



Investor Intelligence Report National Bank of Canada

"Voice of the Shareholder"

3Q 2023

Brendan Wood International
First Intelligence

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Brendan Wood & Partners

The Brendan Wood Shareholder Confidence Panel

BWI Panel
Institutional
&
Private Wealth Investors

Secondary Markets
Professionals
Research, Sales & Trading

GLOBAL PANEL
2000+ Debriefs with Decision
Makers
>\$56 Trillion in Assets
70% Sector Specialists
30% Generalists
Average 9 Yrs Professional
Experience, 25% more than 15
Years

+/- 600 Professionals, including...
+/- 400 TopGuns

GLOBAL RESOURCES PANEL
350+ Debriefs with Decision
Makers
>\$15 Trillion in Assets
80% Sector Specialists
20% Generalists
Average 11 Yrs Professional
Experience, 35% more than 15
Years

+/- 100 Professionals, including...
+/- 100 TopGuns

Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

Global Resources Panel:

35%
34%
27%
3%
1%+

WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

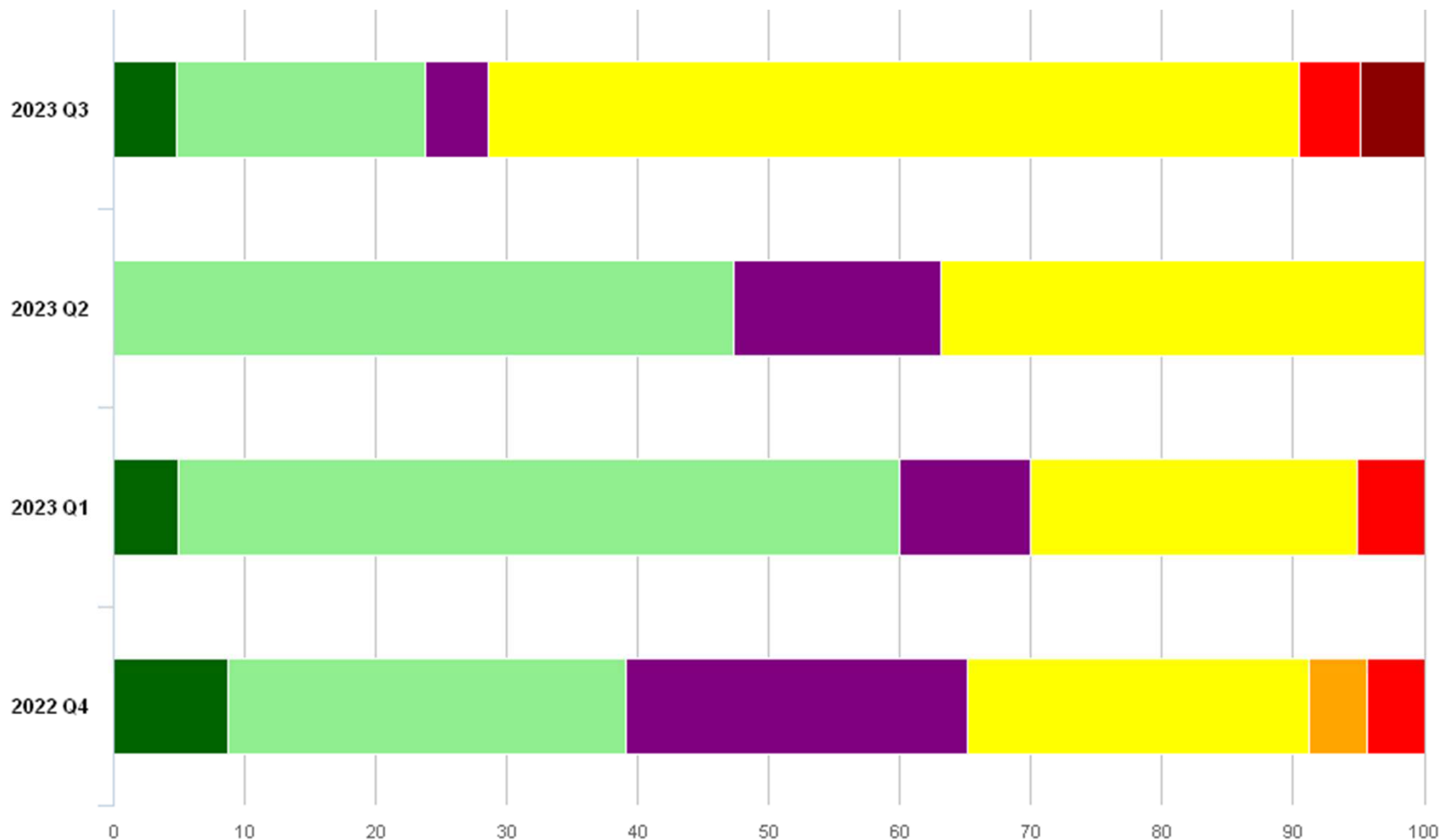
This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

APPARENT CONDICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

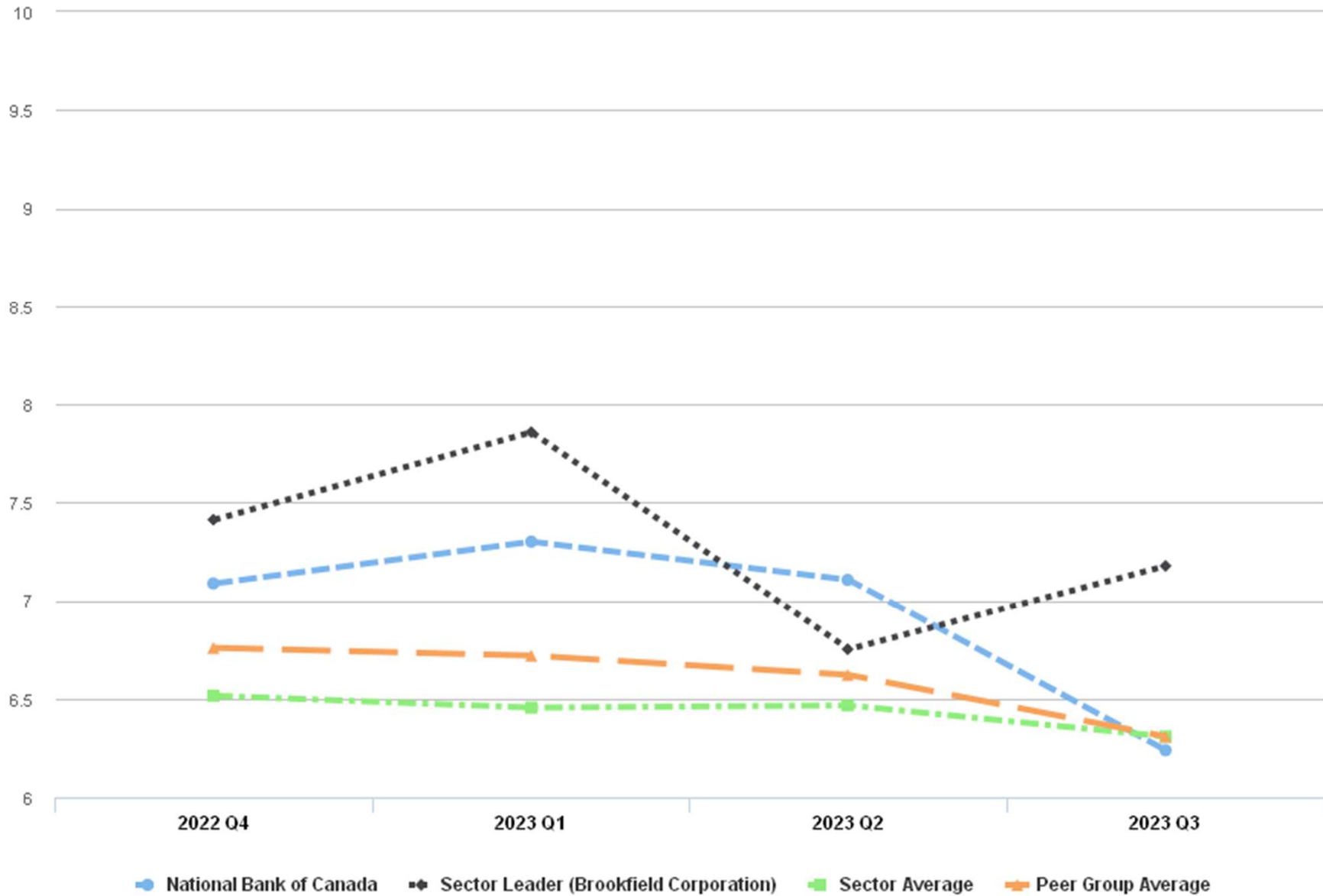
What is Your Commitment to Own This Stock in The Year Ahead?

National Bank of Canada



- 1. Do not Own, Serious Lack Confidence in the Company
- 2. Do not Own, Lack Confidence in the Company
- 3. Own it, Selling it due to Decreasing Confidence
- 4. Neutral, Benchmark it but DO NOT see company as a Target
- 5. Own it with Confidence BUT DOWNSIZING to re-weight portfolio
- 6. Own it or Intend to Own it
- 7. Own it with Increasing Confidence

What is Your Commitment to Own This Stock in The Year Ahead?



Shareholder Confidence Metrics

National Bank of Canada's Performance Vs National Bank of Canada Peer Group

National Bank of Canada Peer Group

Bank of Montreal

Bank of Nova Scotia

Canadian Imperial Bank of Commerce

Canadian Western Bank

Laurentian Bank of Canada

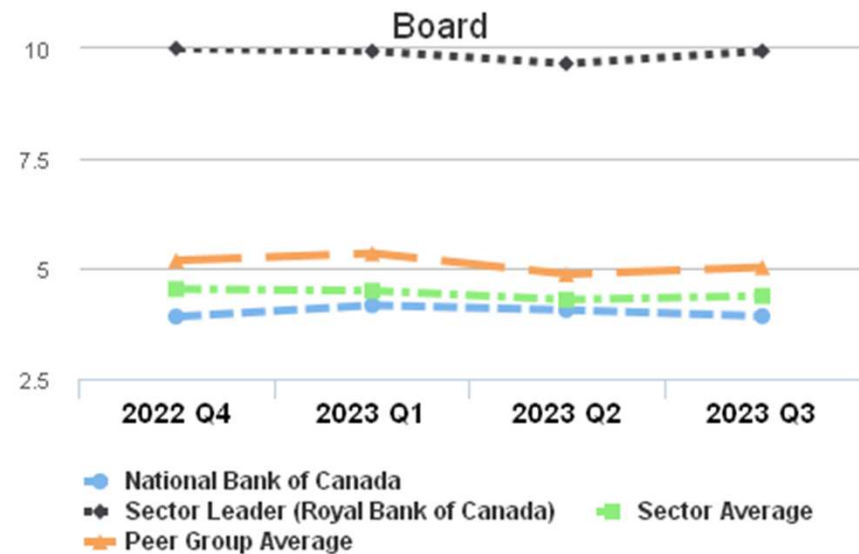
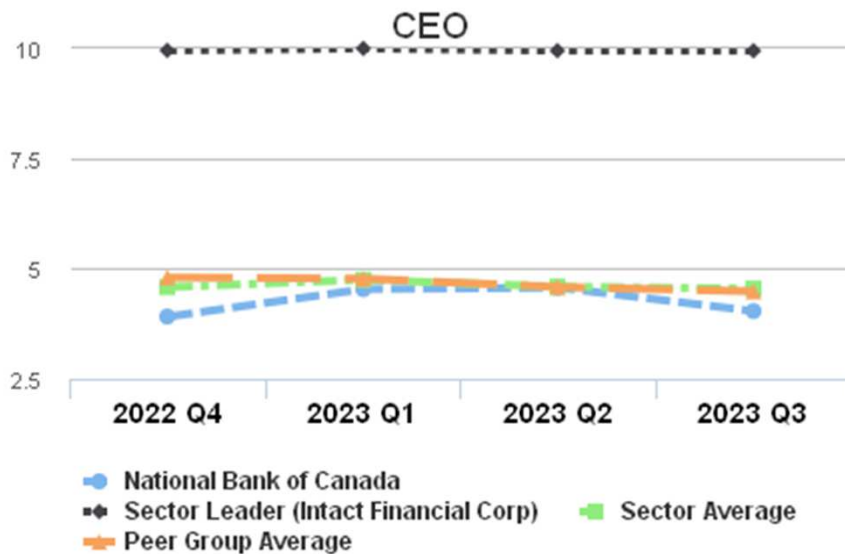
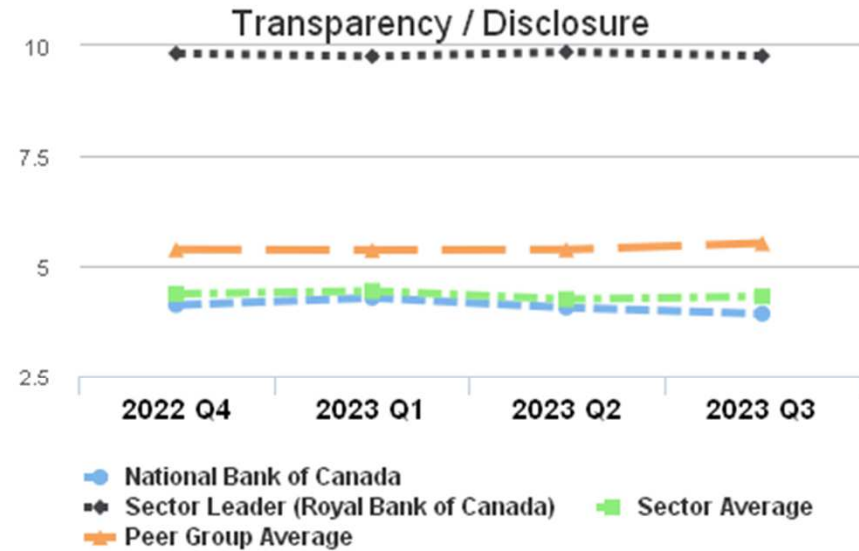
National Bank of Canada

