



Canada focused. Client driven.

Financial Markets
Investor Day
October 9, 2013





Canada focused. Client driven.

Financial Markets Investor Day
October 9, 2013



Louis Vachon President and CEO

Financial Markets Investor Day
October 9, 2013





 **NATIONAL BANK**

Investor Days

Financial Markets **October 9, 2013**

Wealth Management Spring 2014

P&C Banking Fall 2014

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Objectives Today



Demystify our Financial Markets business








Demonstrate the quality of earnings



Address the discount attributed to this business








Financial Markets IR Day - Agenda

-  Opening Remarks
Louis Vachon, President and CEO
-  Financial Markets Overview & Strategy
Ricardo Pascoe, Executive Vice-President
-  Credigy
Jean-Guy Brunelle, Executive Vice-President & Managing Director,
Specialty Finance
-  Q&A session
-  Break



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Financial Markets IR Day - Agenda

-  Corporate Banking
Yanick Blanchard, Executive Vice-President, Head and Managing Director
-  Investment Banking & Institutional Equities
Gregory Thompson, Head, Investment Banking and Global Equities
-  Fixed Income
Denis Girouard, Co-Head, Fixed Income & Deputy Head, Financial Markets
Sean St. John, Co-Head & Executive Vice-President, Fixed Income
-  Derivatives
Laurent Ferreira, Executive Vice-President & Managing Director
-  Closing Remarks
Ricardo Pascoe
-  Q&A session
-  Lunch



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Caution Regarding Forward-looking Statements

From time to time, National Bank of Canada (the Bank) makes written and oral forward-looking statements, such as those contained in the Major Economic Trends and the Outlook for National Bank sections of the 2012 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 2013 and the objectives it has set for itself for that period. These forward-looking statements are made in accordance with current securities legislation. 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 2013 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 risk, operational risk, regulatory risk, reputation risk, and environmental risk (all of which are described in greater detail in the Risk Management section that begins on page 57 of the 2012 Annual Report, as further supplemented in the Risk Management section of the Bank's Q3 report); the general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including the effects of the debt crisis in certain European countries; the lowering of the U.S. long-term sovereign debt rating by Standard & Poor's; the lowering of the sovereign debt rating of certain European countries and the impact of changes that affect the Bank's credit ratings; the situation with respect to the restructured notes of the master asset vehicle (MAV) conduits, in particular the realizable value of underlying assets; 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; and changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted.

This presentation focuses on the Financial Market's businesses of the Bank. In addition to the factors mentioned above, the following matters may affect the ability of these businesses to achieve their goals:

- the impact of changes in laws and regulations, including relating to the Basel Committee on Banking Supervision's global standards for capital and liquidity reform, over-the-counter derivatives reform,
- the effects of competition in the markets in which we operate;
- our ability to attract and retain key employees;
- our ability to successfully execute our strategies, including our success in cross-selling of investment and risk management products and services to our clients;
- in addition, with respect to our Credigy Solutions Inc., risks include
 - the economic environment of the various international markets in which it operates, including the United States, Brazil and other South and Central American jurisdictions, Puerto Rico, Spain, among others;
 - developments in consumer protection legislation in these jurisdictions which may limit the ability to collect debts;
 - the adequacy and completeness of the modelling to evaluate portfolios.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the Risk Management and Other Risk Factors sections of the 2012 Annual Report and the Risk Management section of the Q3 Report. Investors and others who base themselves 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. The Bank also cautions readers not to place undue reliance on these forward-looking statements.

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.



Strategy and Achievements 2007-2013

One Client,
One Bank

- Client-driven culture
- Enhanced client experience
- Processes and technology platforms

Quebec

- Gaining market share in retail
- Established strong WM platform
- Leadership positions in Financial Markets

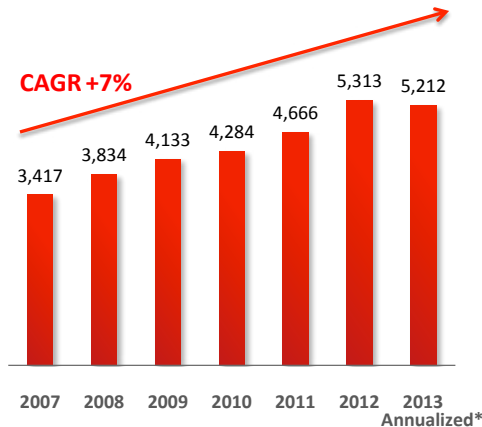
Canadian
Footprint

- Building distribution network
- Acquisitions
- Targeted approach

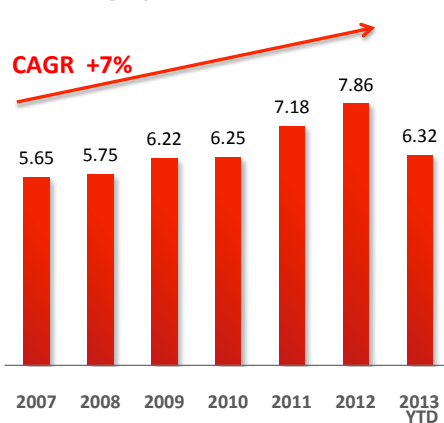


Financial Performance 2007-2013

Total revenues (\$M)



Earnings per share (\$) ⁽¹⁾



National Bank delivered solid growth

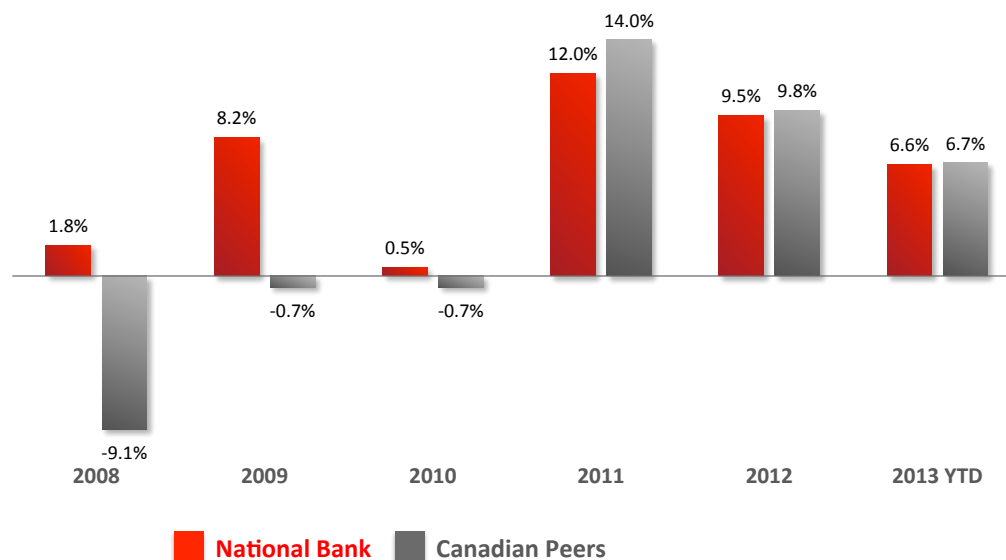


* 2013 revenue and NIBT data in all Financial Markets Investor Day 2013 presentations are annualized to October 31, unless otherwise specified.

Canadian GAAP – 2007-2010
 (1) Excluding specified items 9

Adjusted EPS Growth vs. Canadian Peers

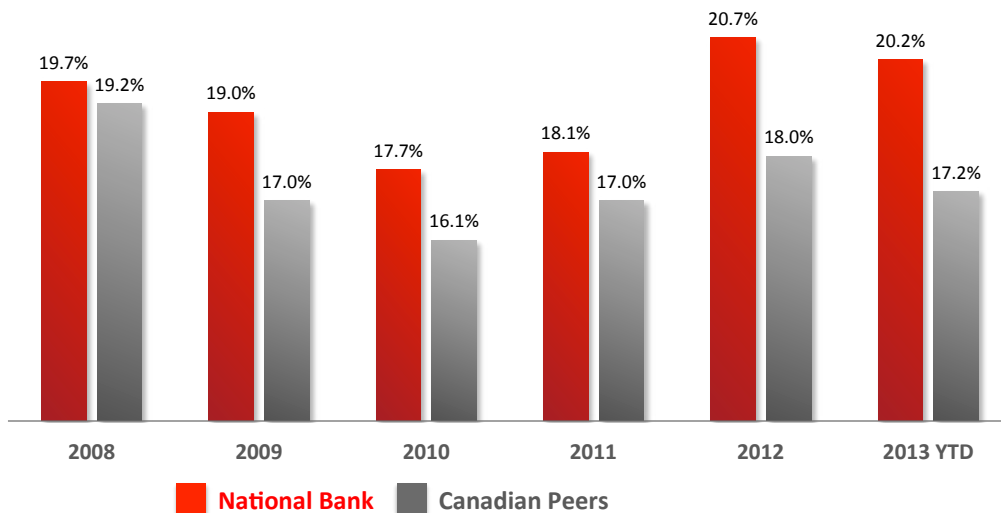
Adjusted EPS growth (%)



