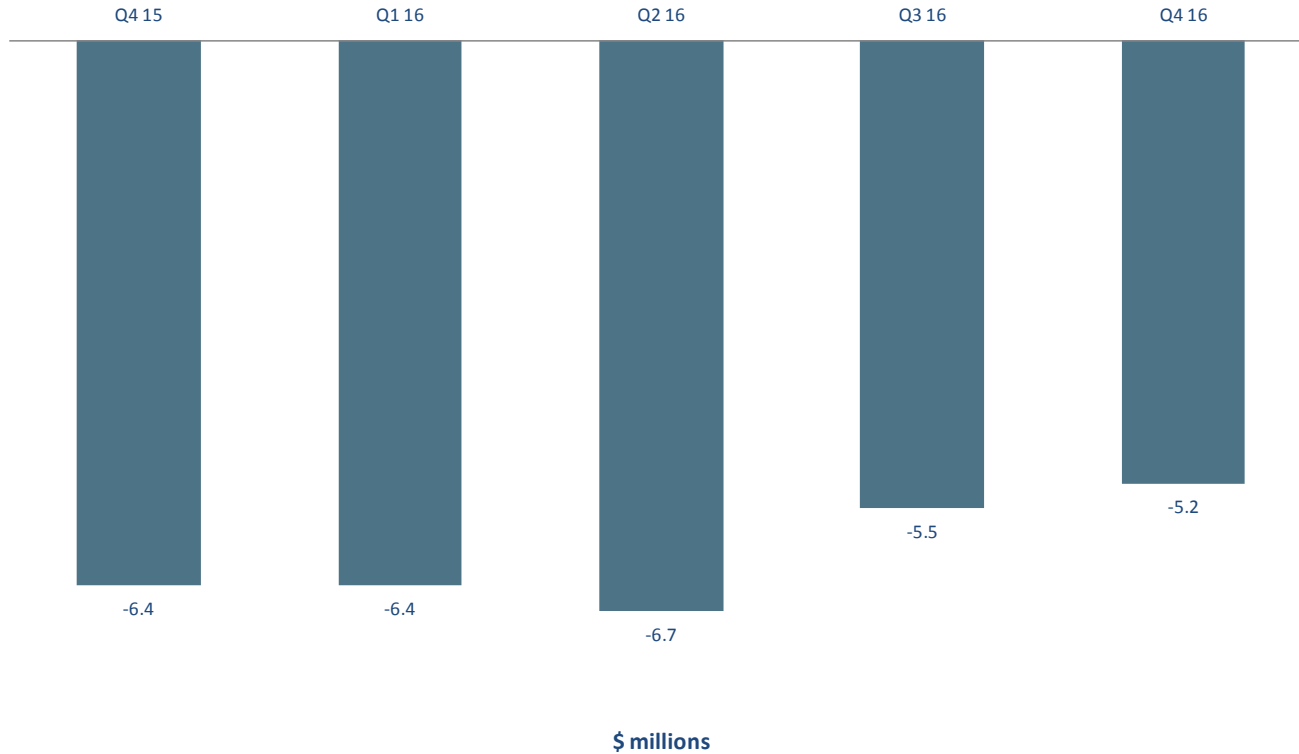
# APPENDIX 7 | DAILY TRADING and UNDERWRITING REVENUES vs VaR

Daily Trading and Underwriting Revenues vs Trading VaR - Q4 2016  
(CAD millions)

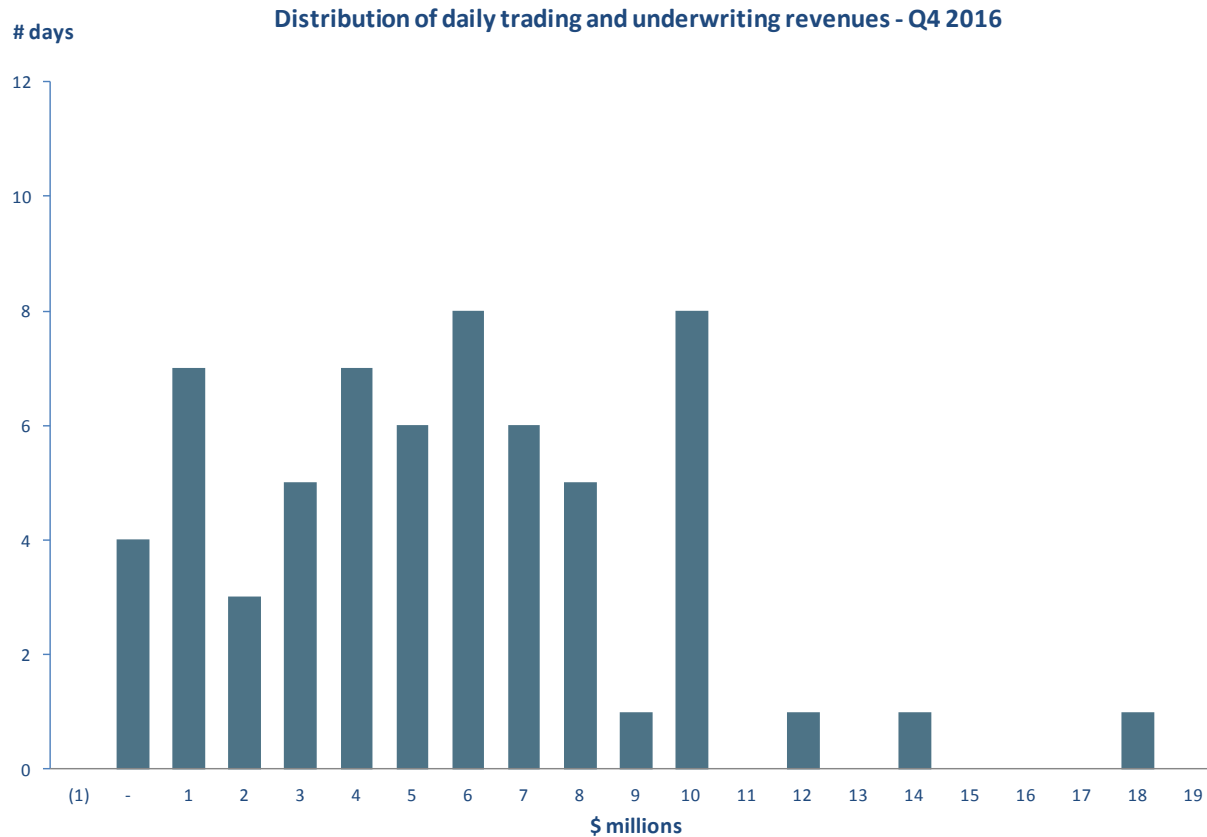


# APPENDIX 8 | VaR TREND

Trading VaR Quarterly Average



# APPENDIX 9 | TRADING P&L RESULTS







# 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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