Royal Bank of Canada

TD Bank Financial Group

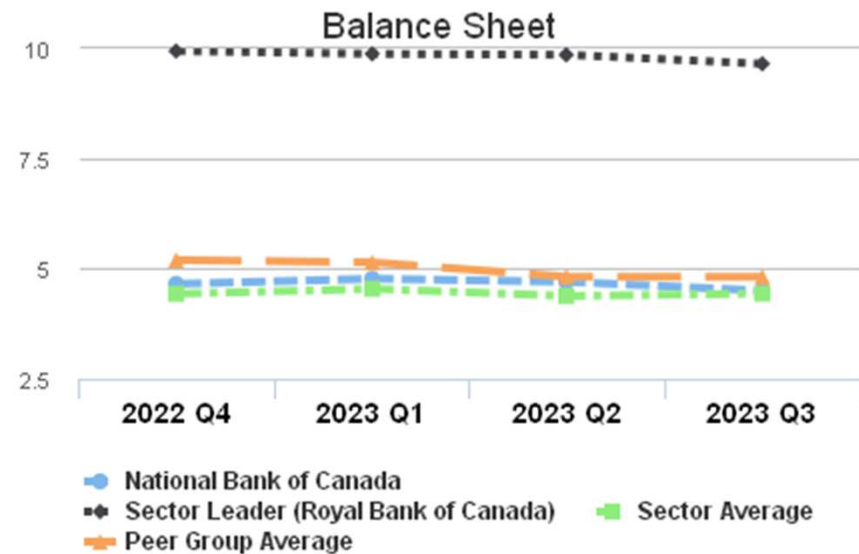
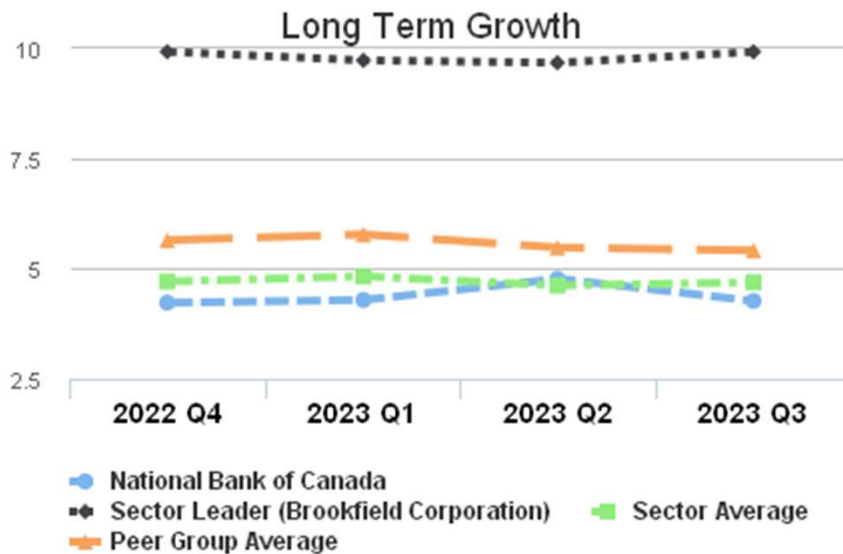
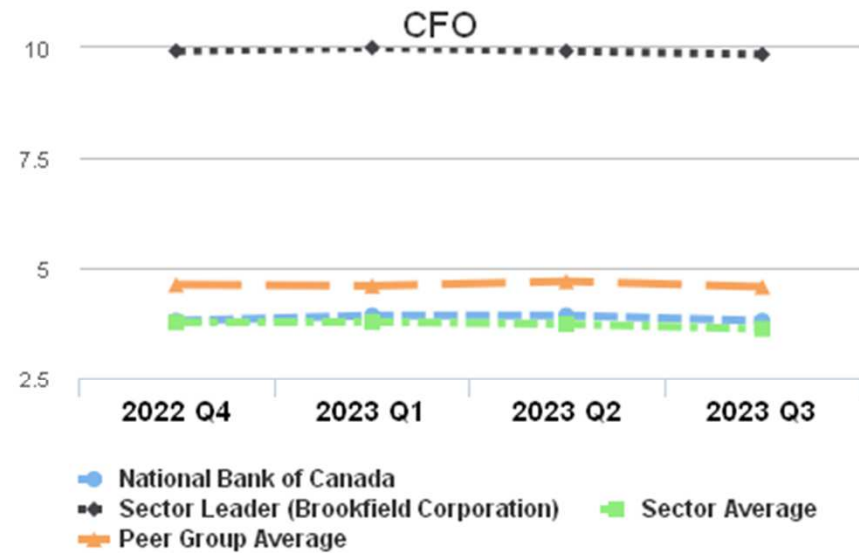
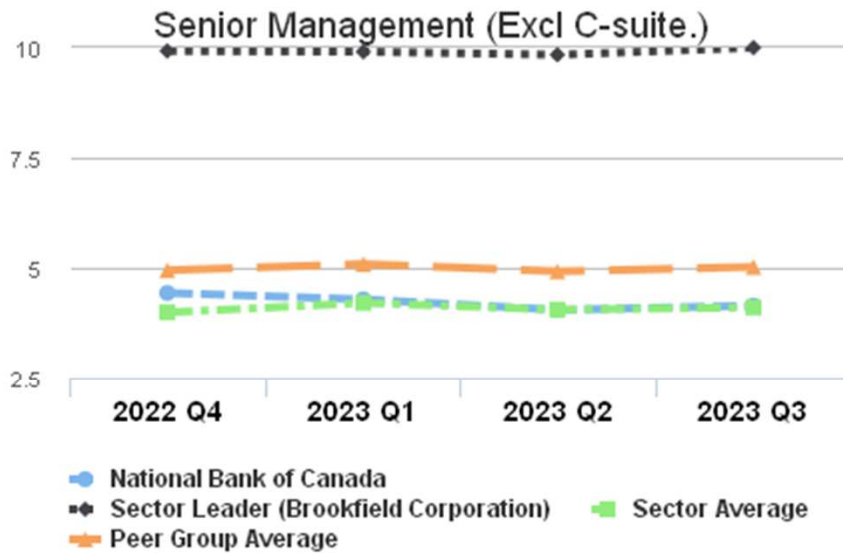
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



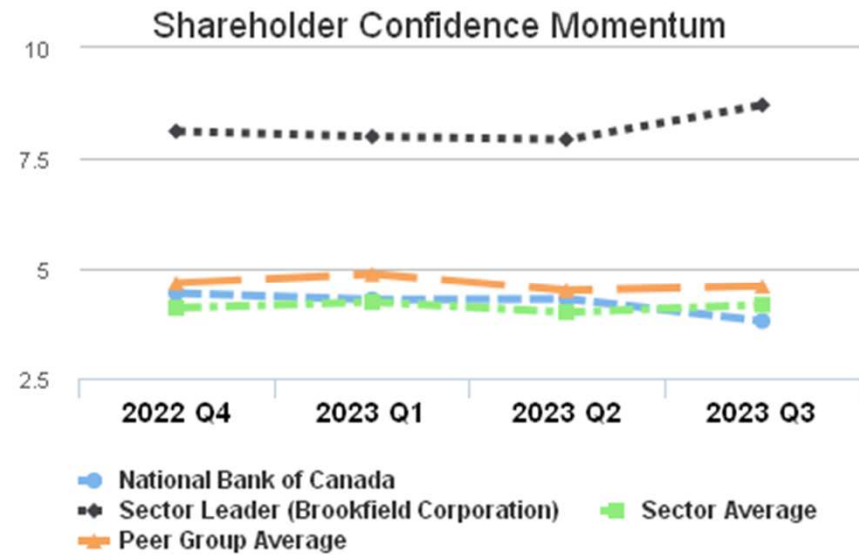
Shareholder Confidence Metrics Forecast for the Year Ahead

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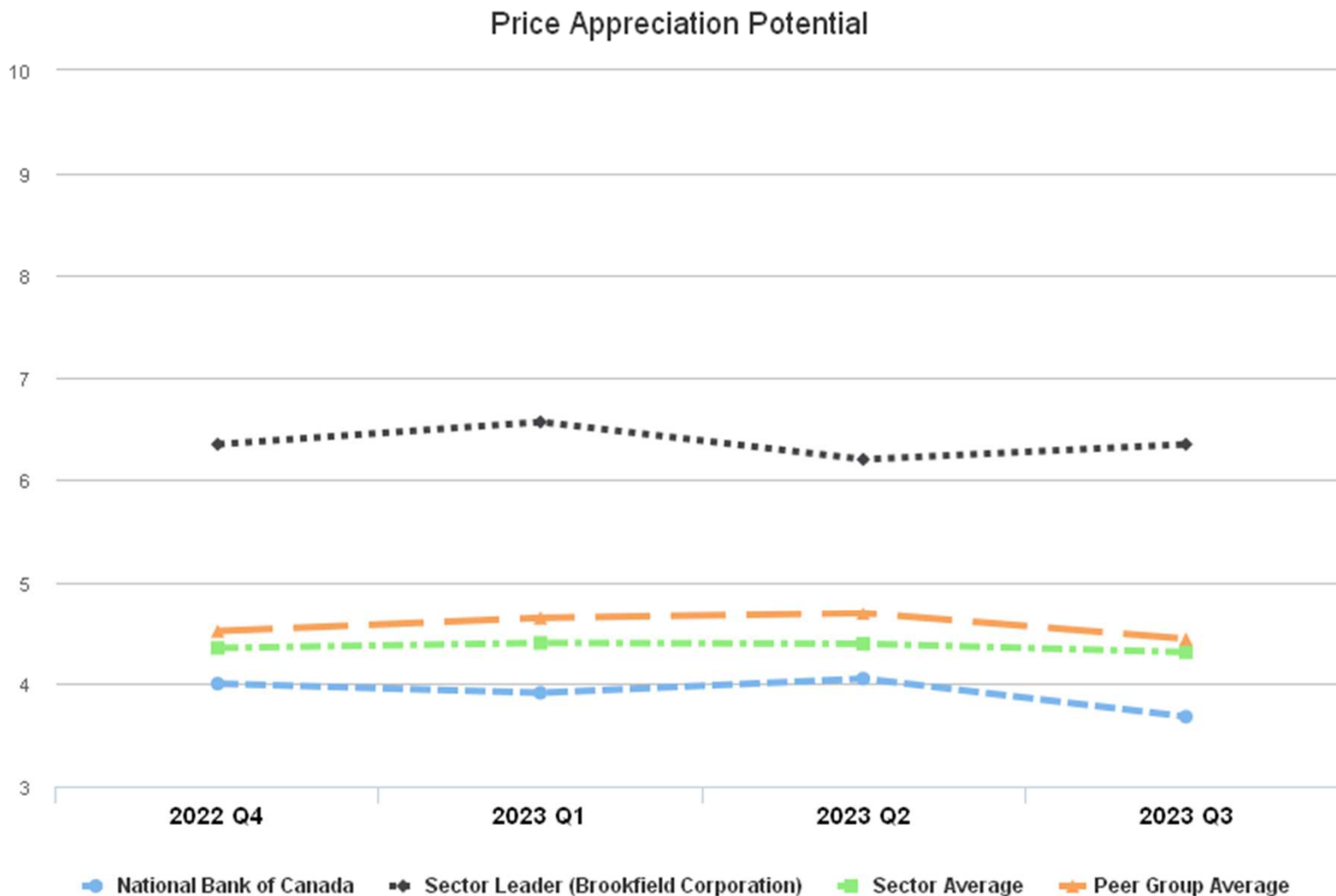
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



Typical Investor Verbatim

Positive Momentum Verbatim

"National Bank are excellent with their balance sheet. They have a capital allocation discipline that is great to see."

"Some people are concerned with National Bank's new CEO, Laurent Ferreira, but from what I've seen, he will be fine."

"I have confidence in National Bank of Canada; they've been meeting numbers well."

"National Bank of Canada has done a good job allocating capital. Their capital strength is good."

"National Bank is consistent in their execution. There's nothing flashy or shiny about what they do, it's just about good and consistent execution, and they seem to keep on surpassing expectations. People always ask how they do it, and sometimes the answers are not obvious, but they do it consistently."

"The Bank of Nova Scotia had a CEO that had one of the worst tenures of relative performance during his reign in the history of Canadian banks. It looks terrible for anyone to have confidence in him; it makes no sense. Then you have National Bank, which over the past seven years has been the best-performing bank stock by a landslide, and yet people have less confidence in it."

"National Bank of Canada has been executing well."

"iA Financial and National Bank have a very long track record. If you look at National Bank's revenue growth over any period of time, it always ranks number one, sometimes number two out of six."