Canadian peers: BMO, BNS, CM, RY,TD
 Canadian GAAP – 2008-2010 10

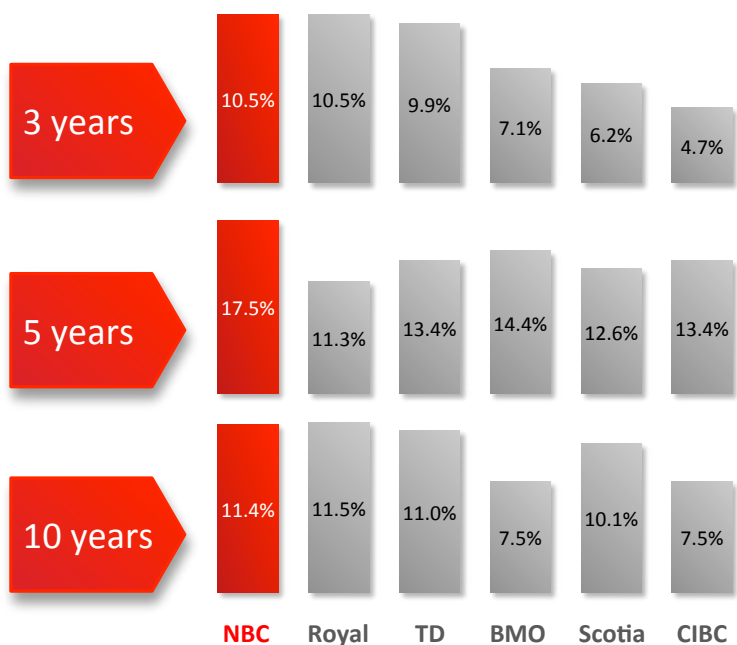
Superior ROE Performance

Return on Equity (%)



Canadian peers: BMO, BNS, CM, RY,TD
 Canadian GAAP – 2008-2010 11

Top Tier Total Shareholder Return



National Bank delivered top tier TSR performance over 3, 5, and 10 years



As at July 31, 2013 12

How We Create Value

Deliver industry average earnings growth vs. low expectations

Tight cost and risk management

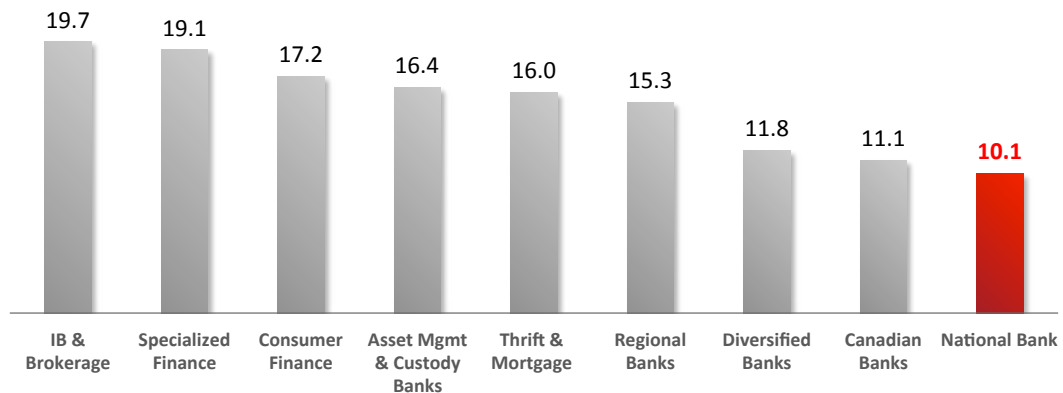
Discipline in managing capital for shareholders



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National Bank: Significantly Undervalued

North American Financial Services
 (Price / FY1 EPS)



Discrepancy in National Bank's valuation



Financial Markets Environment



Global financial markets have stabilized post-Lehman



Quality of earnings in wholesale banking industry improving
- Less proprietary trading, more client-driven activities



Stringent regulatory requirements have forced deleveraging
and retrenchment
- Higher barriers to entry in domestic markets



Lower compensation ratios

Super regional/universal model continues to drive strong performance
Extension of National Bank franchise



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Strategic Objectives 2014-2017



Earnings growth in line with Canadian industry average



Continued efficiency gains

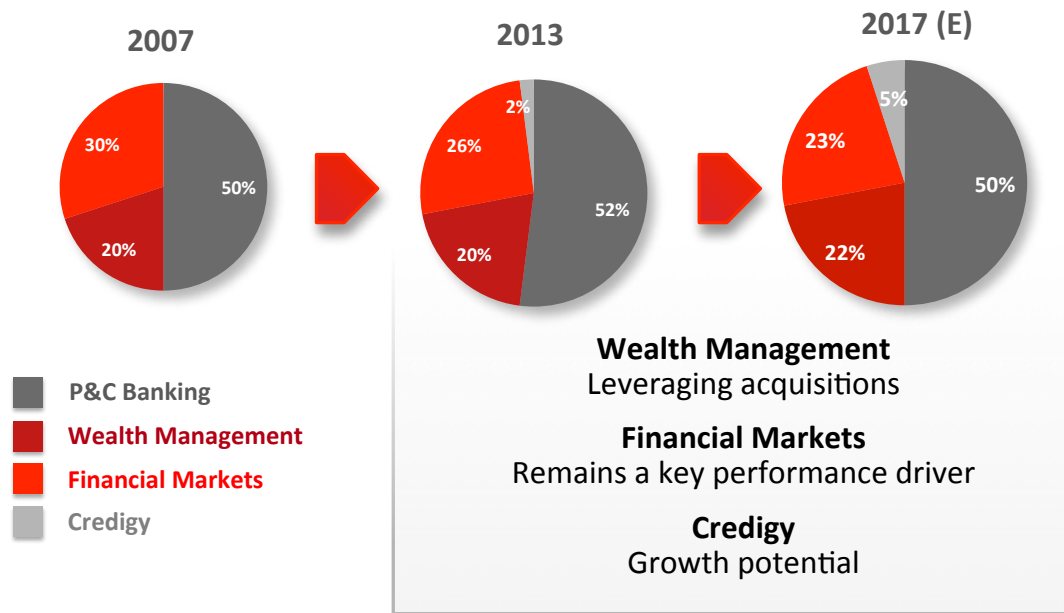


Sound risk and capital management



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Diversified Business Mix

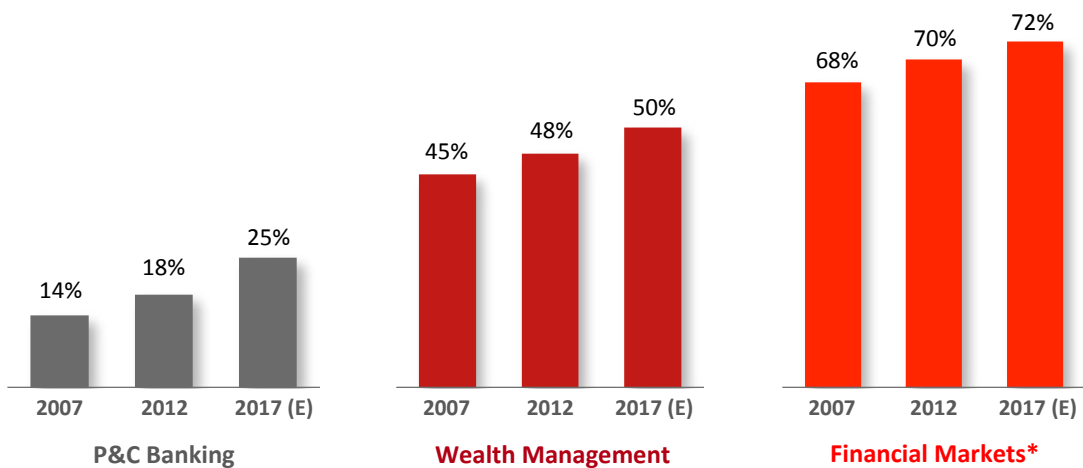


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Growing our National Presence

Extending Footprint outside Quebec

(As a % of total revenues)

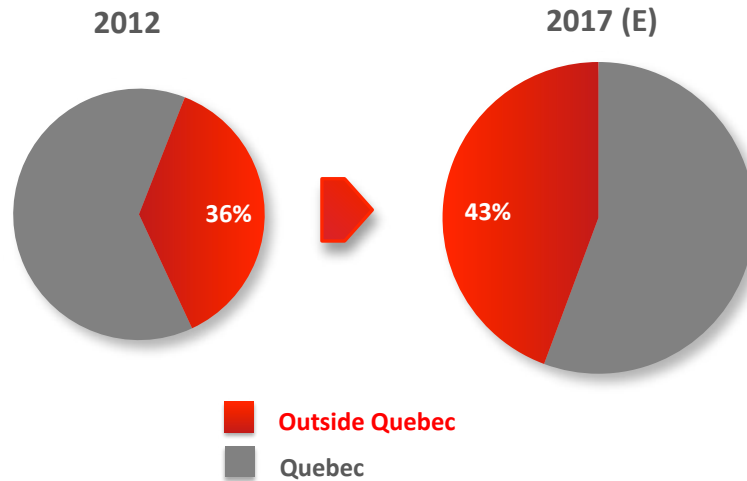


* Client-driven activities and Credigy 18

Growing our National Presence

Extending Footprint outside Quebec

(As a % of total revenues)

