NATIONAL BANK OF CANADA
FINANCIAL MARKETS

February 27, 2025

Alberta swings into deficit as (assumed) tariffs weigh

By Warren Lovely, Daren King, Taylor Schleich, and Ethan Currie

Highlights

The fiscal year that is coming to an end was much better than expected in Alberta, as the surplus of $0.3 billion estimated in last year's budget has been revised up sharply to $5.8 billion, thanks notably to higher bitumen royalties. After four years of surplus, the deterioration of the economic outlook caused by slower population growth, and above all, expected U.S. tariffs, will bring deficits back for the next three fiscal years. Indeed, the budget assumes tariffs of 15% on all Canadian goods, except for energy, which would face tariffs of 10%. In addition, the exercise also assumes that Canada would put retaliatory measures in place. Alberta is projecting a deficit of $5.2 billion for 2025-26, where $4 billion of contingencies have been set aside. In addition to these provisions, it should also be noted that the promised reduction in the tax bracket from 10% to 8% for annual incomes of less than $60,000 will also cost $1.2 billion in fiscal revenue, without which the budget would be essentially balanced. The fiscal balance is expected to remain in the red for the following two years, hitting $2.0 billion in 2027-28. The coming year’s budget projections are based on an average WTI price of US$68/bbl, with a significantly wider light-heavy differential at US$17.10/bbl on a fiscal year basis. Given the expected deficit, and also considering tangible capital investment plans, the net debt-to-GDP ratio is expected to increase from 7.6% in 2024-25 to 8.7% in 2025-26, a level that remains the lowest among all Canadian provinces. Consistent with the relatively low net debt load, Alberta’s interest bite remains quite manageable. At just under $3 billion, consolidated debt servicing costs are expected to consume just 4.0% of total revenue in the coming fiscal year and no more than 4.5% by 2027-28. As previously expected, Alberta’s pace of borrowing will moderate in 2025-26, gross bond supply pegged at $9.1 billion (versus more than $11 billion in term debt issuance in 2024-25).

- **Economic outlook** — Alberta's economy enjoyed a major boost in 2024, with its population growing by 4.4% compared with the previous year. This was the strongest demographic growth of any Canadian province, and the largest recorded in the province since 1981. As a result, real GDP in Alberta is estimated to have grown by 3.0% in 2024, more than double the increase seen nationally. Thanks to smaller light-heavy differential resulting in higher WCS price, nominal GDP increased by 5.3% despite lower WTI and natural gas prices. It should also be noted that the labour market performed well, with employment increasing by 2.9% on average in 2024, the highest growth rate of all the provinces. However, this pace has not been sufficient to fully absorb the strong population growth, with the unemployment rate rising from 6.3% in January 2024 to 6.7% in January 2025. Looking ahead, the 2025 budget must obviously deal with the uncertainty caused by the threat of tariffs from the US. To do so, the budget assumes tariffs of 15% on all Canadian goods, except for energy, which would face tariffs of 10%. In addition, the exercise also assumes that Canada would put retaliatory measures in place. This tariff war, combined with a significant slowdown in population growth, would result in much weaker growth of 1.8% in real GDP in 2025. This growth rate seems conservative given the average private sector forecast of 2.2%. Real GDP should then grow by 1.7% in 2026, 2.1% in 2027 and 2.2% in 2028 (all below or similar to the consensus). In terms of nominal GDP, which has a greater impact on public finances, the budget forecasts a modest increase of 1.2% in 2025 (below the average forecast), driven by a bigger light-heavy differential and lower oil prices. Nominal GDP should then grow by 3.0% in 2026, 3.5% in 2027 (both below the consensus), and 4.3% in 2028 (slightly higher than the consensus). Regarding the labour market, job creation is expected to slow from 3.1% in 2024 to 1.9% in 2025, pushing the unemployment rate up from an average of 7.0% in 2024 to 7.4% in 2025. The unemployment rate should then start to fall again over the next few years, settling at 7.2% in 2026, 6.9% in 2027, and 6.6% in 2028.