"National Bank of Canada has been delivering; I have confidence in the CEO."

Typical Investor Verbatim

Positive Momentum Verbatim

"National Bank has been a great performer. It's been the best-performing bank for the last ten years."

"National Bank is undervalued relative to how its strategy has performed over the last ten years, regarding earnings growths, share price returns, and what they focus on strategically. They do a good job."

"I don't have confidence in banks with international banking exposure, like US or Latin American exposure, like TD Bank, the Bank of Nova Scotia, and the Bank of Montreal. I have more confidence in National Bank, which focuses on Canada and Capital Markets and Wealth Management; there's more growth in those types of businesses."

"National Bank has a new CEO, so it's hard to evaluate; he doesn't have a track record yet. The Bank of Nova Scotia also has a new CEO, but he doesn't have a history in banking; at least National Bank's CEO does."

"I like National Bank's business mix and its exposure to the US."

"Given how well they've transitioned to a new CEO and executed well, I have confidence in National Bank."

"I trust National Bank more than Scotia Bank regarding long-term delivery. National Bank is known for being a reliable and consistent bank in Canada."

"National Bank's CEO, Laurent Ferreira, is a year and a half into the job, but he's done an excellent job. Capital allocation is the key to growing and having confidence over time; the CEO has a lot to do with that."

Typical Investor Verbatim

Positive Momentum Verbatim

"I don't have confidence in the Bank of Nova Scotia's senior management team; they are replacing people as we speak. The outcome of Scott Thomson taking over showed that they messed up on bench strength, partly due to Brian Porter. We like National Bank a lot and can defend why we like it. The National Bank CEO came from within the ranks; they're moving up people within the ranks. Scotia just hired two people externally."

"National Bank has the highest capital ratio of the whole group."

"The Bank of Nova Scotia has the weakest tier-one capital ratio and a lower ROE. In contrast, National Bank has a higher capital ratio and ROE to generate more capital every quarter."

"National Bank has done a really good job with the balance sheet."

"Certain people like National Bank because of its ROE, long-term growth, disciplined capital allocation, and management team. Some others say it's low-quality and has high-risk growth. If you ask them to show you that in the last ten years, they say it hasn't happened yet, but it will fall apart any day. National Bank is doing a great job."

"The management team of National Bank consistently manages to find ways for them to expand in various niches."

Typical Investor Verbatim

Positive Momentum Verbatim

"National Bank is one of the only banks that has the excess capital position to manage the increased capital requirements."

"Despite having a high-quality franchise with diversification and growth opportunities, the National Bank of Canada is currently ranked in the middle of its peer group, which does not accurately reflect its potential."

"National Bank of Canada has the best chief risk officer. What he has done to incorporate risk with investment decisions is impressive. There are metrics for banks that are the density of the risk-weighted assets, compared to total assets, which is relevant as a measure of how much risk you're taking in your investment bonds. They have managed the capital-light business models in their capital markets. The impasse is that throughout COVID-19, when everybody was dumping risk down, they were behind everyone, and they were able to take a little bit more risk and get back in line with everybody else; that's not an easy task."

"National Bank of Canada has been outperforming everybody, even the Royal Bank of Canada."

"National Bank of Canada has excess capital that can support incremental EPS growth."

"I like the National Bank of Canada and iA Financial. They are both niche companies that are improving. National Bank also has a solid excess capital position and has grown internationally."

Typical Investor Verbatim

Positive Momentum Verbatim

"National Bank of Canada's CFO is excellent."

"National Bank's CEO is well appreciated."

"National Bank has done a good job; they proved me wrong for a number of years. I give them more of the benefit of the doubt now."

"I like some of National Bank's disclosure changes."

"I like National Bank's prudent growth. It's not trying to overextend; it's steady as she goes."

"I was at National Bank's conference in Montreal recently, which was very good. The participation from a company standpoint was very high. The site where the conference was held was perfect. It was seamless, with no hiccups."

Typical Investor Verbatim

Neutral Momentum Verbatim

"I think what will face the banks is a more challenging credit cycle and a more challenging expense environment. They are so macro sensitive. The problem with banks and I think what you're seeing right now is that you get a lift before you get the downdraft, and then the Canadian banks, depending on which ones, the higher quality ones can be used as a risk off and a flight to safety. Before the recession you are going to see credit card balances moving higher, and utilization rates moving higher. You are going to see a pickup of low growth as you're still getting some of the benefit of the higher interest rate environment. You will probably see one or two more quarters of probably decent earnings, but you are starting to see now some more normalization around the provisioning on credit losses, and I think that is going to extend and then you are going to start hitting NIM pressure once central banks start having to back off on the interest rate, once they sufficiently killed the economy. There is probably this incremental positive in bank earnings as loan utilization increases and you still get the NIM picture before it turns bad. I think that is why they have been holding on doing so well, but if you look at incrementally, from quarter to quarter, the narrative in the macro picture that they're basing their loan loss reserves under is continually getting worse."

"Royal Bank of Canada's recent acquisition of HSBC was a good move. However, I would have liked another bank to get this. It would have been a better fit with National Bank or The Bank of Nova Scotia to diversify the landscape a bit more."

"National Bank of Canada has proven it can earn outsized returns in the Canadian market. They had the CEO change, and there were questions about what he would bring to bear. The prior CEO was a rock star. The new CEO, Laurent Ferreria, has gone through a couple of quarters now, and the question is how much of that is attributable to the previous CEO?"

"You can't push your way into branch banking, so you have to do it on the commercial and corporate side. Sometimes you have to take pricing risk to win market share, which can set you up, as we saw with National Bank. The only way they got out of Quebec years ago was to push heavily into Alberta on the corporate side."

Typical Investor Verbatim

Neutral Momentum Verbatim

"National Bank's CFO, Marie Chantal Gingras, is not proven, but I met with her, and I like her."

"National Bank used to trade as the cheapest bank; now, it's the second most expensive bank. There's a lot of positive that's why it's more expensive than it used to be. They've done a great job, but I'd rather own BMO or TD, trading at a massive discount to where they normally trade."

"National Bank doesn't get enough credit for what they do in terms of reporting."

"Nothing looks all that compelling; I suggest broadly sticking with the higher quality, larger diversified names. From a sector perspective, I'm still underweight banks. The multiples look good, but earnings must be rewritten lower. The life insurance names are looking okay, but the IFRS 17 news is a little confusing and so that has to get played out a little bit. As it stands, I don't have any real confidence in any of the estimates right now; just on IFRS 17 basis for the insurers. They're still exposed to the market headwinds as well. P&C looks okay."

Typical Investor Verbatim

Negative Momentum Verbatim

"Canadian banks are always less attractive on valuation because the total trapped capital situation pushes things past reasonable levels relative to the rest of the world. It's just one of those things you're never going to get an outside return of capital or dividend from the banks in Canada."

"When it comes to the National Bank of Canada, we don't know what credit will do. We know it will be a challenge, but they'll be fine at the end of the day. On the flip side, the insurers are in a good spot, given that higher interest rates have taken slightly longer to flow through their income statement, so I have more confidence."

"National Banks' CEO, Laurent Ferreira, is new, so he still has some things to do for the market to be 100% comfortable with him. He knows the business well, but he needs to improve his communication skills."

"National Bank of Canada has a new CFO, and the confidence on calls has been lackluster. However, that's expected on tough questions on treasury specifically. Marie Gingras needs to prove that she knows the industry in depth."

"Royal Bank of Canada, TD Bank and the Bank of Montreal have all executed acquisitions. They have more growth than National Bank which doesn't have any acquisitions in the pipeline. For them, it's probably more uncertain where the growth will come from than the other banks that made acquisitions."

"Even though National Bank does a good job, their compensation is too high."

Typical Investor Verbatim

Negative Momentum Verbatim

"National Bank's reporting can be opaque in some areas."

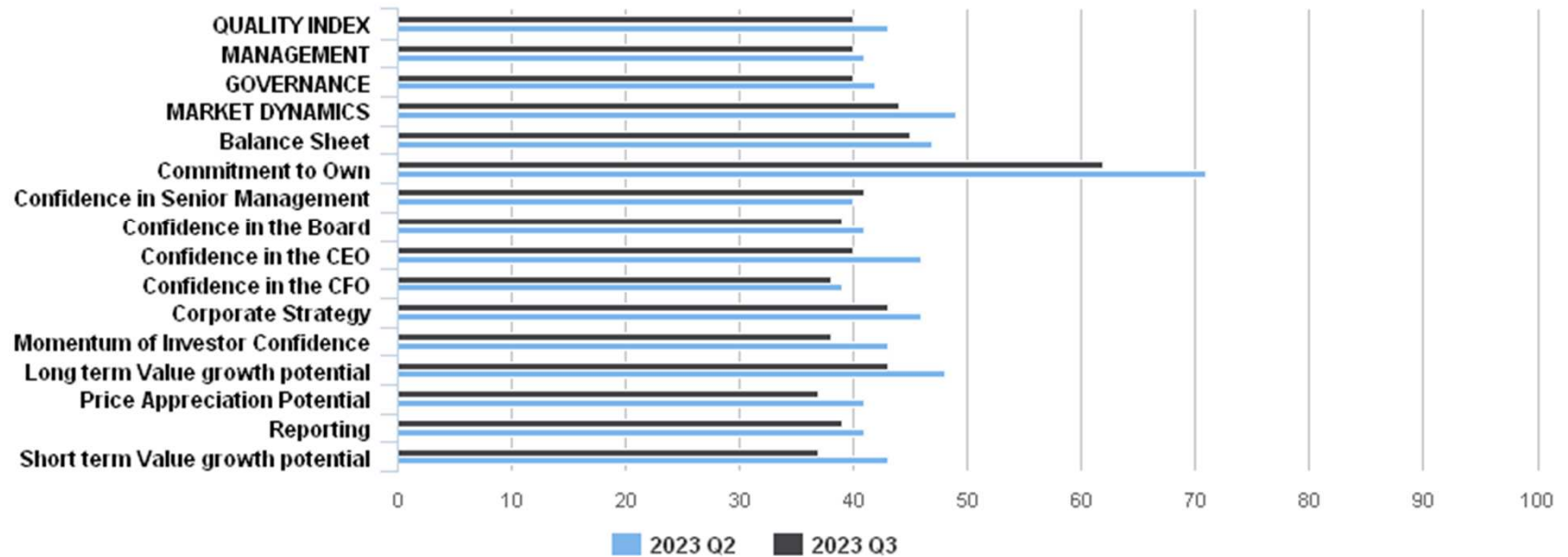
"National Bank's IR is a nice lady who tries to help but knows nothing about banking. You can't ask her a single question; she always has to go back to someone else. I have a carrier pigeon carrying messages from one person to another."

"The credit provision is going to be normalized, which means that for the next few quarters, the banks will have to readjust their operating leverage and incur some charges. This will make the next few months tough for the banks. However, the next 12 months could be a good time to buy bank stocks as things are expected to worsen."

Quarter over Quarter Results

Forecast for the Year Ahead

National Bank of Canada



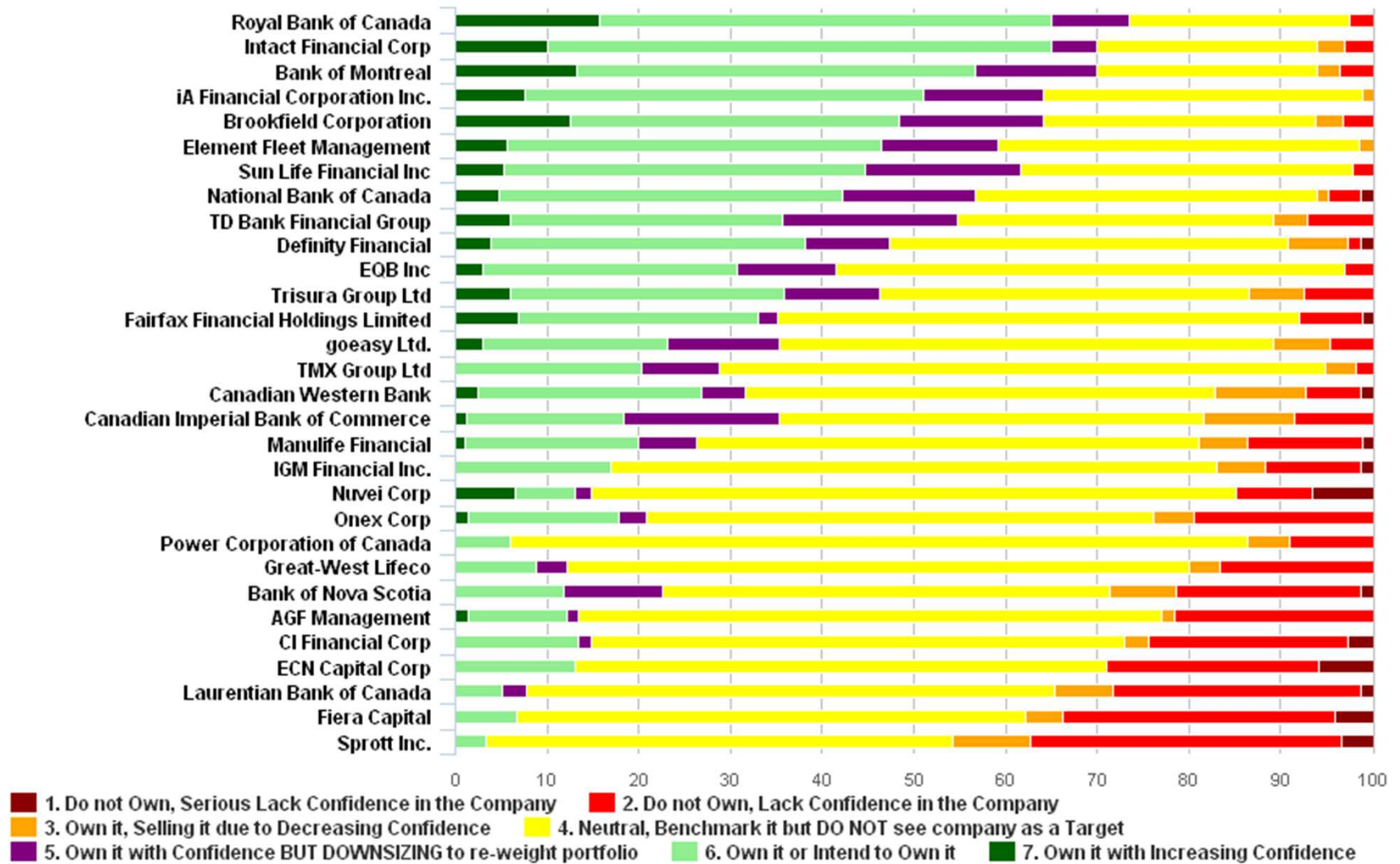
Rolling Year Data*

*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the BWI Shareholder Confidence Panel