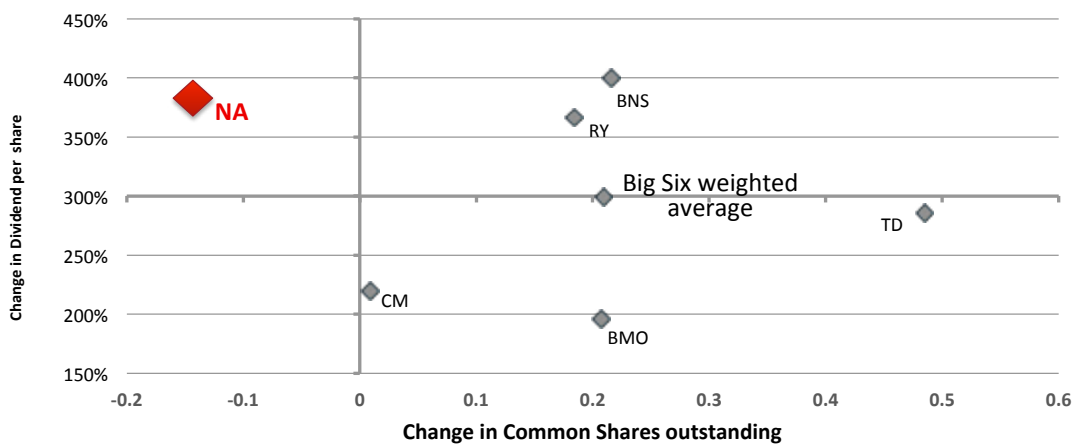


Financial Markets revenues outside Quebec reflect client-driven activities and Credigy 19

Managing Capital for Shareholders

Common Share Count vs. Dividends per Share

(Since Q1 2000)



National Bank is the only bank with reduced share count, and significant increase in dividends per share



Sound Financial Foundation

Capital

Current CET1 ratio at 8.6%. Target: 8.75%

Maintaining balanced capital management approach

- Invest to generate solid organic growth
- Acquire assets aligned with strategic objectives and culture
- Return excess capital to shareholders

Leverage Ratio

Current pro-forma ratio above 3%

If new rules implemented, adequate transition period expected

Leverage ratio toolbox in place to meet requirements

- Definition of on balance sheet assets
- Capital issuance initiatives (NVCC instruments)
- Balance sheet management

Beware of calibration (US GAAP does not equal CDN IFRS)

Liquidity Ratio

Liquidity coverage ratio (LCR): On target

A balanced approach to generating growth in Financial Markets

Blank



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Ricardo Pascoe

Executive Vice-President

Financial Markets Investor Day
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 **NATIONAL
BANK**

2

Strategy 2007-2013



Deliver National Bank's full capabilities to all of our clients
(One Client, One Bank)



Leverage our leading position in Quebec government finance
to become a leader in Canada



Lead emergence of structured products that are liquid, actively
traded, transparent and cost effective



Maintain our leadership in Quebec



Maintain tight cost control and improve efficiency ratio



3

One Client, One Bank



Drive culture change to promote integrated approach
and strong teamwork

- Changed compensation and evaluation
- Created a single derivatives group
- Brought IB & IE under the responsibility of a single executive



Use our expertise in trading and risk management for
the benefit of our clients

- Established commodity derivatives capability
- Created a single risk management solutions marketing group

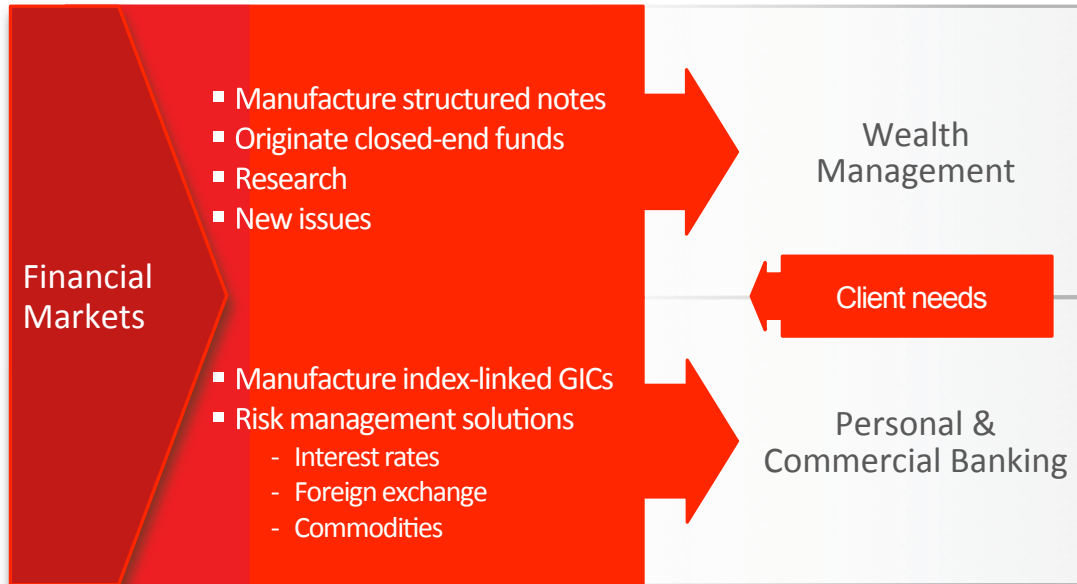


Closer collaboration with Personal & Commercial Banking
and Wealth Management

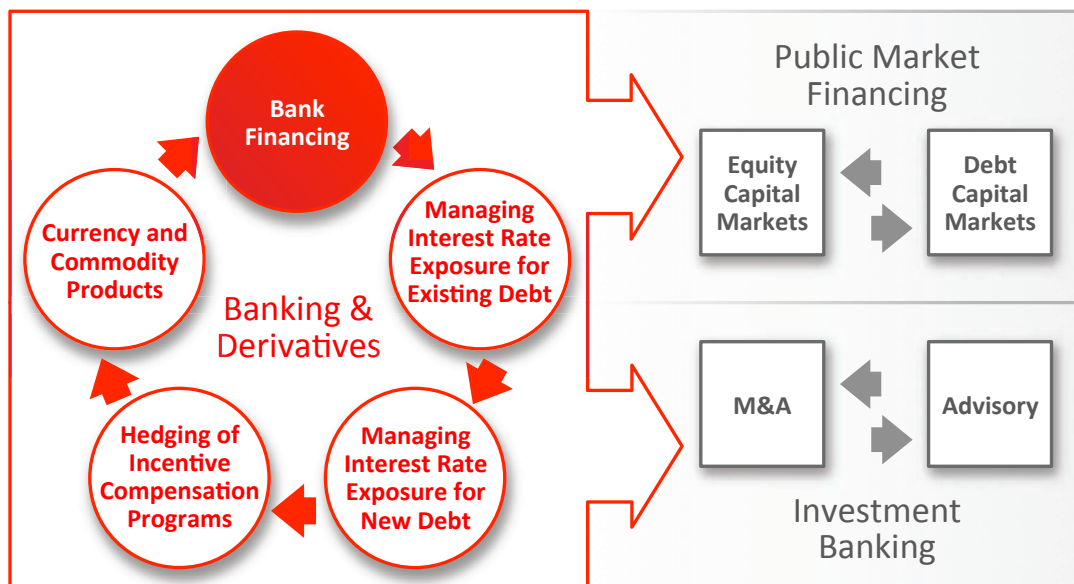


4

One Client, One Bank

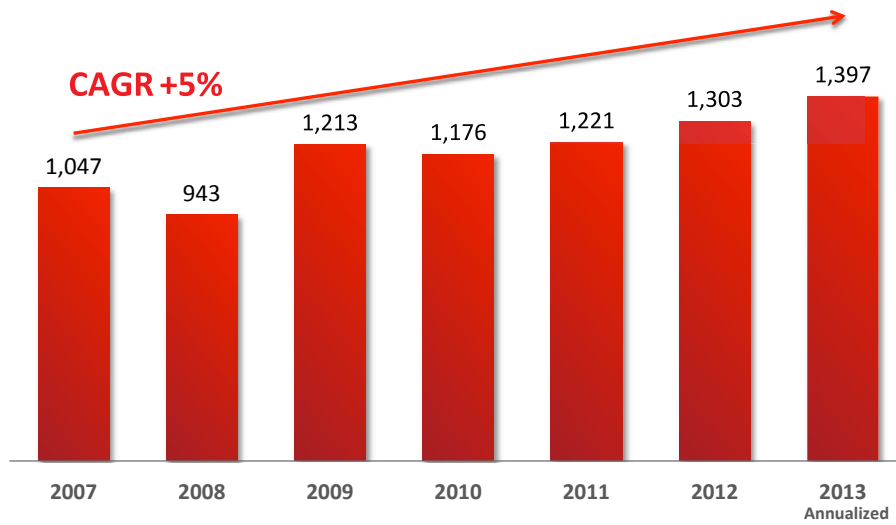


How We Work Together



Revenue Performance

Revenues
 (\$M)



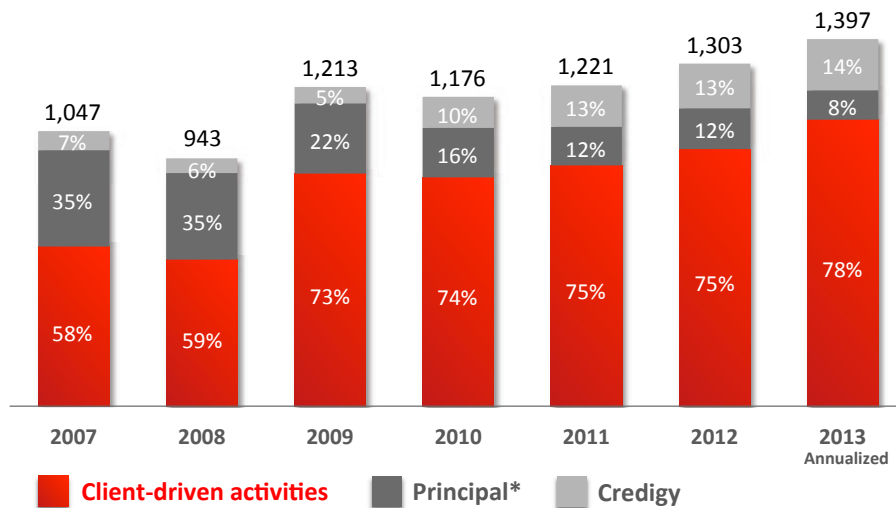
Consistent performance, top tier positioning