- **Energy price assumptions & related sensitivities** – Crude oil prices in 2024-25 were in-line with the planning assumptions of last year’s budget (US$74/bbl). For the coming fiscal year (2025-26), WTI is assumed to average US$68/bbl in Alberta’s baseline scenario. For context, the prompt WTI contact closed at just over US$70/bbl on budget release day (27-Feb-2025). WTI is then expected to pick up slightly, averaging US$71/bbl and US$71.50/bbl in fiscal year 2026 and 2027, respectively. Another important consideration in Alberta is the light-heavy differential, which is assumed to be US$17.10/bbl in fiscal 2025-26, significantly wider than current levels. The differential is set to narrow from this forecast (but remain wider than current) to US$15.60/bbl in 2027-28. Primary factors impacting Alberta government revenue are noted to have increased significantly over the last several years, Budget 2025 no exception here. This reflects Alberta’s unique exposure to geopolitical and economic conditions beyond the province, which can cause large fluctuations in revenues and investment activity. While these estimates should be taken with caution, the province suggests that a US$1/bbl change in the price of WTI could have an annualized fiscal impact of $750 million, up from the $630 million figure posted in the prior budget. Meanwhile, a US$1/bbl change in the light-heavy differential could drive $740MM of fiscal change (this up from $600MM in Budget 2024). While higher US$ oil prices boost the royalty outlook, each one cent appreciation in the Loonie might result in an annual fiscal/translational hit of $560MM, all else equal. For another key energy product, the Alberta benchmark price on natural gas is expected to improve, averaging C$2.50/GJ in 2025-26. A 10-cent drop in the average natural gas price is assumed to have a $5M price tag attached to it, a comparatively modest hit relative to WTI.

  Consistent with the sensitivity analysis presented in Budget 2025 is a set of potential scenario impacts, these largely driven by varying degrees of tariff implementation and uncertainties which could weigh on Alberta’s fiscal outlook. It is perhaps fitting to mention that ‘uncertain’ shows itself no less than 48 times in the Budget 2025 document (up from 14 times in Budget 2024). With that in mind, the province concedes that their ‘high’ and ‘low’ scenarios do not necessarily represent the most likely outcomes, but rather demonstrate the volatility associated with Alberta’s economic performance and revenue. Alberta’s baseline scenario suggests that tariffs are implemented at 15% on all Canadian exports, with a 10% levy on energy products, both of which will remain until sometime in 2027, and assumes a Canadian retaliation. Meanwhile, the 'low' scenario, which sees WTI averaging US$65/bbl in 2025-26, assumes the current proposed tariff plan is implemented (25% blanket, 10% energy). Lastly, the relatively more optimistic scenario suggests 'business as usual' (no tariff implementation) but also concedes that uncertainty itself can linger and weigh on investment/economic performance. The punchline is that tariffs remain a seriously impactful consideration in Alberta's provincial revenue forecasts and associated uncertainty is consistent with the larger contingencies that have been put in place (more on that below).

- **Outgoing year budget balance (2024-25)** — There's still a month left in this fiscal year but it's clear that Alberta is going to end up running a surplus for a fourth straight year in 2024-25. Better yet, the $5.8 billion surplus (1.2% of GDP) the province is tracking towards is larger than the one guided to in last year's budget ($0.3 billion), the first quarter update ($2.9 billion) *and* the second quarter update ($4.6 billion). What's the source of the beat versus last year's budget? It's all due to headier revenues which came in nearly 10% above last year's plan (and more than 3% above the Q2 update). Bitumen royalties and investment income contributed most to the beat, up $4.3 billion and $1.9 billion, respectively. Upside surprises were not confined to these more volatile revenue components as personal income and corporate taxes together contributed over $800 million in upside revenue as well. Stronger revenue more than covered the marginal spending which itself was up 2.4% versus budget on larger-than-planned operating expenses (health, education, social services).

- **Medium-term fiscal outlook (2025-26 & beyond)** – The four-year surplus streak the province just registered is expected to come to end in 2025-26, as the government is guiding towards a deficit of $5.2 billion (1.1% of GDP). This is the result of a two-sided fiscal hit as revenues fall and expenses edge up (although the bigger impact is on the revenue side). Before getting into the details, we'd stress that the fiscal outlook was constructed using conservative estimates under an adverse trade conflict with the U.S., in which Canada faces 15% blanket tariffs (with a 10% carve-out for energy products) and there is broad retaliation from the Canadian government. Needless to say, the figures presented here would look much better under 'friendlier' assumptions on Canada-U.S. trade relations.