What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

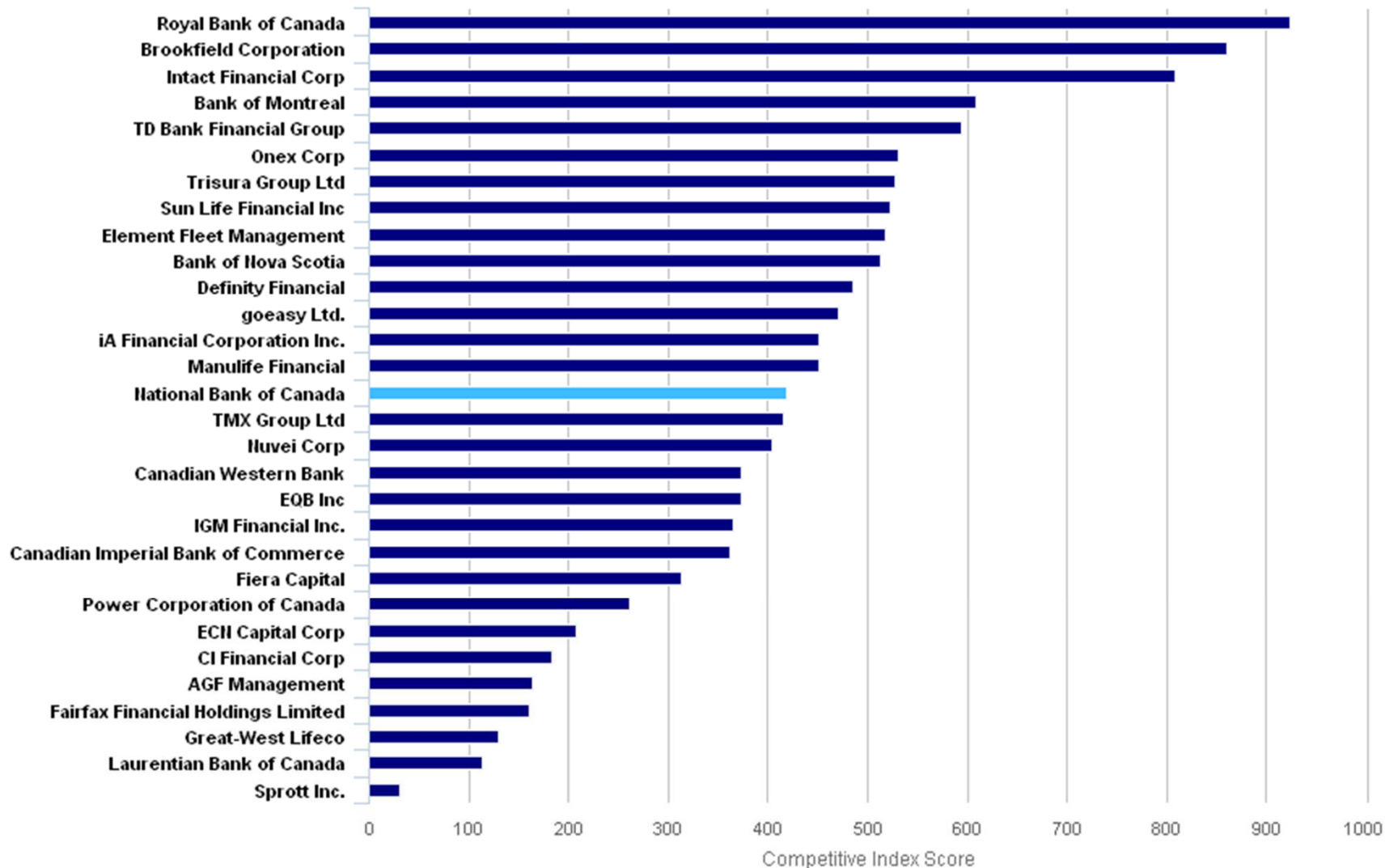
Buyers/Sellers by Sector



Shareholder Confidence Competitive Index

Rolling Year Data

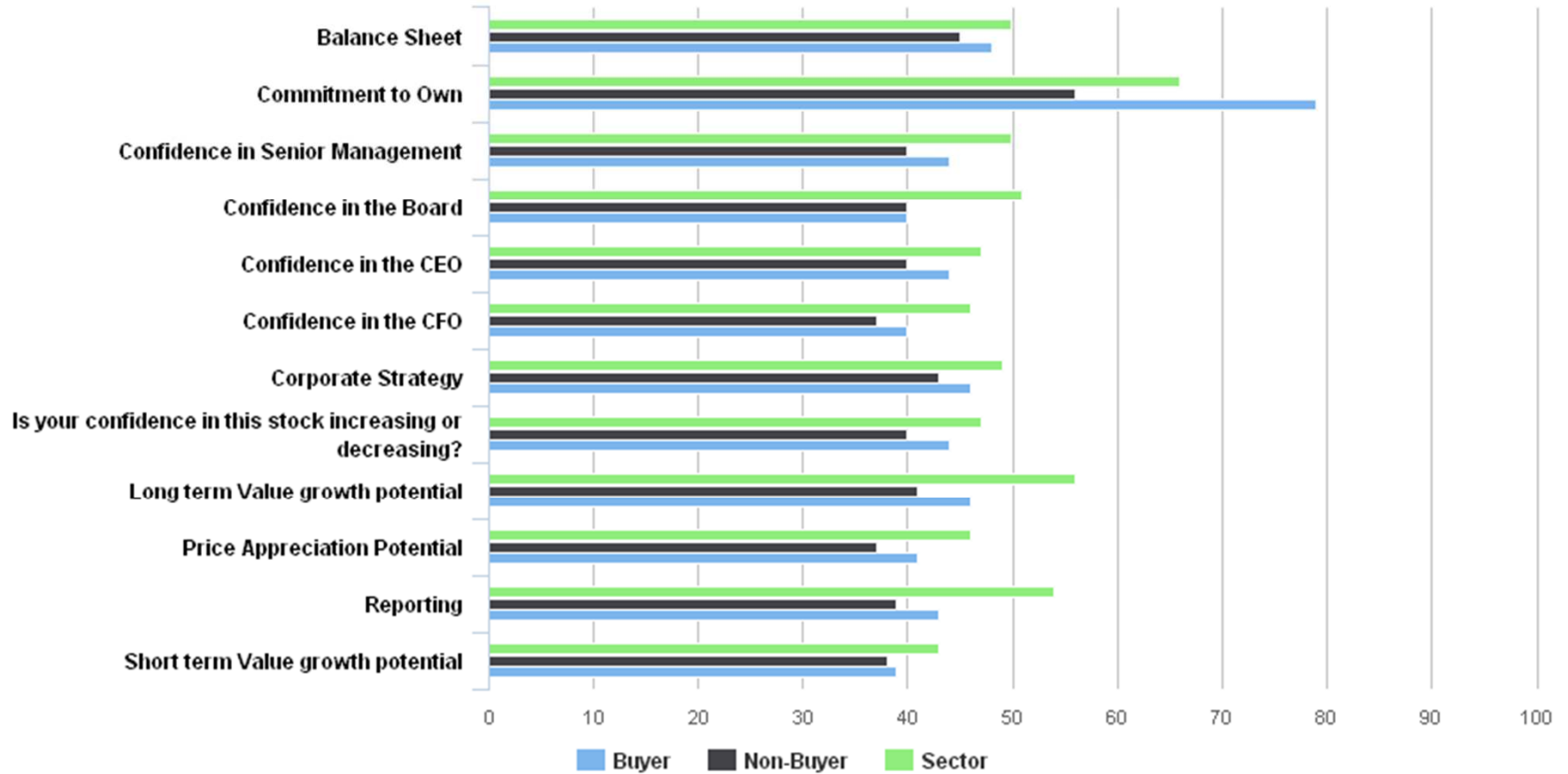
Global Investors - Investment Quality Index



Investment Target: Buyer Ratings Vs Non-Buyer Ratings Forecast for the Year Ahead

Rolling Year Data

National Bank of Canada



Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
Royal Bank of Canada	1st	2nd	1st	1st
Intact Financial Corp	2nd	3rd	4th	2nd
Brookfield Corporation	3rd	1st	2nd	3rd
Element Fleet Management	4th	10th=	7th	11th
Bank of Montreal	5th=	4th	6th	4th
Sun Life Financial Inc	5th=	5th=	11th	7th=
TD Bank Financial Group	7th=	9th	3rd	10th
Trisura Group Ltd	7th=	10th=	5th	13th
Onex Corp	9th	5th=	9th=	5th
Bank of Nova Scotia	10th	12th	9th=	14th
National Bank of Canada	11th	16th	16th	15th
iA Financial Corporation	12th	7th	15th	7th=
goeasy Ltd.	13th	13th	12th=	7th=
Definity Financial	14th=	8th	12th=	12th
TMX Group Ltd	14th=	18th=	14th	16th
Canadian Imperial Bank of	16th=	18th=	20th	17th=
IGM Financial Inc.	16th=	21st	18th=	17th=
Manulife Financial	16th=	17th	8th	17th=
Nuvei Corp	16th=	14th	18th=	20th
Power Corporation of Cana	20th	23rd	23rd	26th
Canadian Western Bank	21st	20th	17th	21st
ECN Capital Corp	22nd=	27th	22nd	28th
Fiera Capital	22nd=	22nd	25th	22nd

Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
EQB Inc	24th	15th	21st	6th
Fairfax Financial Holding	25th	28th	24th	27th
Great-West Lifeco	26th	29th	26th=	29th
AGF Management	27th	25th=	28th	25th
CI Financial Corp	28th	24th	26th=	23rd
Sprott Inc.	29th	30th	30th	30th
Laurentian Bank of Canada	30th	25th=	29th	24th

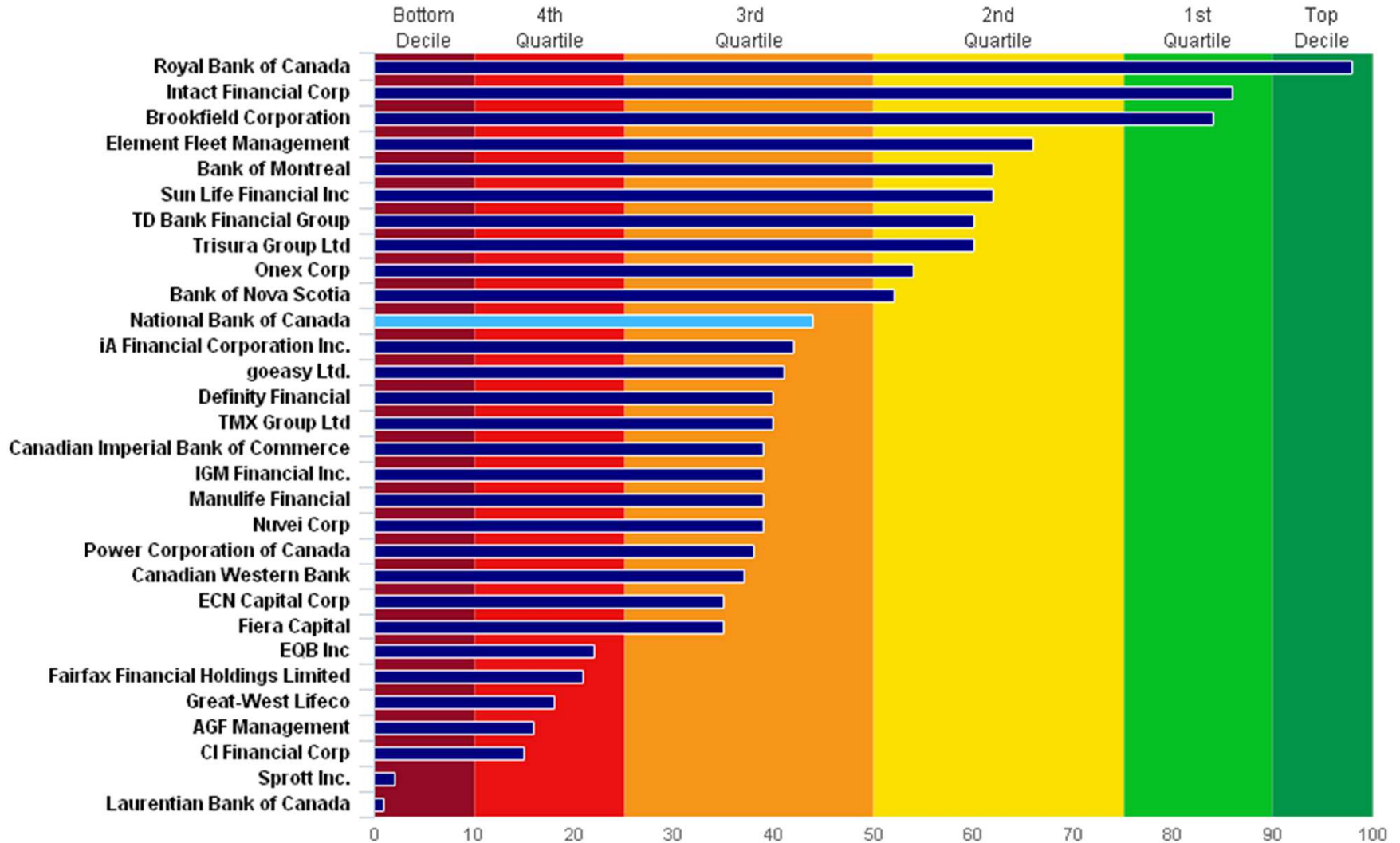
Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Strategy?