Canadian GAAP 2007-2010 7

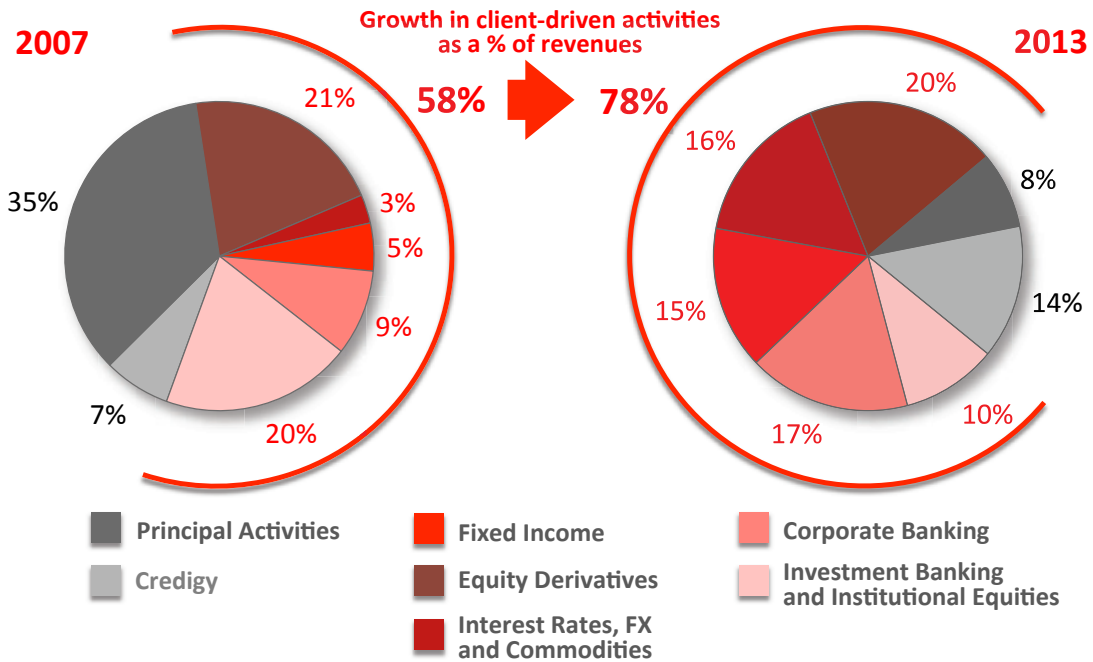
Strong Growth in Client-driven Activities

Revenues
 (\$M)



*Including proprietary trading, merchant banking, corporate & other
 Canadian GAAP 2007-2010 8

More Stable Revenue Base

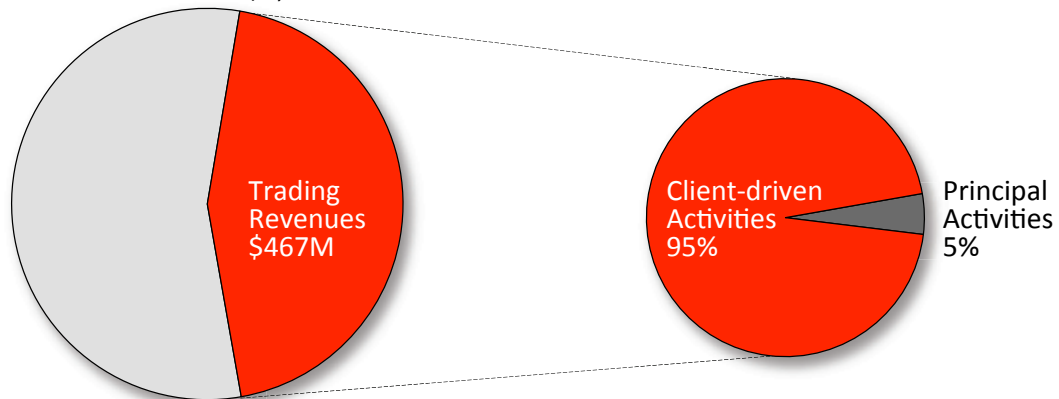


9

More Stable Trading Revenues

Nine months 2013

Total Revenues: \$1,048M



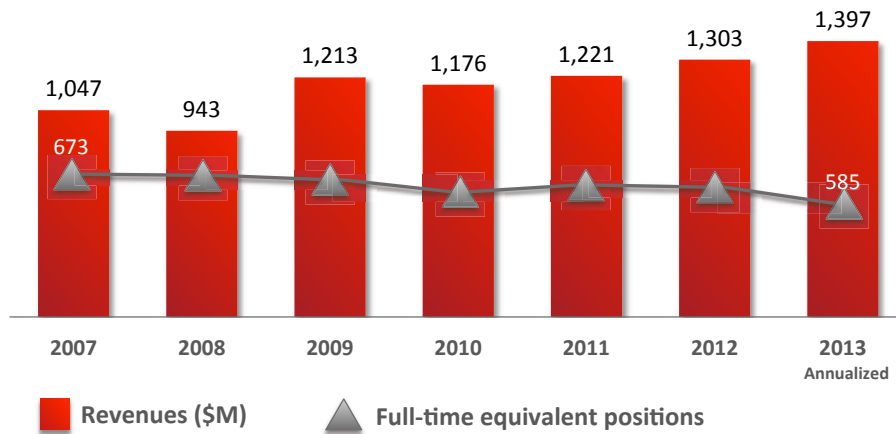
95% of trading revenues in Financial Markets are driven by client activities



10

Well Positioned to Optimize

- Continuous improvement in our ability to serve clients
- Strong focus on revenue generation per client and FTE



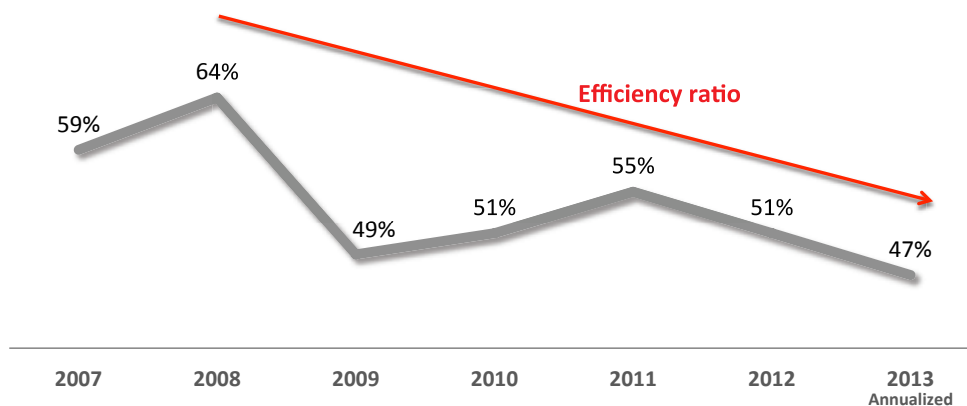
Growing revenues and profitability with fewer people



Canadian GAAP 2007-2010 11

Well Positioned to Optimize

- Continuous improvement in our ability to serve clients
- Strong focus on revenue generation per client and FTE



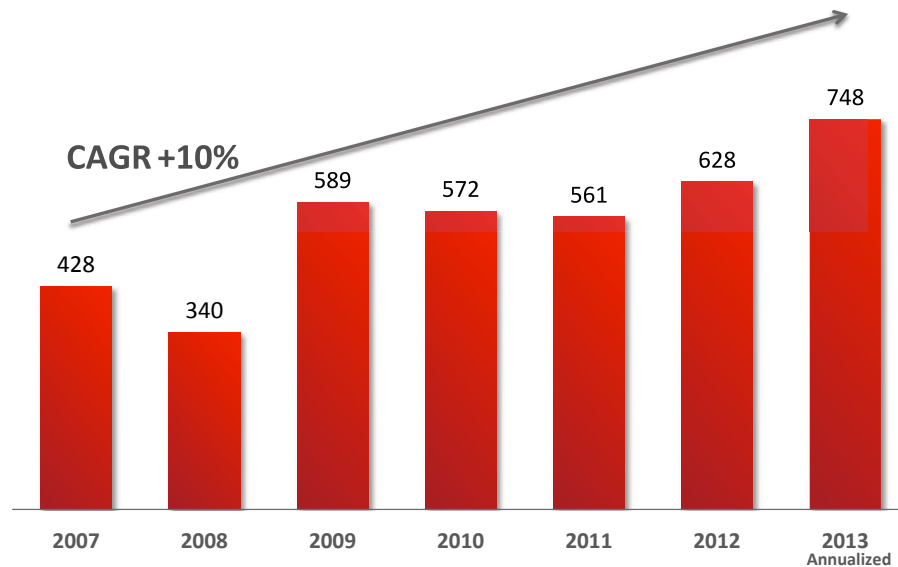
Mid-term target for efficiency ratio: mid 40s