  As presented, next year's revenue hit can largely be traced to Alberta's more volatile revenue sources. Bitumen royalties and investment income, which had been the main sources of better budgetary results in 2024-25, are expected to drop markedly next year (-$4.0 billion and -$2.3 billion, respectively). Even the more stable revenue sources, like personal and corporate income tax are seen declining in 2025-26. In the fiscal plan, both line items are impacted by U.S. tariffs and overall uncertainty, while the introduction of a new 8% personal income tax bracket (worth $1.2 billion) also contributes to lower receipts. In aggregate, revenue is expected to fall by $6.6 billion (-8.1%) in 2025-26. On the other side of the ledger, expenses are due to advance a sizeable $4.4 billion (+5.9%) but that's mostly attributable to a larger-than-normal contingency ($4 billion compared to the $2 billion in last year's budget). Some of this contingency will inevitably be allocated to disaster assistance (e.g. wildfires) and the province also highlights collective bargaining currently underway. Nonetheless, the extra prudence provides a nice cushion. Offering a cleaner read on underlying spending pressure, operating expenses are seen advancing 3.6% next year, below the pace of population plus inflation growth.

  Further out the horizon, budgetary shortfalls are seen continuing though they do moderate. Specifically, the $5.2 billion deficit penciled in for 2025-26 is expected to shrink to $2.4 billion (0.5% of GDP) in 2026-27 and to $2.0 billion in 2027-28 (0.4% of GDP). After declining steeply in 2025-26, revenues are expected to bounce back in the outer years of the plan, growing at a healthy 3.9% annual clip. Meanwhile, operating expenses (and overall expenses) are expected to grow by 1.7% per fiscal year after 2025-26, again below the rate of population growth plus inflation. As is the case in 2025-26, sizeable contingencies have been budgeted and are in both cases larger than the deficits planned for each year ($3.3 billion in 2026-27 and $3.7 billion in 2027-28). In other words, there is some budgetary upside if operating expenses come in as budgeted and natural disaster impacts are relatively contained. Finally, we'd highlight that the government's fiscal framework includes allowable exceptions for when the government can run a deficit (e.g., when there's a large revenue drop) and they have three fiscal years to return to balance after a deficit is registered. That would set up a return to balance in 2028-29.

- **New initiatives** - Dubbed 'Meeting the Challenge', Alberta's Budget 2025 keys in on three elements – strengthening healthcare, investing in primary education, and bolstering the province's economic footing. Alberta intends to deliver a promised tax cut this year, which will save Albertans up to $750 in 2025. Indeed, the new 8% personal tax bracket (down from 10% for annual income below $60,000) will result in a $1.2 billion hit to the province's revenue in the upcoming fiscal year. While Alberta offers up this lower tax bracket, provincial property taxes will increase over the next two years, which is expected to cover an increasing amount (one-third) of proposed education funding. Two years ago, provincial property taxes accounted for 28.5% of education funding, marking a historic low, while the hike in Budget 2025 will shift this up to 31.6%. Alberta is also restoring the grants in lieu of property taxes on government-owned property to 75% (currently 50%). That will happen in 2025-26, and the province commits to covering 100% of the amounts that would be paid if these properties were taxable by next year. In concessions with tariff-related demands, the budget allocates additional funds to the tune of $54 million aimed at securing the international land border, $25 million of which will aid in the purchase of new equipment and the development of border patrol facilities. Returning to the first axis of the budget, Alberta will increase its operating expenses on the 'refocused' healthcare system by $1.4 billion (or 5.4%). Of the $28 billion price tag, $22.1 billion will be dedicated to improving access to quality health services, building hospital capacity and retaining skilled healthcare professionals. Lastly, Budget 2025 provides an operating expense target of $9.9 billion in the upcoming fiscal year related to K-12 education, representing a 4.5% increase from the 2024-25 third quarter forecast.