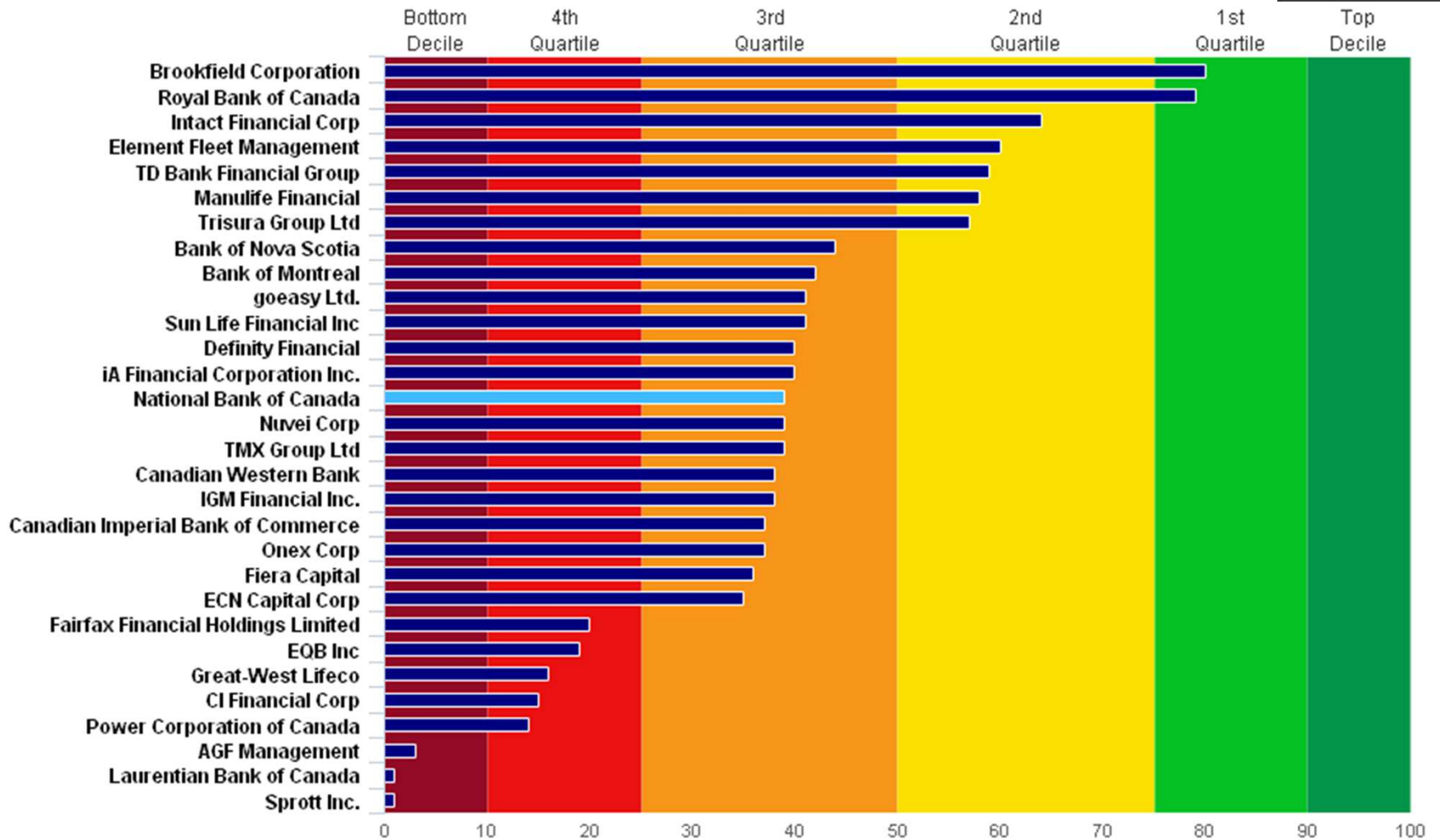
(*Applies to cases where compliance/administration executes the proxy.)

(TD: Very Strong Vote to Retain, Q1: Strong Vote to Retain, Q2: Vote to Retain, Q3: Vote to Replace, Q4: Strong Vote to Replace, BD: Very Strong Vote to Replace)



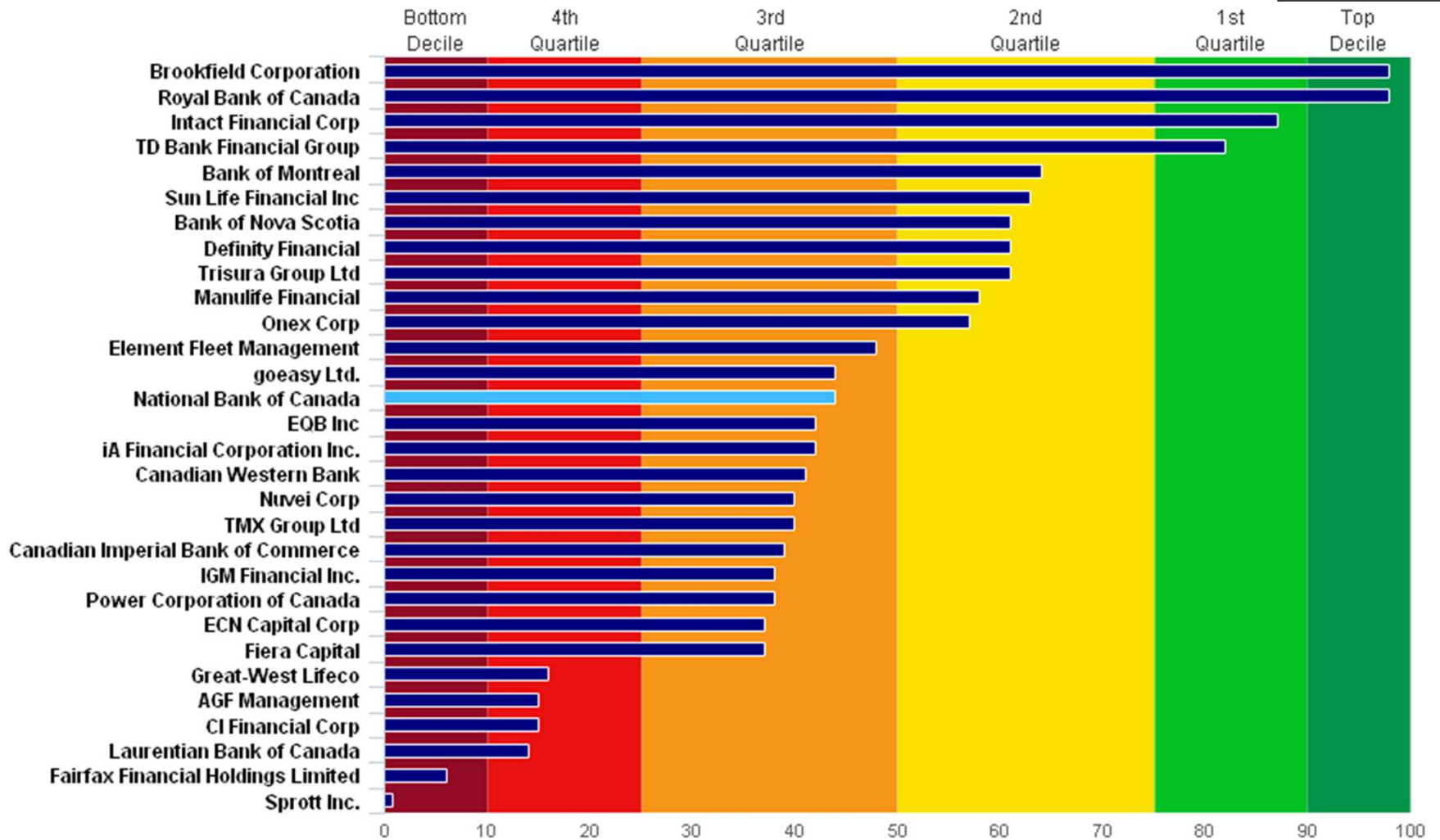
Confidence in Short Term Growth Forecast for the Year Ahead

Rolling Year Data



Confidence in Long Term Growth Forecast for the Year Ahead

Rolling Year Data



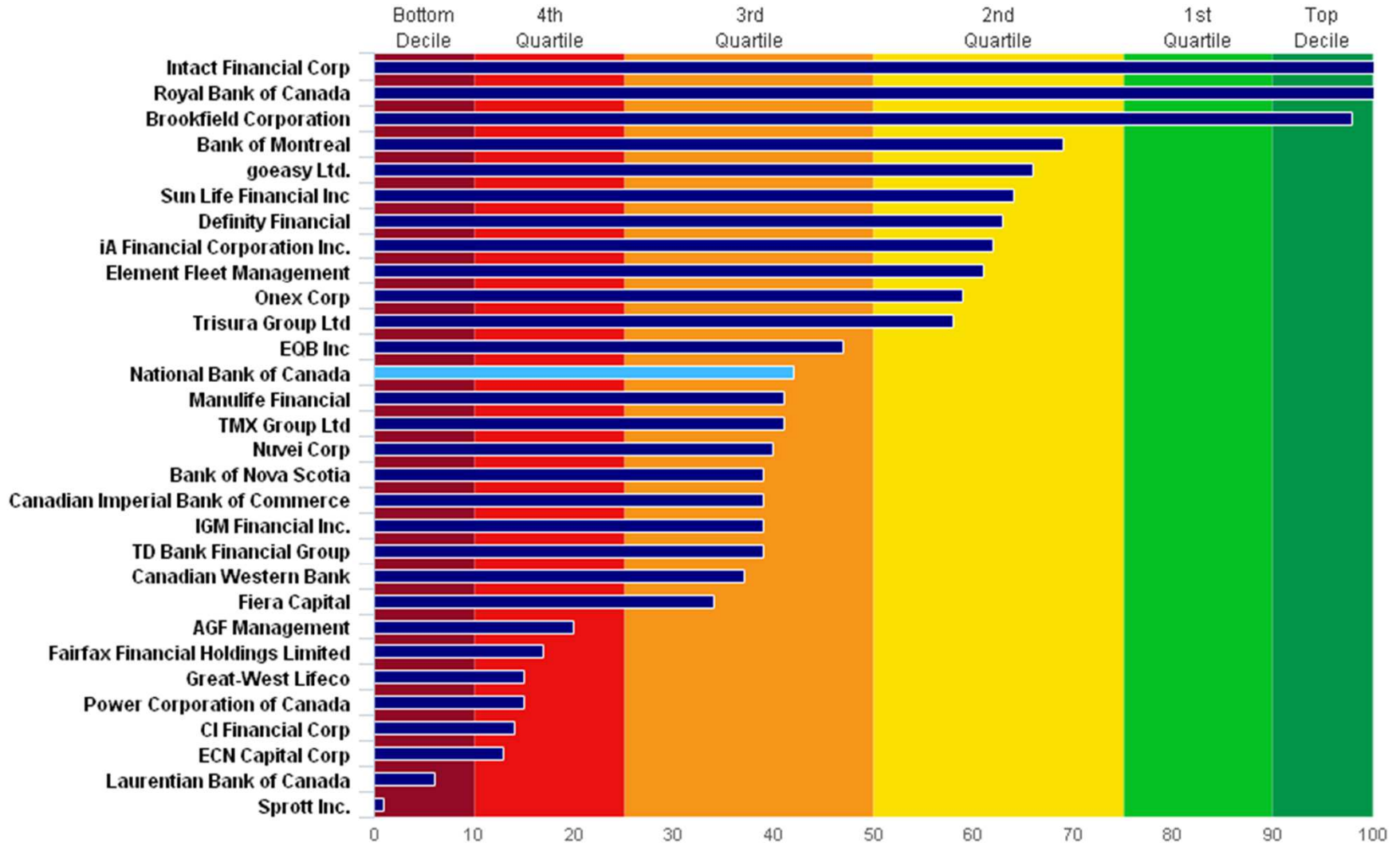
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing CEO?