Canadian GAAP 2007-2010 12

Earnings Performance 2007-2013

NIBT
(\$M)



Canadian GAAP 2007-2010 13

Leveraging our Leadership Positions



National Bank Financial is the main provider of risk management solutions to National Bank's clients



Leadership in Quebec in corporate lending and selected Canadian niches



Number 1 position in government debt financing



Top tier position in structured products



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Strategic Priorities 2014-2017

Consolidate Top Tier Positioning

- Canada focused, client-driven
- Diversified revenue mix
- State-of-the-art technology
- Talent and capabilities
- Leverage leadership positions

Expand our Reach Selectively

- Mid-market leader
- Top tier in selling Canada abroad
- New initiatives
- Credigy

Focused and consistent business model will continue to drive growth



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Strategic Priorities 2014-2017

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Credigy

Jean-Guy Brunelle

Executive Vice-President & Managing Director
Specialty Finance

Financial Markets Investor Day
October 9, 2013



1

What We Are

- Acquirer of consumer-related asset portfolios, both non-performing and performing
- We optimize collections to achieve target returns
- A lender to other large buyers of similar assets

Asset
purchase

Collection
strategy

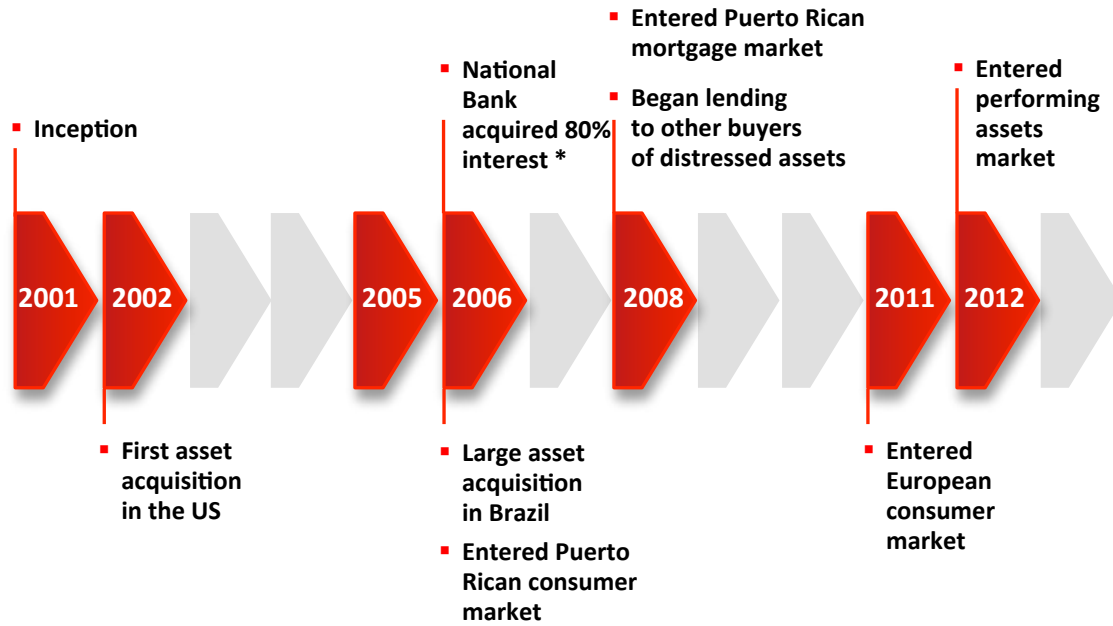
Portfolio
financing

Data Analytics & Modeling Expertise



2

Growth Timeline



* Remaining 20% owned by senior management team 3

Expanding Footprint



Investments by Geography

- US\$ 1.3 billion invested since inception*

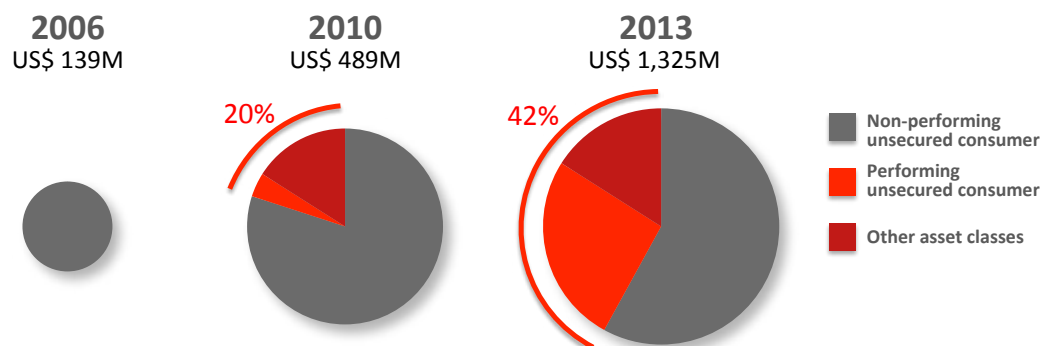
Geography	Investments
United States	\$906
Brazil	\$230
Puerto Rico Mortgage	\$93
Puerto Rico Consumer	\$53
Europe Consumer (Spain)	\$43
Total	US\$ 1,325 billion



* As at August 2013 5

Portfolio Evolution

- Focus on asset diversification since National Bank acquired majority interest



Performing assets

- Now second largest asset class
- Amortizing loans only



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Portfolio Diversification – Assets and Delinquency

Asset Class	Delinquency Spectrum	
	Performing	Non-performing
Small business products (credit cards)	✓	✓
Consumer credit & private label cards	✓	✓
Consumer finance loans	✓	✓
Auto	✓	✓
Mortgages	✓	✓
Telecommunications		✓
Bankruptcies (secured & unsecured)		✓



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Structured Financing

- Credigy provides capital to other debt buyers



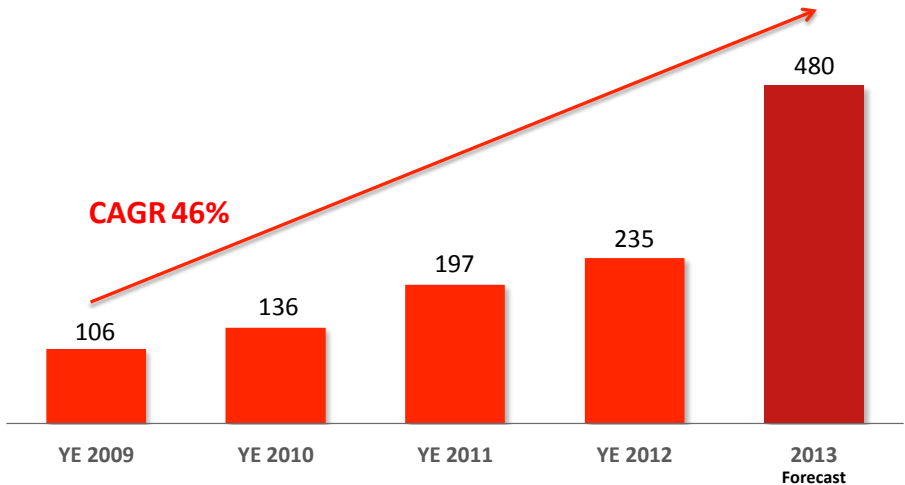
- Only assets we would be willing to buy
- We analyze and price as if we were buying
- We see and control all data
- Credit risk: very good track record to date



8

Annual Investments since 2009

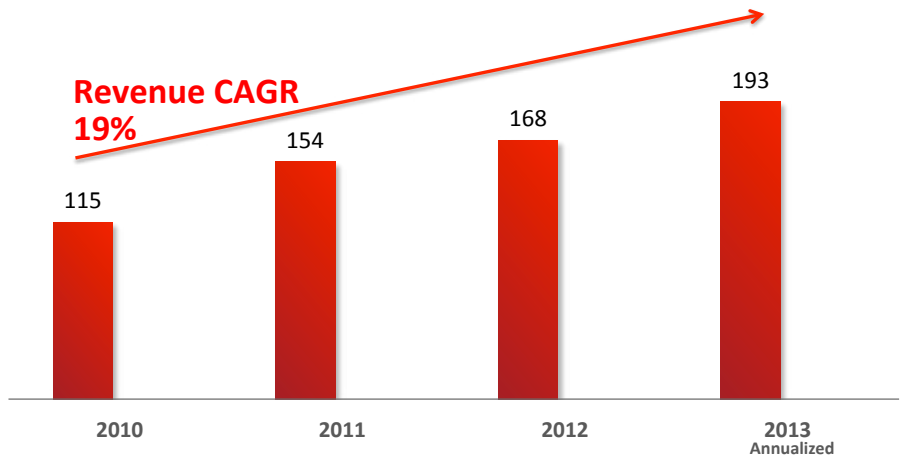
(US\$M)



* As at August 2013 9

Financial Performance 2010-2013

Revenues
(\$M)