- **Debt outlook** – With Alberta expecting to end 2024-25 with a non-trivial budget surplus of $5.8 billion—one of only two provinces currently slated to be in the black for the outgoing fiscal year—net debt is poised to decline $4.8 billion to $36.6 billion as at March 2025. That would mark a third straight year of falling net debt (in level terms), with the closely watched net debt-to-GDP ratio having been in decline for longer. Alberta's net debt burden has eased from ~20% when COVID first hit (i.e., 2020-21) to an estimated 7.6% as of 2024-25. If that sounds like a relatively low net debt burden by provincial standards, it is. No Canadian province carries proportionately less net debt, with the weighted provincial average closer to 30% at present. Given the expected swing from surplus to deficit for 2025-26 (and beyond), and considering tangible capital investment plans, a cumulative $13.3 billion of net debt is to be added over the coming three fiscal years (the largest increase coming in 2025-26). Controlling for growth in the provincial economy, the net debt-to-GDP ratio is slated to edge up (from the relatively low level previously cited). Net debt should be equivalent to 8.7% of nominal GDP in 2025-26 but is seen holding below 10% over the duration of the current fiscal framework. Consistent with the relatively low net debt load, Alberta's interest bite (debt servicing costs as a share of revenue) remains quite manageable. At just under $3 billion, consolidated debt servicing costs (only partially taxpayer-supported) are expected to consume just 4.0% of total revenue in the coming fiscal year and no more than 4.5% by 2027-28.

Alberta's relative balance sheet health (vs. provincial peers) owes in part to the Heritage Fund. (Note: To arrive at net financial debt, the total value of endowment funds and other financial assets is netted from gross liabilities or total debt.) The fair value of the Heritage Fund was $25 billion at the end of calendar 2024. Beyond 100% income retention, the province will once again deposit a portion ($1 billion) of the outgoing year's surplus cash into the Heritage Fund. The other $1 billion of 2024-25 surplus cash is allocated to the Alberta Fund to partially defray future year borrowing needs. Meantime, an independent/arm's length corporation has been tasked with diversifying the Heritage Fund's asset base, reviewing investments and generally maximizing long-term returns as part of the overall (and previously announced) strategy to grow this high-profile and strategically important Fund to $250 billion by 2050.

- **Borrowing requirement** — A year ago, in Budget 2024, Alberta projected nearly $20 billion in gross bond supply for 2024-25, which critically reflected the province's prudent plan to prefund a good portion of future maturities. Appreciating that the outgoing fiscal year still has time left on the clock, Alberta term debt issuance is now expected to end 2024-25 at $11.3 billion. While the completed bond supply was considerably less than originally flagged, it still allowed for almost $5 billion to be added to the province's dedicated debt retirement account. Netting off accumulated prefunding from total borrowing requirements and further controlling for a planned increase in short-term outstandings, Alberta's gross bond issuance pace is expected to moderate in 2025-26 (as was always planned). Specifically, the budget pegs the gross bond supply at $9.1 billion for the coming fiscal year. Given planned increases in taxpayer-supported debt (primarily linked to capital projects), total borrowing requirements are forecast to grow in later years. In meeting these larger, future-year requirements, Alberta aims to further build up short-term outstandings and up the bond issuance tempo over time. As it stands, gross bond supply is to get back to ~$11 billion in 2026-27, rising to $16.5 billion by 2027-28. As a final note/reminder, we'd stress/emphasize the highly uncertain nature of the geopolitical backdrop, which has the potential to inject considerable noise into Alberta's underlying budgetary framework. Thankfully, the province provides timely and detailed quarterly financial updates, providing investors an opportunity to assess the evolving nature of fiscal/financial risks as a potentially turbulent year unfolds.
- **Current long-term credit ratings** — S&P: AA-, Stable | Moody's: Aa2, Positive | DBRS: AA, Stable
  *[Refer to our **Provincial Ratings Snapshot** for additional colour on specific credit rating drivers/considerations]*