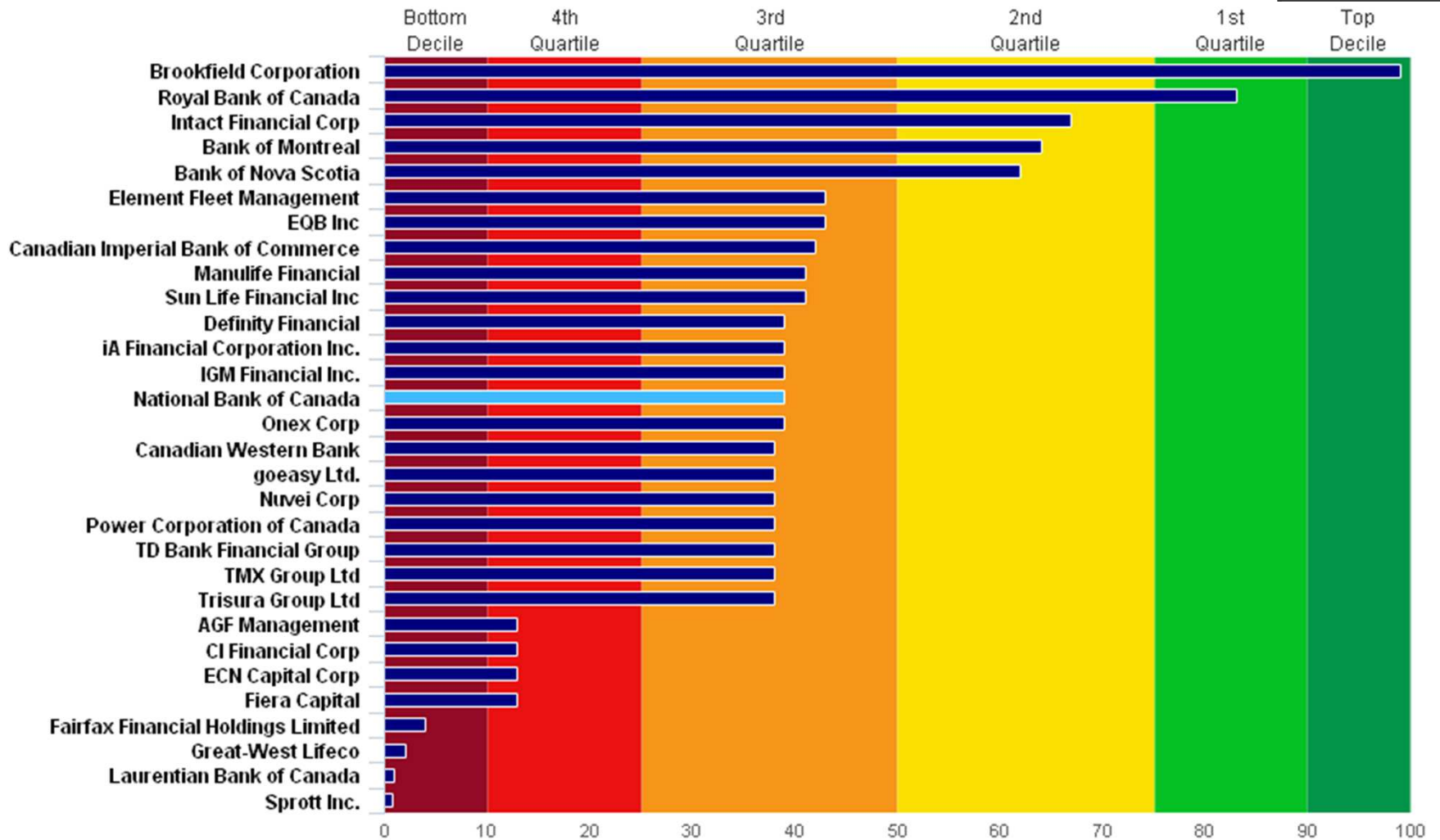
(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



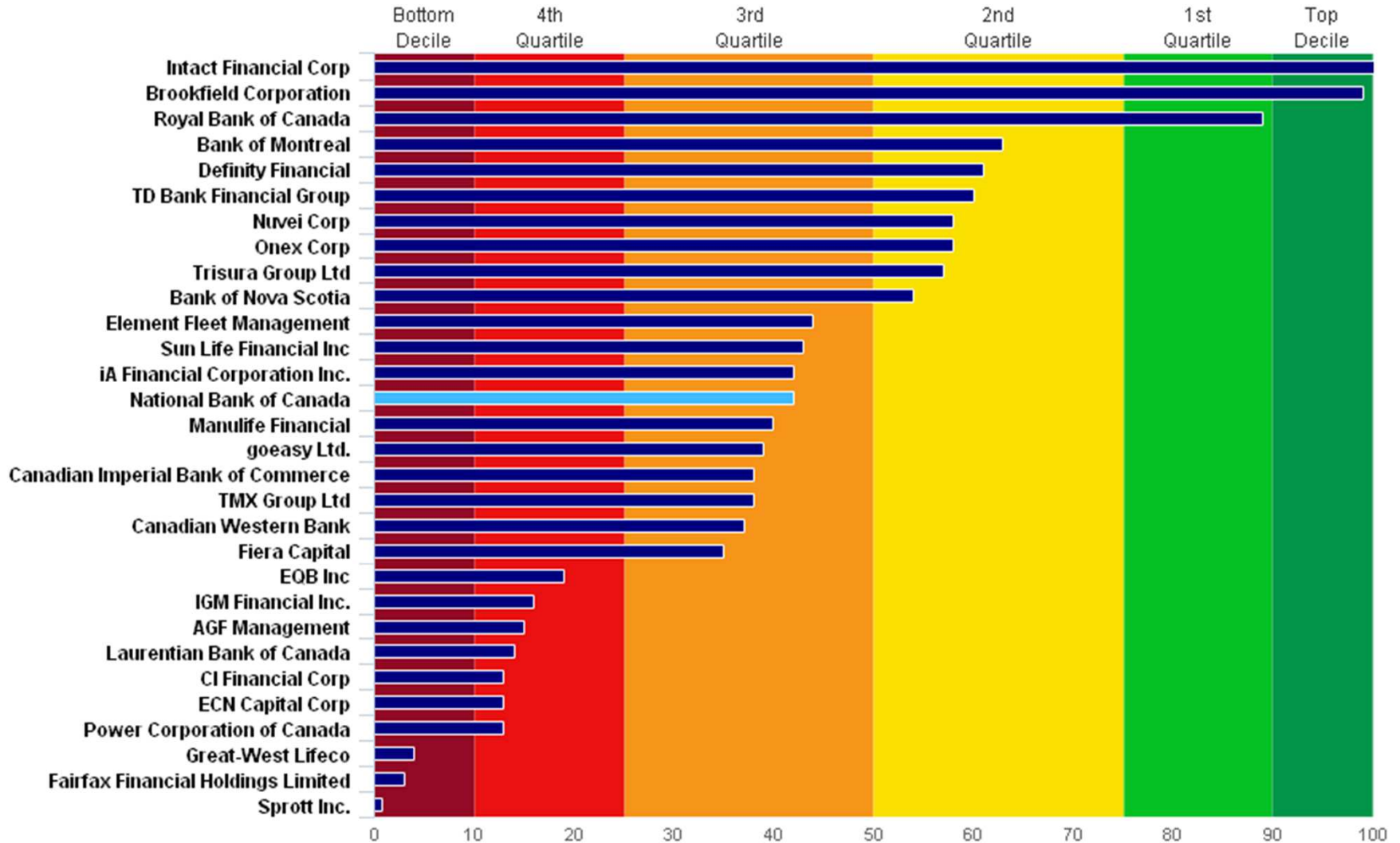
Advance Proxy Poll - Senior Management Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Senior Management?

(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



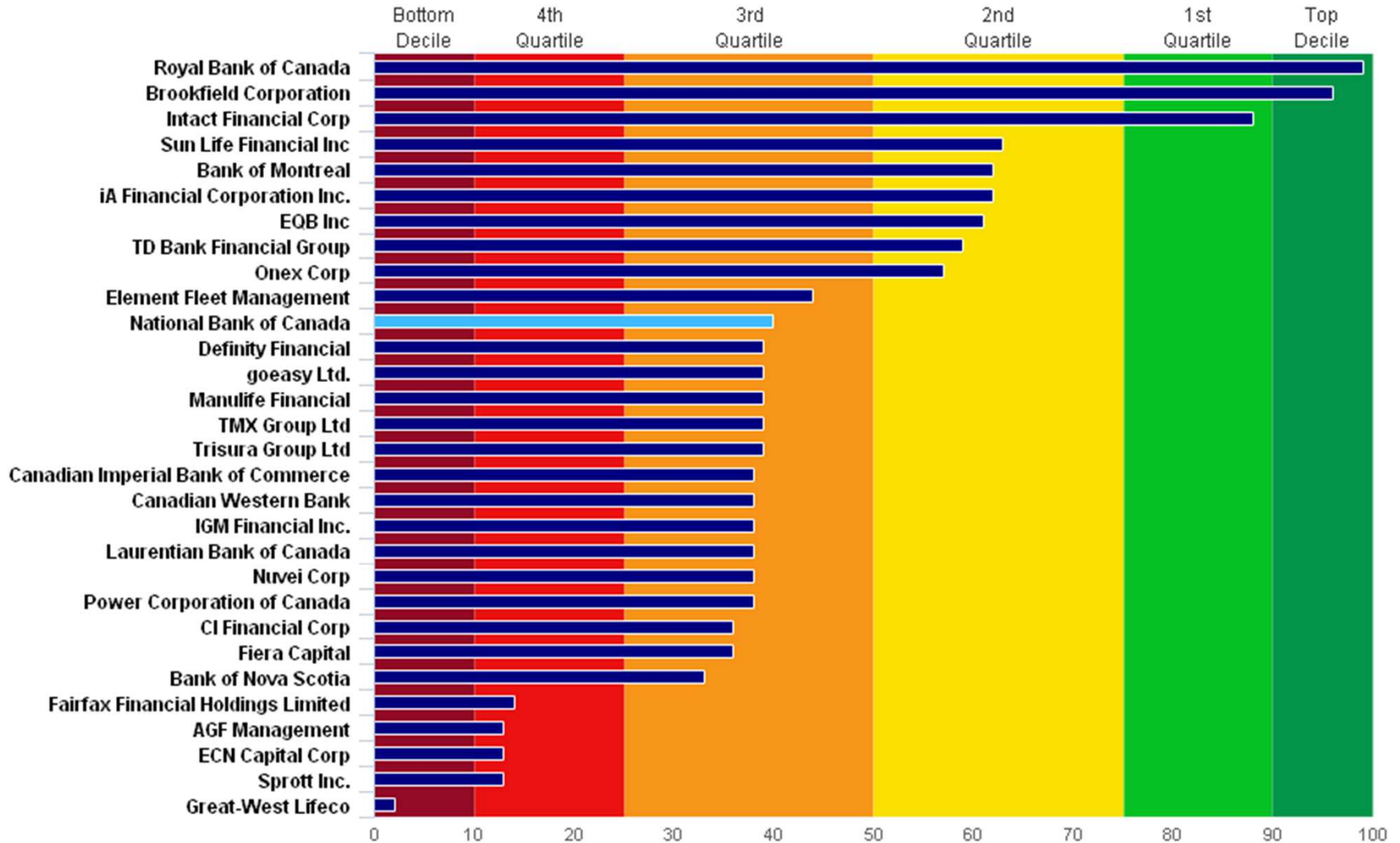
Advance Proxy Poll - Board Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Board?