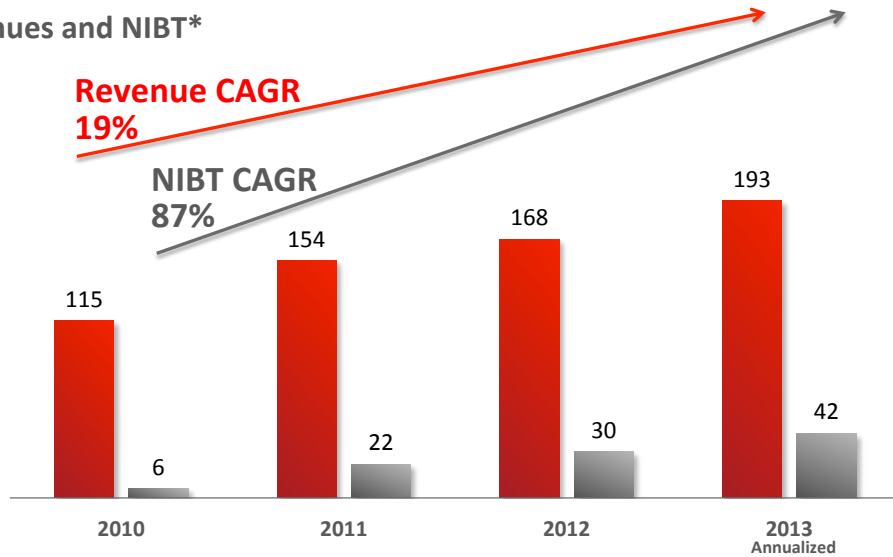
Driven by asset purchases and diversification



Canadian GAAP 2010 10

Financial Performance 2010-2013

Revenues and NIBT*
 (\$M)



Significant operating leverage as we grow



Canadian GAAP 2010
 *National Bank's share of NIBT

11

Experienced Management Team



Extensive industry and credit analytics experience in the United States and international markets
 - Average tenure of senior management is 19 years



Respected market reputation with well-established industry relationships



Operating know-how (in-house and outsourced collections)



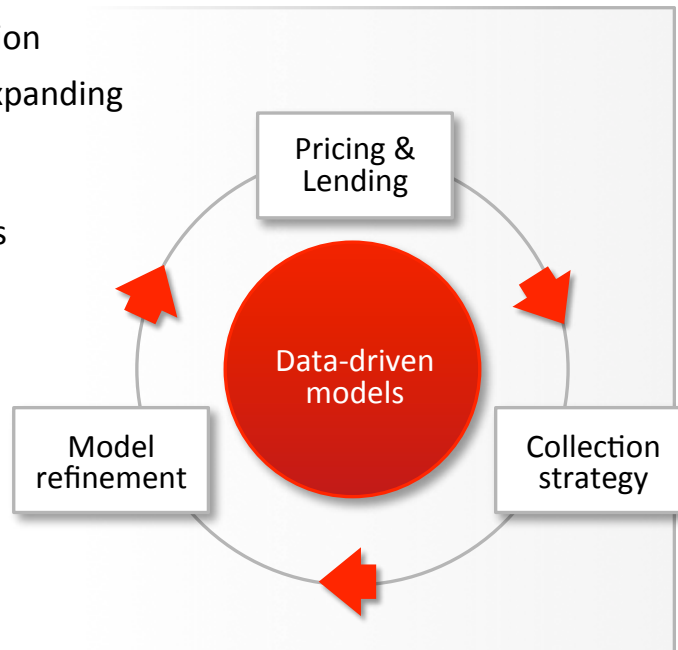
Committed to growing the business and developing next generation of leaders



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Sophisticated Analytics Capabilities

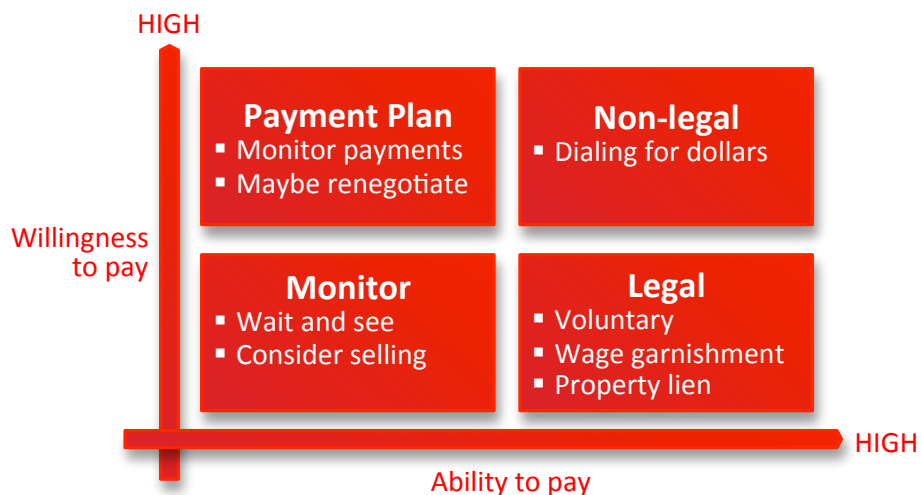
- Large data driven operation
 - Database is constantly expanding
 - New asset purchases
 - Recovery experiences
- Analytics drive decisions
 - Pricing
 - Collection
 - Lending
- Continuous model refinement



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Operational Collection Strategy

Non-performing assets



Effective operational strategies maximize returns



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Operational Collection Strategy

Outsourced servicing operations



Risk Management

- ▶ Model risk driven
- ▶ Disciplined entry into new asset classes and geographies
 - Initial purchase of small portfolio
 - Bring in local partners where useful
- ▶ Proactive collection monitoring



Key Risks and Mitigation Factors

Supply & Economic / Market Conditions

- Diversified across the delinquency spectrum, asset classes and geographic markets

Pricing & Valuation

- Disciplined pricing strategy
- Continuous refinement of our models. The larger our database, the more robust our models become.
- Diversification offsets dependence on any one asset class or market should buyers become irrational.

Operations

- Flexible servicing model with ability to execute optimal strategy (in-house, outsourced or combination) based on market knowledge and conditions
- Multiple back-up servicers exist for most asset classes
- Joint venture partnerships in certain geographies



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Market Opportunities

United States Europe

- Regulatory environment driving deleveraging by financial institutions
- Deal flow is accelerating for performing assets

South America

- Catching up to the growth in consumer credit (middle class)
- High potential



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Competitive Positioning

	Sophisticated Data Analysis & Pricing	Servicing Experience & Capabilities	Access to Capital	Diversification
Specialty Buyers	✓	✓	X	X
Hedge Funds	X	X	✓	≈
Debt Buyers	✓	✓	≈	≈
Credigy	✓	✓	✓	✓

Credigy's Competitive Edge



Strong Foundation for Growth

Portfolio of
receivables

RAROC
of +30%

Diversified
asset mix



Strategic Priorities 2014-2017



Develop new asset classes in markets that meet our strict criteria



Enter new geographies with products we are comfortable with



Deliver \$100M NIBT within next 4 years



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Key Takeaways

Significant opportunities

- United States
- Europe
- South America

Well-positioned

- Recognized industry player
- Expertise
- Management team

Strong risk management culture

- Diversification
 - By asset class
 - By geography
- Disciplined approach to new markets and asset classes



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Credigy

Appendix

Profiles of Executive Management Team

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October 9, 2013



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Brett Samsky — Chief Executive Officer

- Founder and CEO since inception.
- Oversees all Credigy operations and investments, partnering with BoD and Executive team to develop and execute Credigy's strategic growth plan.
- Before Credigy:
 - CFO of CompuCredit Corporation (NASDAQ: CCRT), a marketer and servicer of general purpose credit cards and related fee based products and services.
 - CFO of investment management company HBR Capital.
 - CFO of Account Portfolios, a consumer distressed asset purchasing and servicing company which became the platform company of OSI (subsequently acquired by NCO).
 - Senior Accountant at Deloitte & Touche, after graduating magna cum laude from the University of Georgia with a BBA and MAcc in Accounting.



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Steve Stewart — President

- Founder and President since inception.
- Instrumental in creating our Brazil and US operations; focused on Business Development both in the US and Latin American markets.
- Before Credigy:
 - Former President of Worldwide Collections, a distressed asset purchasing and servicing company in the U.S., Mexico and Brazil.
 - Pioneered the industry in Brazil when entering into a joint-venture with Goldman Sachs focused on acquiring non-performing loans from banks and other issuers of credit.
 - Formerly an attorney at Jones, Day, Reavis & Pogue.



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Malin Eriksson — Chief Investment Officer

- Founder with initial focus on launching Brazil operations.
- As CIO, currently directs global credit, due diligence and pricing efforts, while continuing to oversee our Brazil operations.
- Responsible for oversight of global IT organization and our sophisticated analytics and modeling teams.
- Before Credigy:
 - Former President of Rio Branco Aquisição e Administração de Créditos, a Brazilian joint-venture between Goldman Sachs and Worldwide Collections
 - Senior Consultant in the New Ventures Group at MGDK Management Consultants (acquired by Monitor Group), Manager of Universum's North America division, and Investor Relations Analyst with Scania.
 - Graduated summa cum laude, with BA in International Business from Ithaca College.



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Ashley Johnson — Chief Administrative Officer

- Founder and CAO.
- Concentration on the corporate structuring of Credigy's investments and transactions.
- Directly oversees Legal, Compliance, Finance, Accounting, US Operations, Tax, Treasury & HR, while also managing US Business Development efforts and US Operations.
- Before Credigy:
 - Former Controller, Treasurer and CFO of CompuCredit Corporation (NASDAQ: CCRT)
 - Controller of Account Portfolios, a consumer distressed asset purchasing and servicing company which became the platform company of OSI (subsequently acquired by NCO).
 - Senior Accountant at Deloitte & Touche after graduating magna cum laude from Clemson University with a BS in Accounting. Ashley is a licensed CPA.



