

# BANKS BENEFIT FROM RISING YIELDS



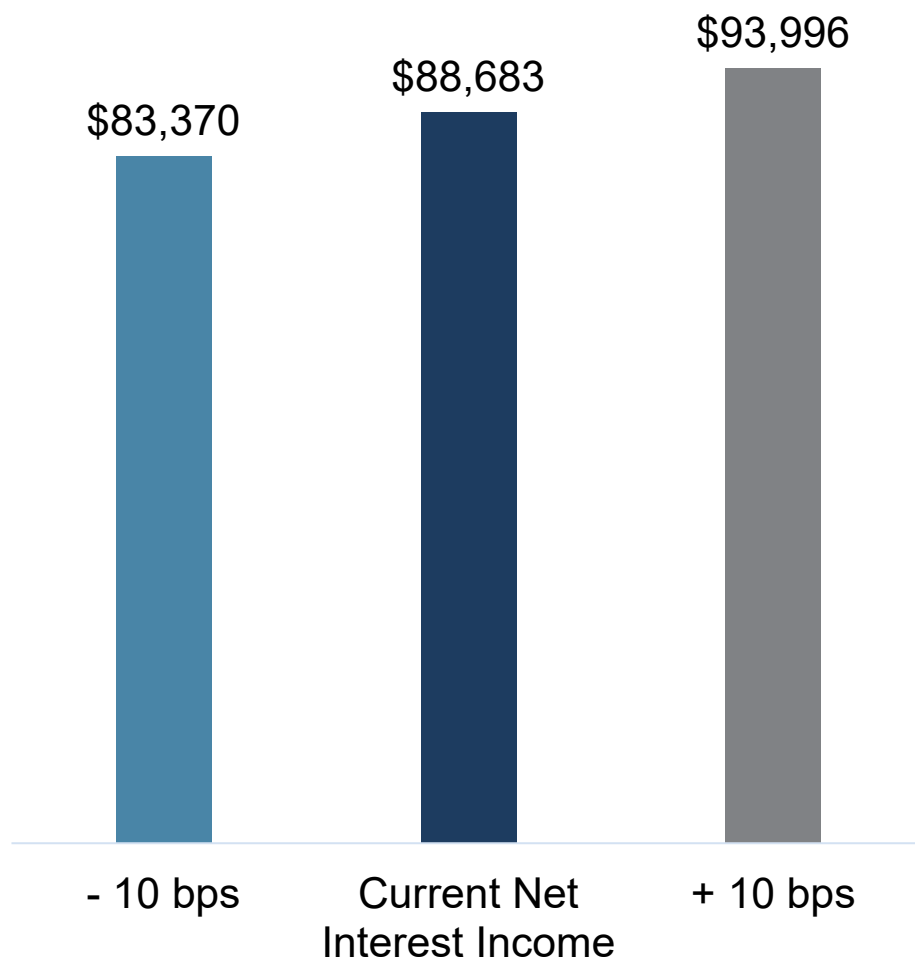
BMO



Scotiabank



## Net Interest Margin Sensitivity (in \$millions)



The Canadian banks we hold  
**earned +\$88 billion**  
in **net interest income**, or  
the spread they earned on their lending activities

Canadian banks have an opportunity to make  
significantly more as long-term yields move higher

A **0.1% increase** in their margin, or  
**10 basis points**,  
would increase the banks pre-tax earnings by  
**~\$5.3 billion** or **~11%**

Note: Net interest margin sensitivity analysis shows the impact of changing the current net interest margin (NIM) by +10 or -10 basis points (bps) on the net interest income. As of March 8, 2021

Source: S&P Capital IQ, Value Partners Investments