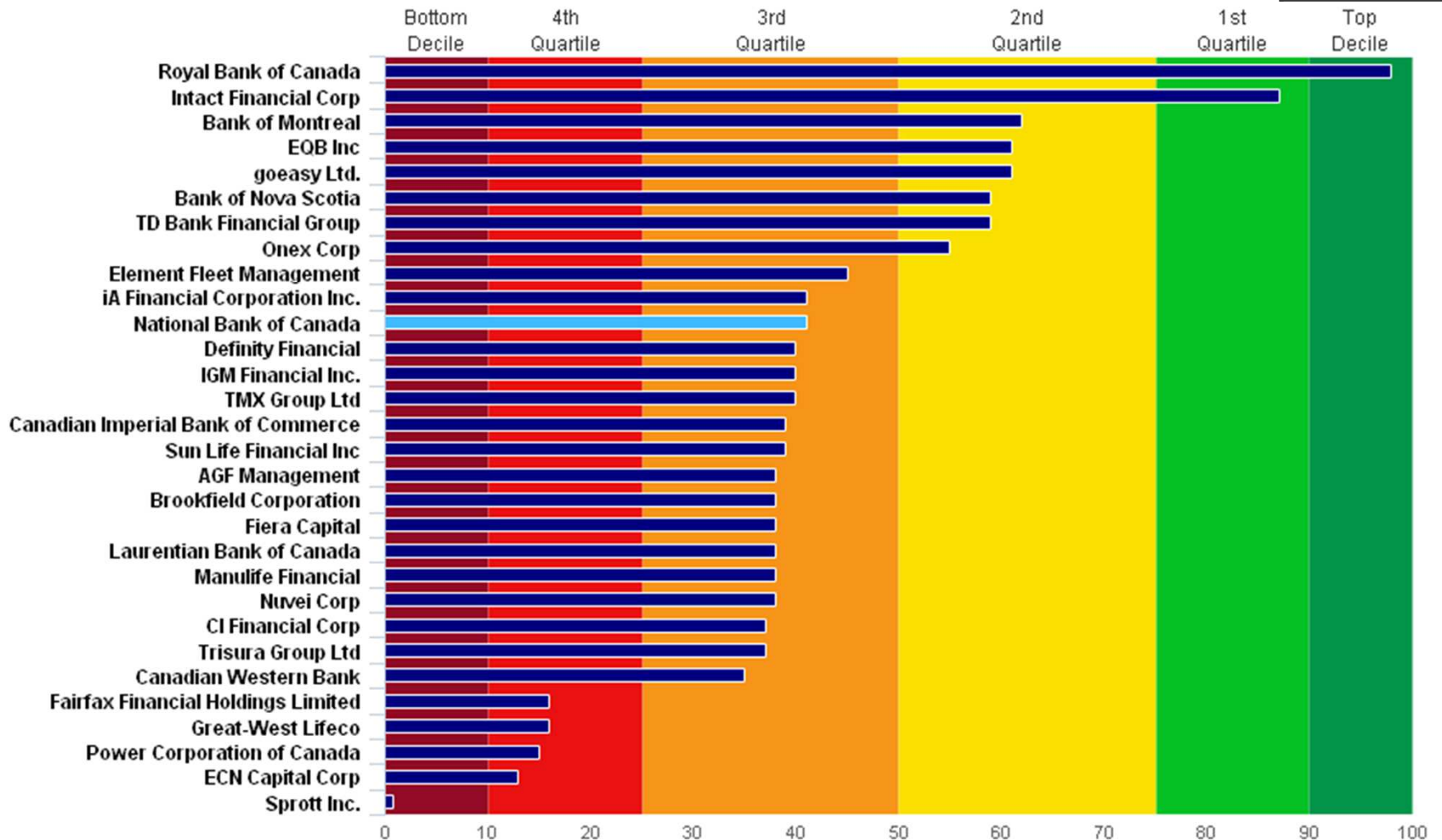
(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



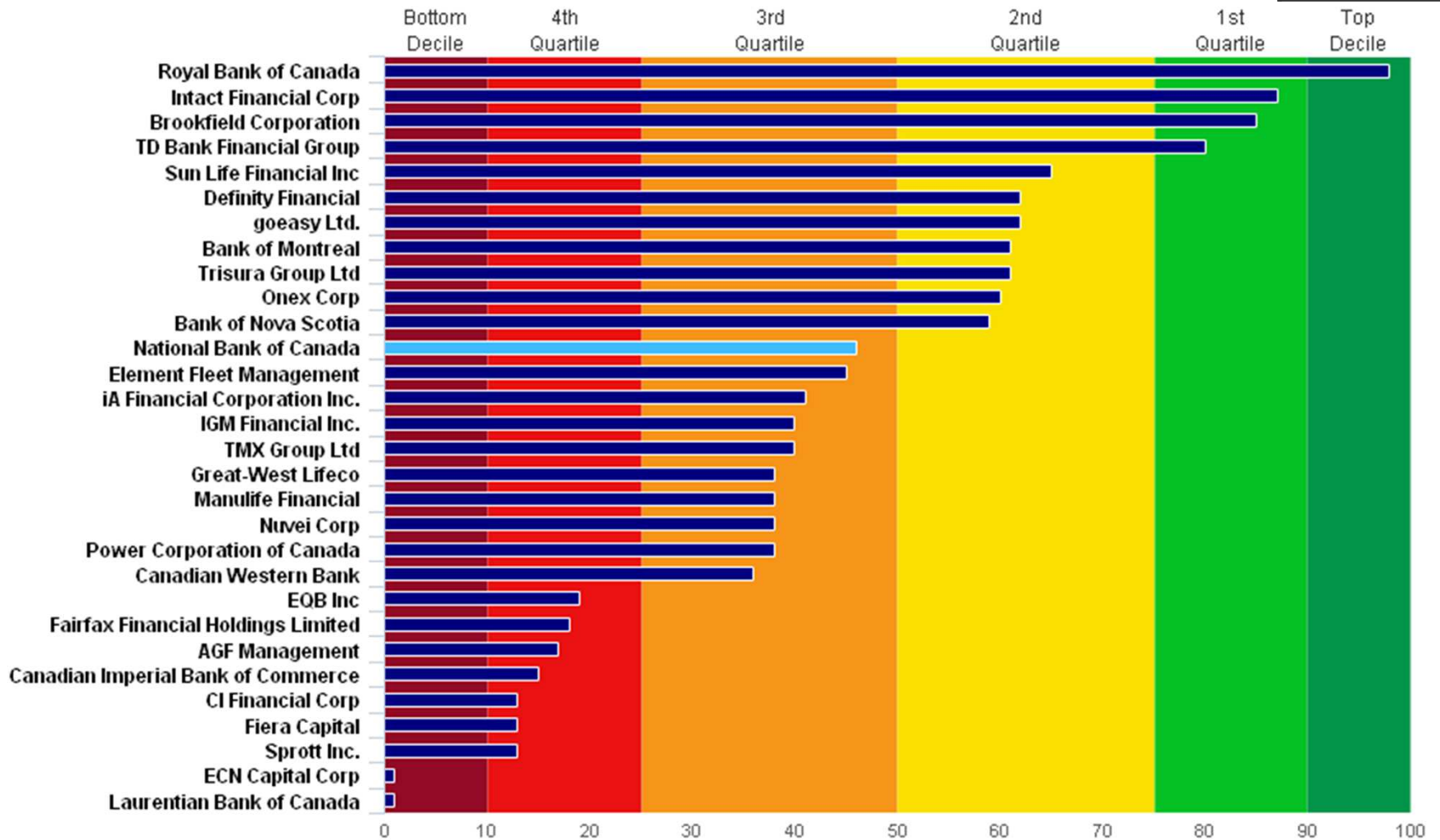
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



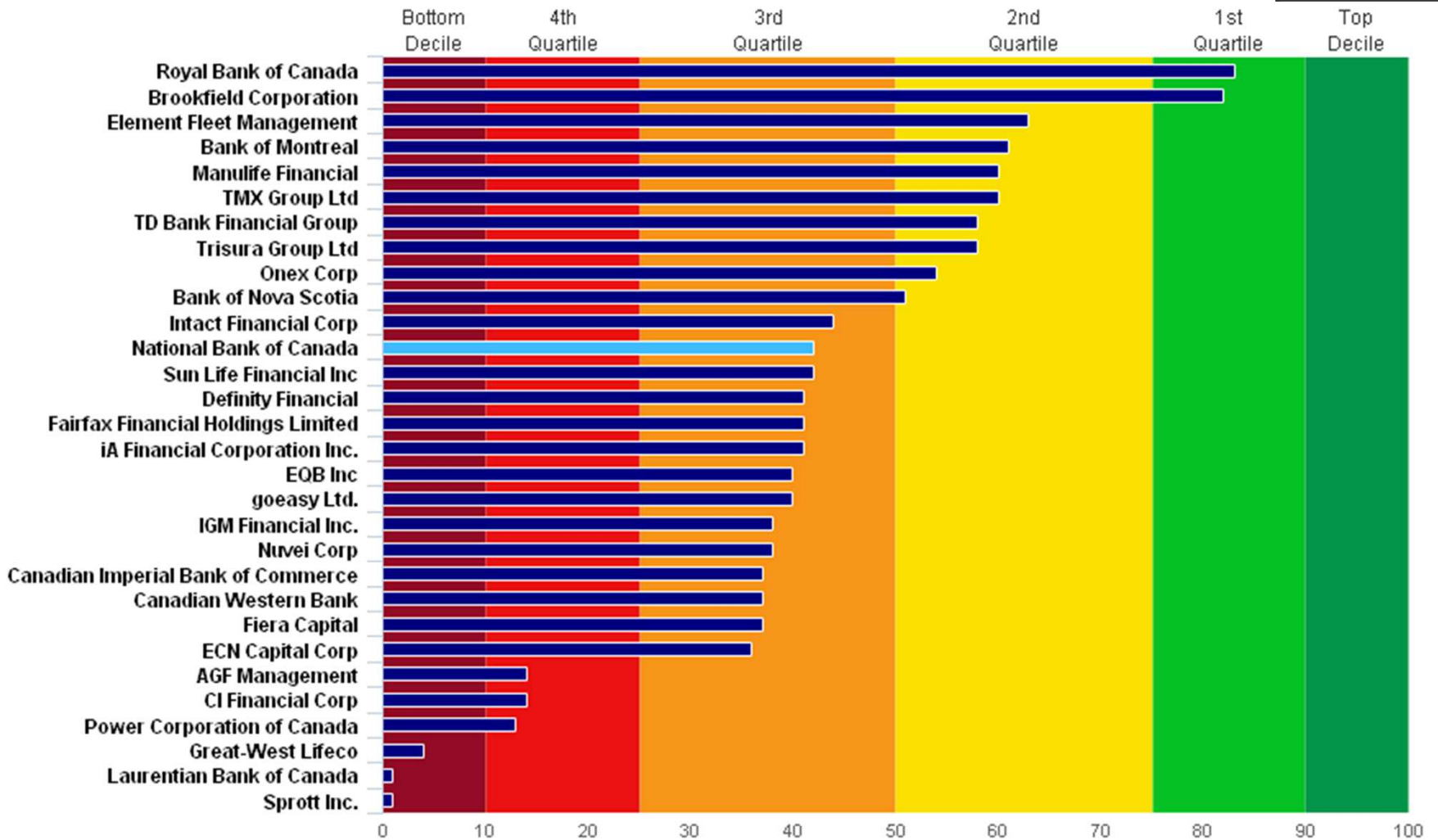
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

Rolling Year Data



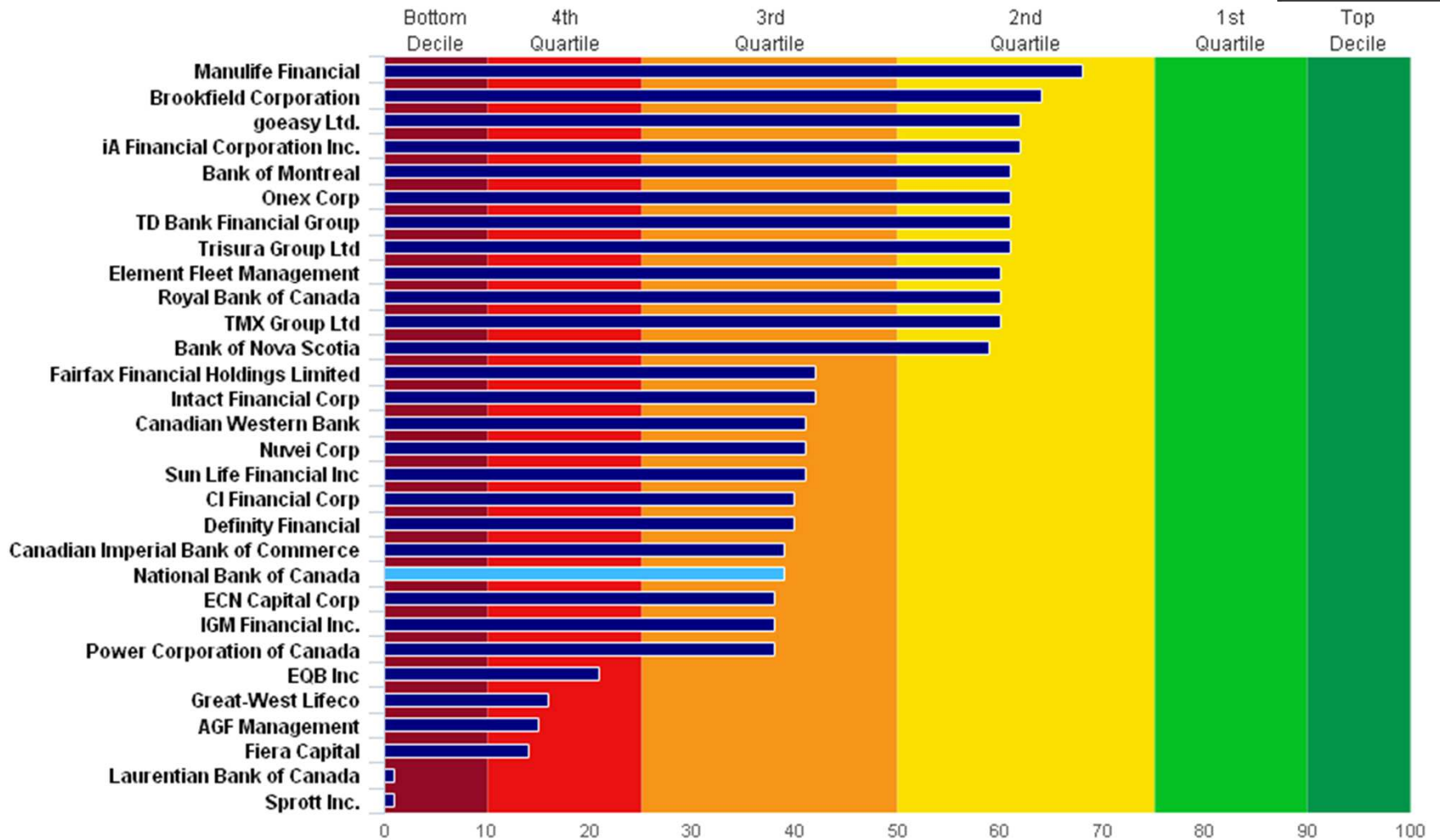
Momentum of Investor Confidence Forecast for the Year Ahead