Corporate Banking

Yanick Blanchard

Executive Vice-President, Head and Managing Director

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1

Mandate and Vision



Provide capital to corporations for project financing, M&A transactions and general corporate purposes



Focused approach to revenue opportunities from existing and new clients



Deepen client relationships with debt financing as an anchor



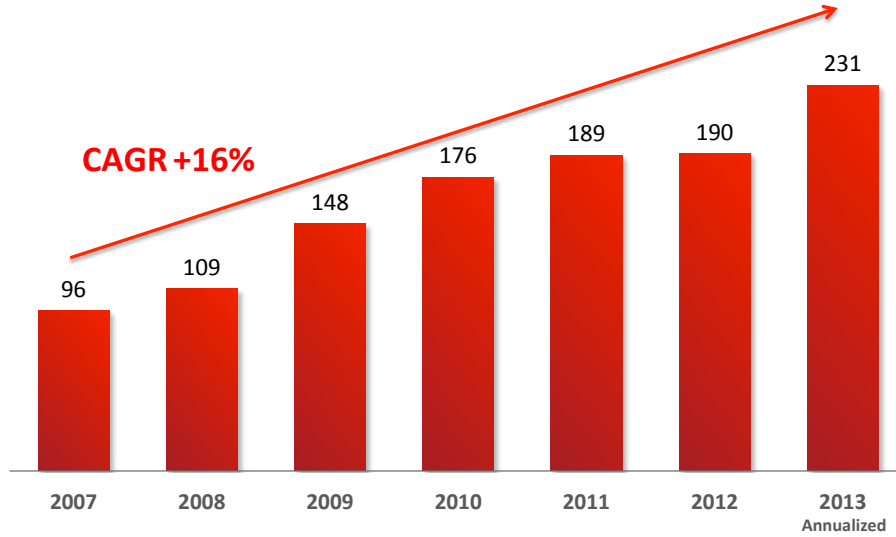
Balanced approach to risk, return and portfolio management



2

Corporate Banking Performance 2007-2013

Revenues
 (\$M)



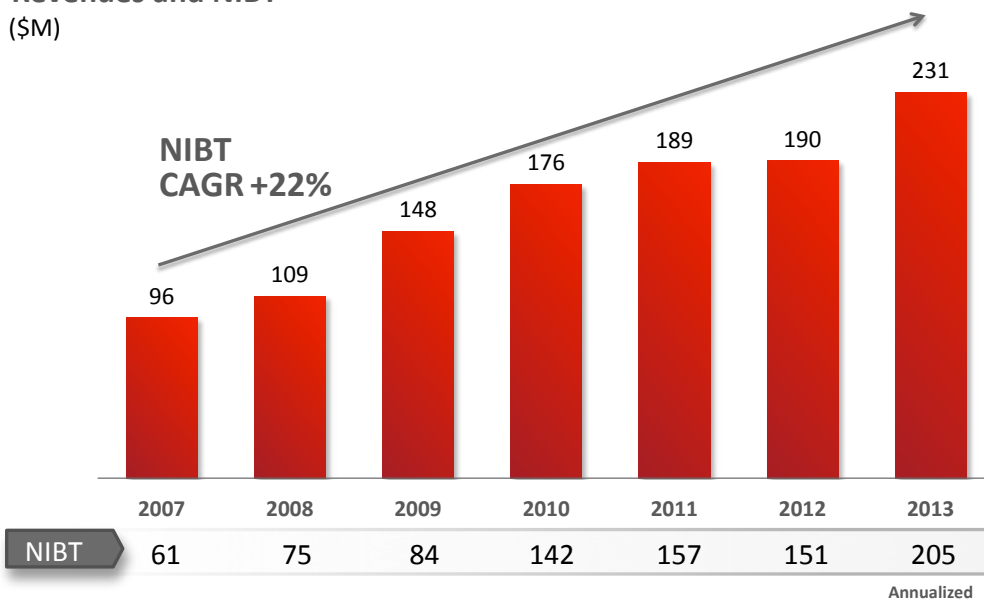
Strong growth through the cycle



Canadian GAAP 2007-2010 3

Corporate Banking Performance 2007-2013

Revenues and NIBT
 (\$M)



Canadian GAAP 2007-2010 4

Target Markets and Evolution



Focusing on regions and industries where we can lead client financing and have the opportunity to grow our ancillary business

Quebec

- Maintain leading position across all industries and all capitalizations

Quebec Syndicated Loans Market Share*

Year	\$ Volume	Mkt Share	Rank	# Deals	Mkt Share	Rank
2009	\$2,031	30.8%	2	13	28.9%	1
2010	\$1,972	16.7%	2	15	22.4%	1
2011	\$5,422	31.0%	1	34	34.7%	1
2012	\$9,521	24.1%	1	44	28.9%	1
2013	\$5,034	24.0%	1	25	26.0%	1



*Sources: Reuters LPC (FY2009 to FY2011) and Bloomberg (FY2012 & FY2013)

5

Target Markets and Evolution

Nationally



Leverage expertise: Private equity, infrastructure, power project financings



Strong focus on mid-market accounts in Diversified (<\$3bn market capitalization)



Selective capital deployment to large capitalization accounts with high capital markets needs

Canada Syndicated Loans League*

FY 2007				YTD FY 2013			
Rank	Underwriter	# of deals	Mkt share	Rank	Underwriter	# of deals	Mkt share
1	RBC	78	22.0%	1	RBC	87	22.9%
2	CIBC	69	19.5%	2	CIBC	80	21.1%
3	Scotia	62	17.5%	3	TD	80	21.1%
4	TD	58	16.4%	4	Scotia	74	19.5%
5	BMO	46	13.0%	5	BMO	64	16.9%
6	JP Morgan	22	6.2%	6	NBC	57	15.0%
7	GE	18	5.1%	7	BofA	26	6.8%
8	Citi	15	4.2%	8	HSBC	21	5.5%
9	NBC	14	4.0%	9	JP Morgan	19	5.0%

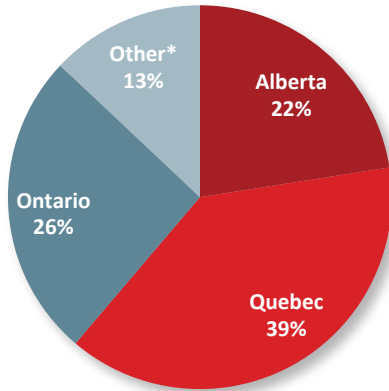


* Sources: Reuters LPC (FY2009 to FY2011) and Bloomberg (FY2012 & FY2013)

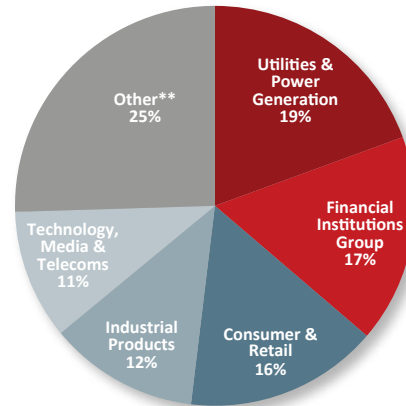
6

Diversified Loan Portfolio

With enhanced national coverage
 (Authorized \$ in July 2013)



and solid industry segmentation
 (Authorized \$ in July 2013)



**Driven by strong risk management and
 balance sheet optimization**



*BC (4%) - Nova Scotia (4%) - Manitoba (1%) - New Brunswick (1%) - USA (1%) - Saskatchewan (1%)
 **Oil & Gas (7%) - Infrastructure Finance (6%) - Real Estate (5%) - Transportation & Global Logistics (4%)
 - Mining & Metals (3%)

Solid Risk Profile

Portfolio

Investment
 grade (77%)

Low loan
 loss experience
7 bps
 (From 2007 to 2012)

Strong Diversification

- Single name limits
- Industry concentration limits
- RAROC hurdles
- Capital utilization oversight



Positioned for Growth

Business Environment

- Increased regulatory capital requirements
- Low credit spreads
- Importance of holistic approach for clients
- Rebounding demand for business credit with improvement of global economic outlook

Our Strengths

- Discipline in selecting deals and deployment of balance sheet
- Focus on leading
- Cross-selling focused mindset
- Critical mass and experience in debt underwriting and syndication
- Solid risk management culture



9

Positioned for Growth

Business Environment

- Increased regulatory capital requirements
- Low credit spreads
- Importance of holistic approach for clients
- Rebounding demand for business credit with improvement of global economic outlook