Alberta

(millions of dollars)
CONSOLIDATED FINANCIAL STATEMENT BASIS

	Budget 2024-25	Estimate 2024-25	Budget 2025-26	Target 2026-27	Target 2027-28
Revenue	**73,537**	**80,692**	**74,138**	**77,390**	**79,969**
Personal income tax	15,604	16,120	15,510	16,271	16,981
Corporate income tax	7,028	7,351	6,764	6,938	7,254
Other taxes	6,013	5,995	6,563	6,941	7,156
Resource revenue - Bitumen royalties	12,538	16,859	12,830	13,138	13,499
Resource revenue - other	4,777	4,650	4,237	4,482	4,317
Transfers from the Government of Canada	12,640	12,958	13,287	13,753	14,228
Investment income	3,267	5,171	2,882	3,135	3,467
Net Income from Government Business Enterprises	2,123	2,064	2,016	2,506	2,568
Premiums, Fees and Licences	5,384	5,565	5,636	5,874	6,032
Other	4,164	3,958	4,412	4,353	4,469
Expenses	**73,182**	**74,933**	**79,349**	**79,818**	**82,016**
Operating expense	60,124	62,098	64,311	64,831	66,464
Capital grants	3,469	3,294	3,452	3,686	3,476
Amortization / inventory consumption / loss on disposals	4,564	4,688	4,993	5,127	5,137
Debt servicing costs	3,389	3,199	2,968	3,258	3,629
Pension provisions	(364)	(363)	(375)	(384)	(389)
Surplus (Deficit) before contingency / disaster assistance	71,182	72,916	75,349	76,518	78,317
Contingency / disaster and emergency assistance	2,000	2,017	4,000	3,300	3,700
Surplus (Deficit)	**355**	**5,759**	**(5,211)**	**(2,428)**	**(2,047)**
Financial assets	96,651	91,024	84,352	85,581	92,124
Pension liabilities	7,550	7,541	7,166	6,782	6,393
Direct borrowing for capital projects	44,933	44,967	42,383	49,881	58,250
Other taxpayer supported debt	33,445	40,475	40,373	40,266	40,156
Liabilities of self-supporting lending organizations	17,966	18,086	19,054	19,910	20,529
Other liabilities	34,373	16,529	18,425	15,197	16,713
Net financial assets	**(41,616)**	**(36,574)**	**(43,048)**	**(46,455)**	**(49,917)**
Non financial assets (net of amortization)	62,396	62,544	63,755	64,700	66,075
Deferred capital contributions	(3,865)	(4,023)	(3,970)	(3,937)	(3,898)
Net assets (variation equals surplus (deficit))	**16,915**	**21,947**	**16,736**	**14,308**	**12,261**
Borrowing requirements	**8,200**	**6,563**	**11,407**	**13,930**	**20,806**
Government	7,289	5,293	9,651	12,380	19,574
Provincial corporations	503	120	270	366	310
Government business enterprises	408	1,150	1,486	1,184	922
Borrowing sources					
Money market (net change)	2,000	-	2,281	2,786	4,161
Public-private partnerships	120	-	-	-	-
Term debt	17,680	11,315	9,126	11,144	16,645

Source: Government of Alberta, 2025 budget

Subscribe to our publications: NBC.EconomicsStrategy@nbc.ca – To contact us: 514-879-2529

General

This Report was prepared by National Bank Financial, Inc. (NBF), (a Canadian investment dealer, member of CIRO), an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document. Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this Report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this Report. The Report alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This Report is for distribution only under such circumstances as may be permitted by applicable law. This Report is not directed at you if NBF or any affiliate distributing this Report is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that NBF is permitted to provide this Report to you under relevant legislation and regulations.

National Bank of Canada Financial Markets is a trade name used by National Bank Financial and National Bank of Canada Financial Inc.

Canadian Residents

NBF or its affiliates may engage in any trading strategies described herein for their own account or on a discretionary basis on behalf of certain clients and as market conditions change, may amend or change investment strategy including full and complete divestment. The trading interests of NBF and its affiliates may also be contrary to any opinions expressed in this Report.

NBF or its affiliates often act as financial advisor, agent or underwriter for certain issuers mentioned herein and may receive remuneration for its services. As well NBF and its affiliates and/or their officers, directors, representatives, associates, may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time in the open market or otherwise. NBF and its affiliates may make a market in securities mentioned in this Report. This Report may not be independent of the proprietary interests of NBF and its affiliates.

This Report is not considered a research product under Canadian law and regulation, and consequently is not governed by Canadian rules applicable to the publication and distribution of research Reports, including relevant restrictions or disclosures required to be included in research Reports.