Rolling Year Data



Price Appreciation Potential Forecast for the Year Ahead

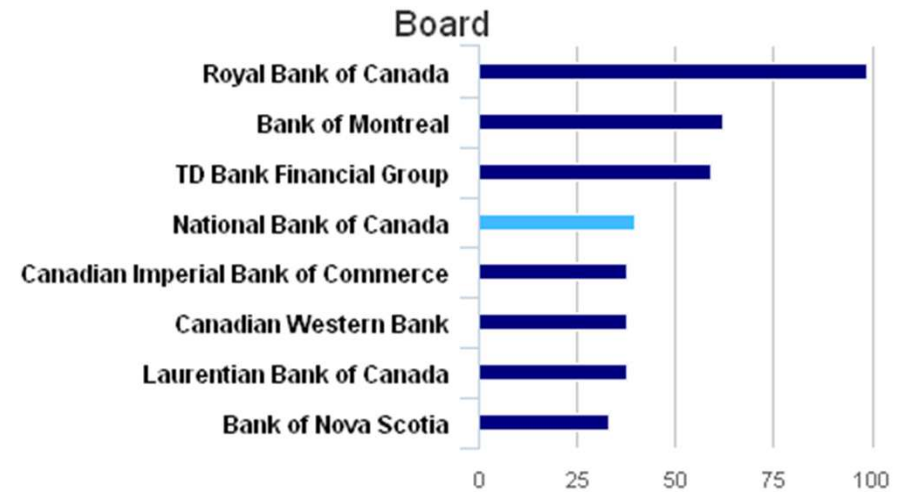
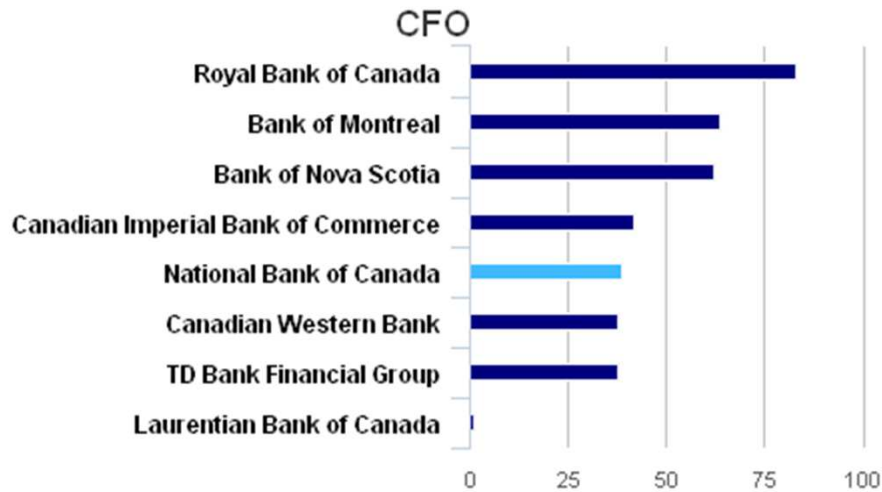
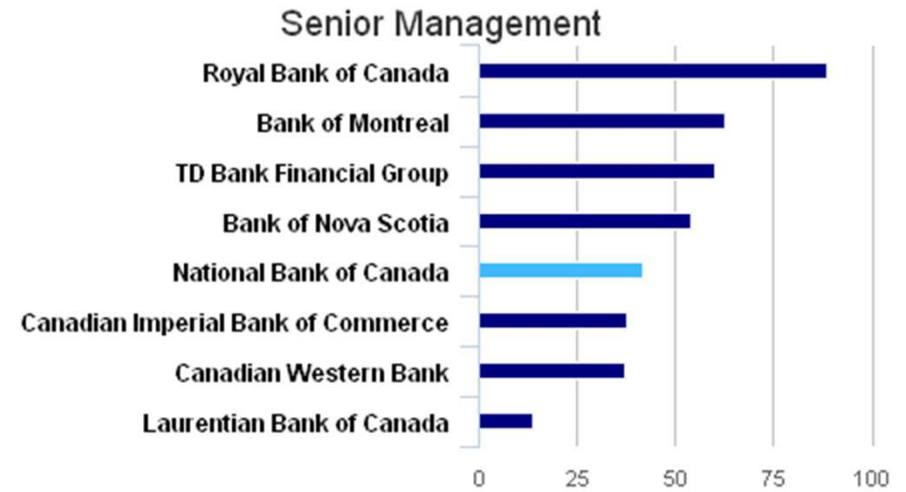
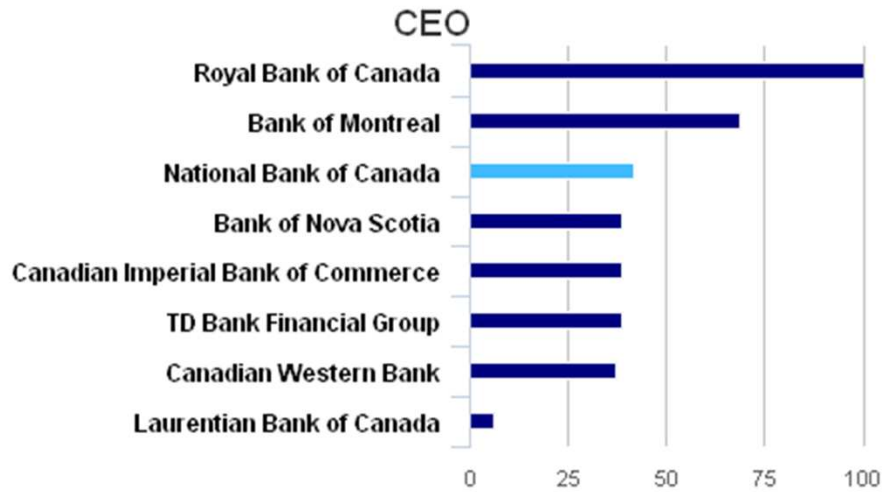
Rolling Year Data



National Bank of Canada vs. Comparables

Forecast for the Year Ahead

Rolling Year Data

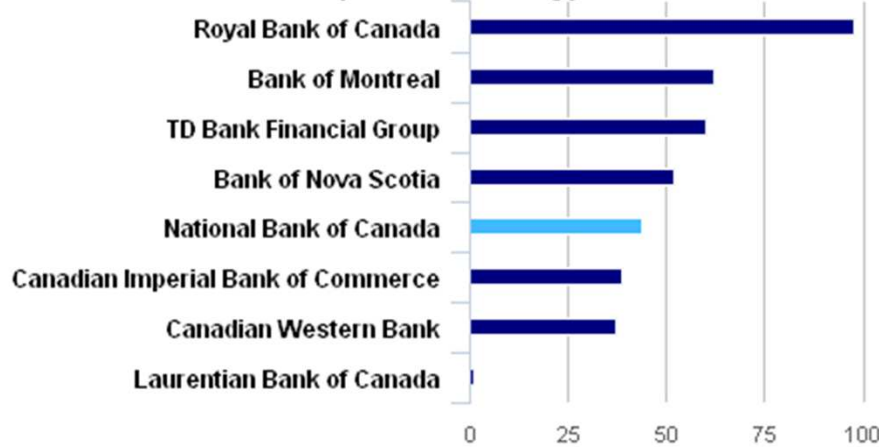


National Bank of Canada vs. Comparables

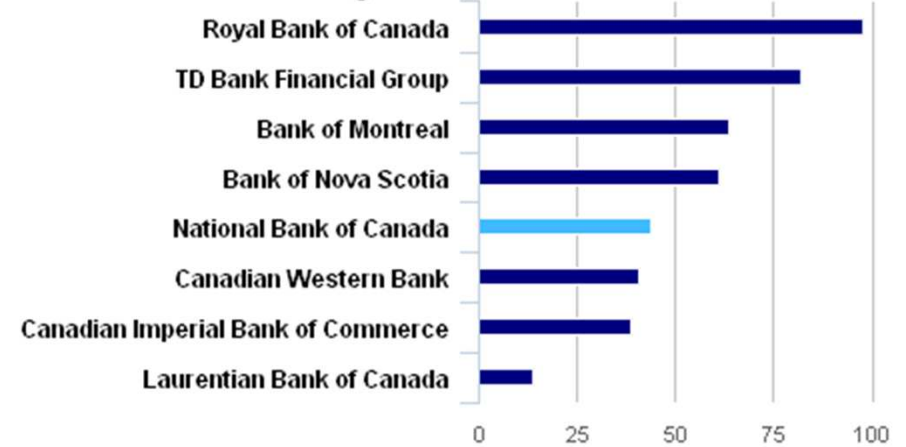
Forecast for the Year Ahead

Rolling Year Data

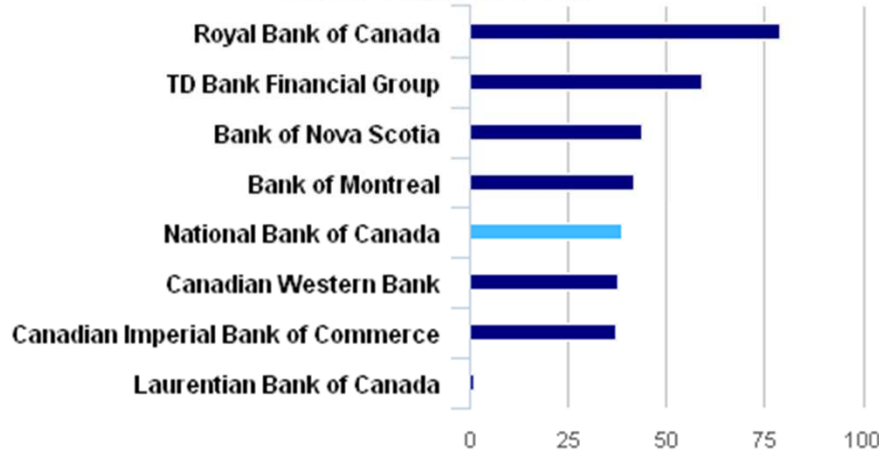
Corporate Strategy



Long Term Growth



Short Term Growth



Balance Sheet



National Bank of Canada vs. Comparables

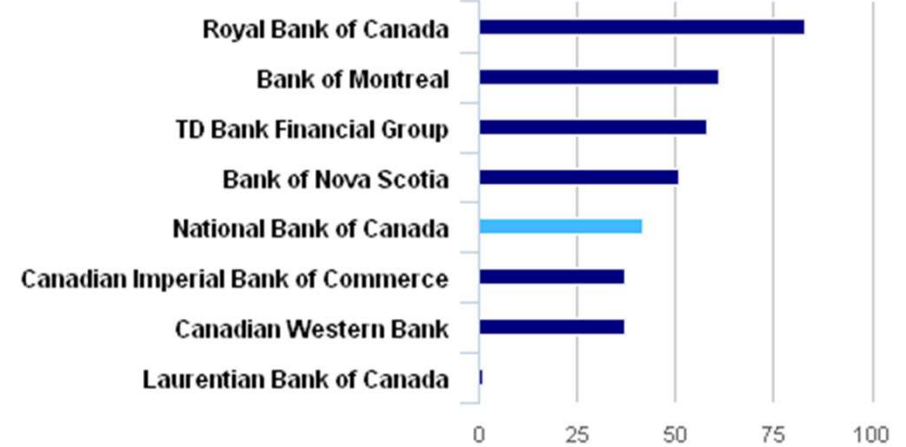
Forecast for the Year Ahead

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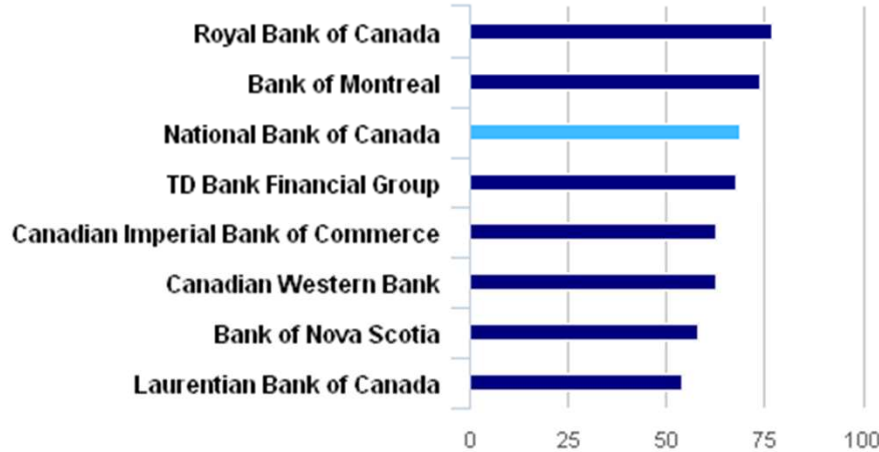
Price Appreciation Potential



Momentum



Commitment to Own



Reporting & Disclosure