UK Residents

This Report is a marketing document. This Report has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. In respect of the distribution of this Report to UK residents, NBF has approved the contents (including, where necessary, for the purposes of Section 21(1) of the Financial Services and Markets Act 2000). This Report is for information purposes only and does not constitute a personal recommendation, or investment, legal or tax advice. NBF and/or its parent and/or any companies within or affiliates of the National Bank of Canada group and/or any of their directors, officers and employees may have or may have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or may act or may have acted as market maker in the relevant investments or related investments discussed in this Report, or may act or have acted as investment and/or commercial banker with respect hereto. The value of investments, and the income derived from them, can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. If an investment is denominated in a foreign currency, rates of exchange may have an adverse effect on the value of the investment. Investments which are illiquid may be difficult to sell or realise; it may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed. Certain transactions, including those involving futures, swaps, and other derivatives, give rise to substantial risk and are not suitable for all investors. The investments contained in this Report are not available to retail customers and this Report is not for distribution to retail clients (within the meaning of the rules of the Financial Conduct Authority). Persons who are retail clients should not act or rely upon the information in this Report. This Report does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for the securities described herein nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This information is only for distribution to Eligible Counterparties and Professional Clients in the United Kingdom within the meaning of the rules of the Financial Conduct Authority. NBF is authorised and regulated by the Financial Conduct Authority and has its registered office at 70 St. Mary Axe, London, EC3A 8BE.

NBF is not authorised by the Prudential Regulation Authority and the Financial Conduct Authority to accept deposits in the United Kingdom.

EU Residents

With respect to the distribution of this report in the member states of the European Union ("EU") and the European Economic Area ("EEA") by NBC Paris, the contents of this report are for information purposes only and do not constitute investment advice, investment research, financial analysis or other forms of general recommendation relating to transactions in financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("MiFID 2"). This report is intended only for professional investors and eligible counterparties within the meaning of MiFID 2 and its contents have not been reviewed or approved by any EU/EEA authority. NBC Paris is an investment firm authorised by the French Prudential Control and Resolution Authority __ ("ACPR") to provide investment services in France and has passported its investment services throughout the EU/EEA under the freedom to provide services and has its registered office at 8 avenue Percier, 75008 Paris, France. "NBC Financial Markets, a subsidiary of National Bank of Canada" is a trade name used by NBC Paris S.A.

NBF is not authorised to provide investment services in the EU/EEA.

U.S. Residents

With respect to the distribution of this report in the United States of America, National Bank of Canada Financial Inc. ("NBCFI") which is regulated by the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation (SIPC), an affiliate of NBF, accepts responsibility for its contents, subject to any terms set out above. To make further inquiry related to this report, or to effect any transaction, United States residents should contact their NBCFI registered representative.

This report is not a research report and is intended for Major U.S. Institutional Investors only. This report is not subject to U.S. independence and disclosure standards applicable to research reports.

HK Residents

With respect to the distribution of this report in Hong Kong by NBC Financial Markets Asia Limited ("NBCFMA") which is licensed by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities, the contents of this report are solely for informational purposes. It has not been approved by, reviewed by, verified by or filed with any regulator in Hong Kong. Nothing herein is a recommendation, advice, offer or solicitation to buy or sell a product or service, nor an official confirmation of any transaction. None of the products issuers, NBCFMA or its affiliates or other persons or entities named herein are obliged to notify you of changes to any information and none of the foregoing assume any loss suffered by you in reliance of such information.

The content of this report may contain information about investment products which are not authorized by SFC for offering to the public in Hong Kong and such information will only be available to, those persons who are Professional Investors (as defined in the Securities and Futures Ordinance of Hong Kong ("SFO")). If you are in any doubt as to your status you should consult a financial adviser or contact us. This material is not meant to be marketing materials and is not intended for public distribution. Please note that neither this material nor the product referred to is authorized for sale by SFC. Please refer to product prospectus for full details.

There may be conflicts of interest relating to NBCFMA or its affiliates' businesses. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by NBCFMA or its affiliates, or in other investment vehicles which are managed by NBCFMA or its affiliates that may purchase or sell such securities and instruments.

No other entity within the National Bank of Canada group, including National Bank of Canada and National Bank Financial Inc, is licensed or registered with the SFC. Accordingly, such entities and their employees are not permitted and do not intend to: (i) carry on a business in any regulated activity in Hong Kong; (ii) hold themselves out as carrying on a business in any regulated activity in Hong Kong; or (iii) actively market their services to the Hong Kong public.