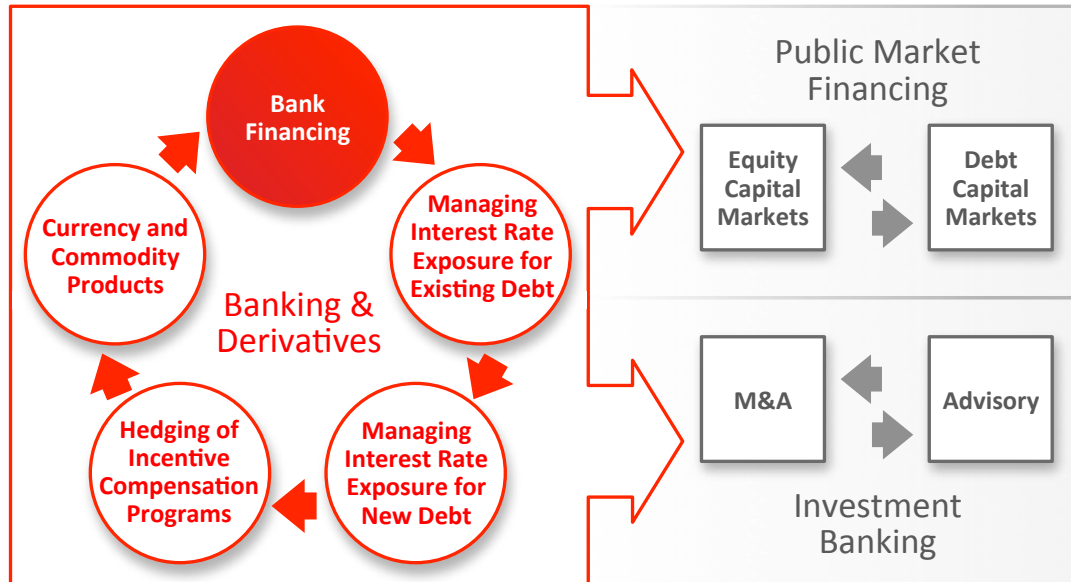
Our Strengths

- Discipline in selecting deals and deployment of balance sheet
- Focus on leading
- Cross-selling focused mindset
- Critical mass and experience in debt underwriting and syndication
- Solid risk management culture



10

How We Succeed



11

Strategic Objectives 2014-2017

Expand coverage to mid-market segment

Continue to leverage expertise on a national scale

Maintain position as preferred partner of Quebec corporations

- Focused approach on Top 40 high potential accounts and enhanced cross-selling
- Develop pipeline of “next ones” through Commercial Banking

“Canada focused. Client-driven.”



12

Strategic Objectives 2014-2017

Expand coverage to mid-market segment

Continue to leverage expertise on a national scale

Maintain position as preferred partner of Quebec corporations

- Private Equity / Infrastructure lending / Power project financings
- Deepen client relationships

“Canada focused. Client-driven.”



13

Strategic Objectives 2014-2017

Expand coverage to mid-market segment

Continue to leverage expertise on a national scale

Maintain position as preferred partner of Quebec corporations

- Maintain leadership with continued focus on overall client coverage
- Support clients with international expansion

CGI

£1,245,000,000
 Acquisition Financing
 Co-Lead Arranger
 Joint Bookrunner
 Admin. Agent

Couche-Tard

US\$3,200,000,000
 Acquisition Financing
 Co-Lead Arranger
 Joint Bookrunner
 Admin. Agent

“Canada focused. Client-driven.”



14

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Investment Banking & Equities

Greg Thompson

Head, Investment Banking and Global Equities

Financial Markets Investor Day
October 9, 2013



1

Mandate and Vision



Outperform in a challenging market environment



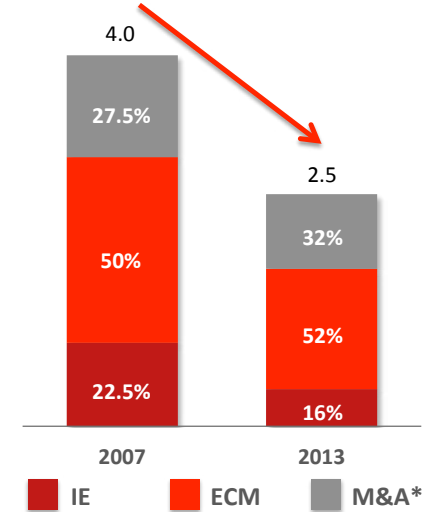
Continue to punch above our weight



2

Industry Trends

Total Size of Market Fees ⁽¹⁾
 (\$Billions)



- Fee pool declined 38%
- Secular change in global Institutional Equities
- Cyclical decline in natural resources cycle

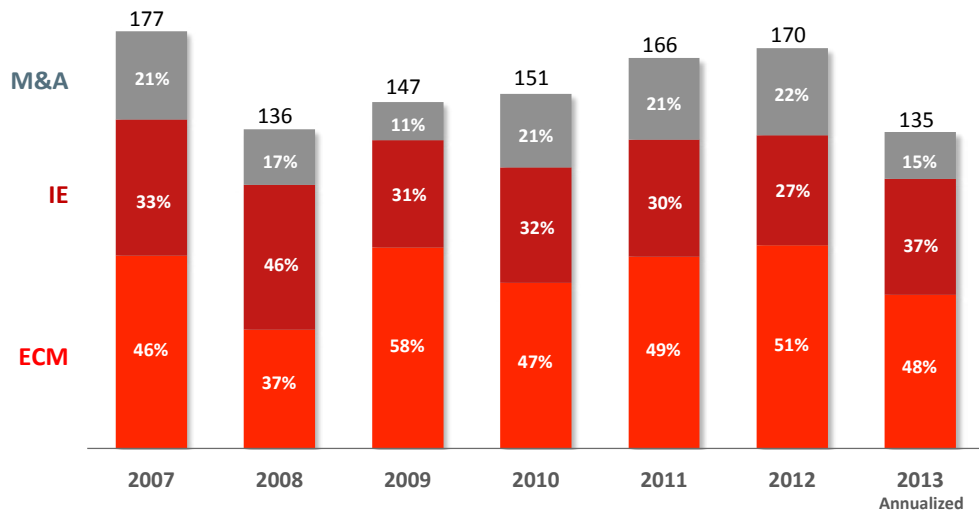
* ECM and M&A – 12 months to April 30, 2013
 IE – 12 months to June 30, 2013



(1) Source : *Brendan Wood International* (Fees include Institutional Equity Gross Commissions, Gross Equity Capital Markets Fees and M&A Fees)

Performance 2007-2013

Revenues⁽¹⁾
 (\$M)

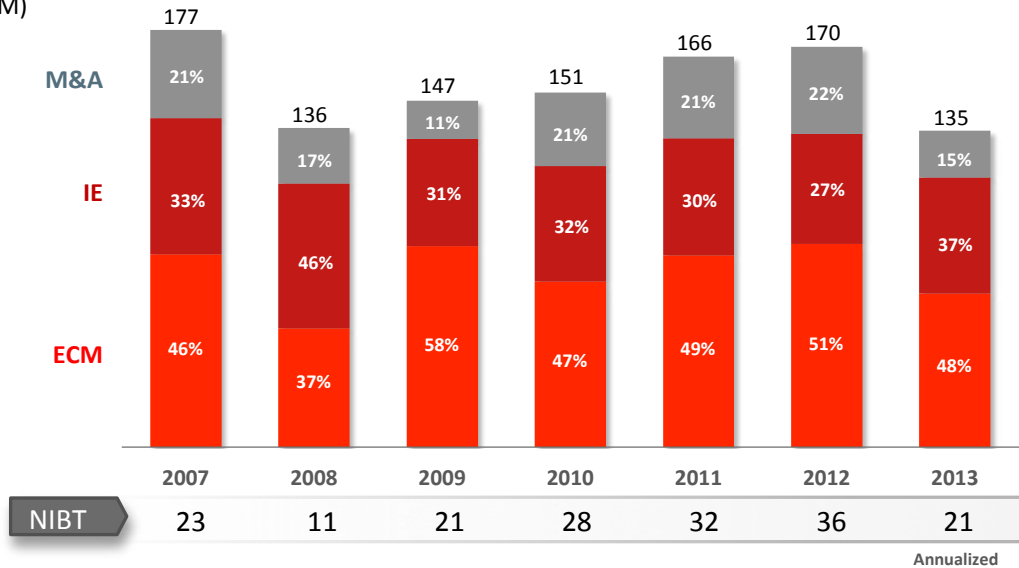


(1) Excluding Putnam, NBF International S.A. and Preferred Trading business
 Canadian GAAP 2007-2010

Performance 2007-2013

Revenues and NIBT⁽¹⁾

(\$M)



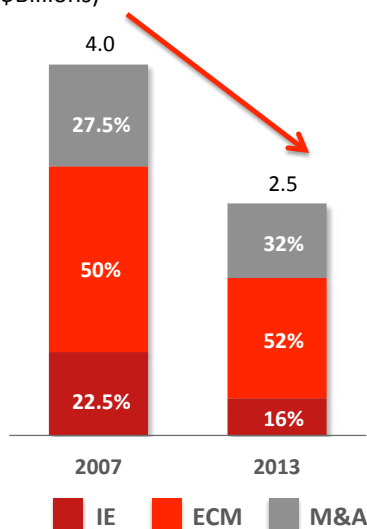
(1) Excluding Putnam, NBF International S.A. and Preferred Trading business
 Canadian GAAP 2007-2010

5

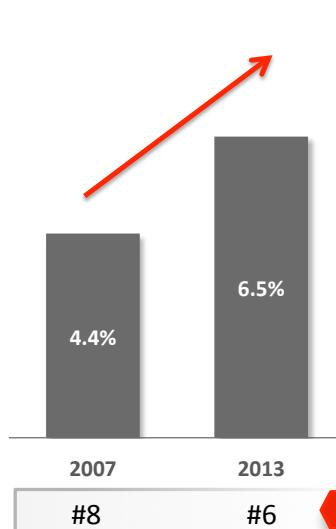
Industry trends and NBC Relative Performance

Total Size of Market Fees⁽¹⁾

(\$Billions)



National Bank Market Share⁽¹⁾



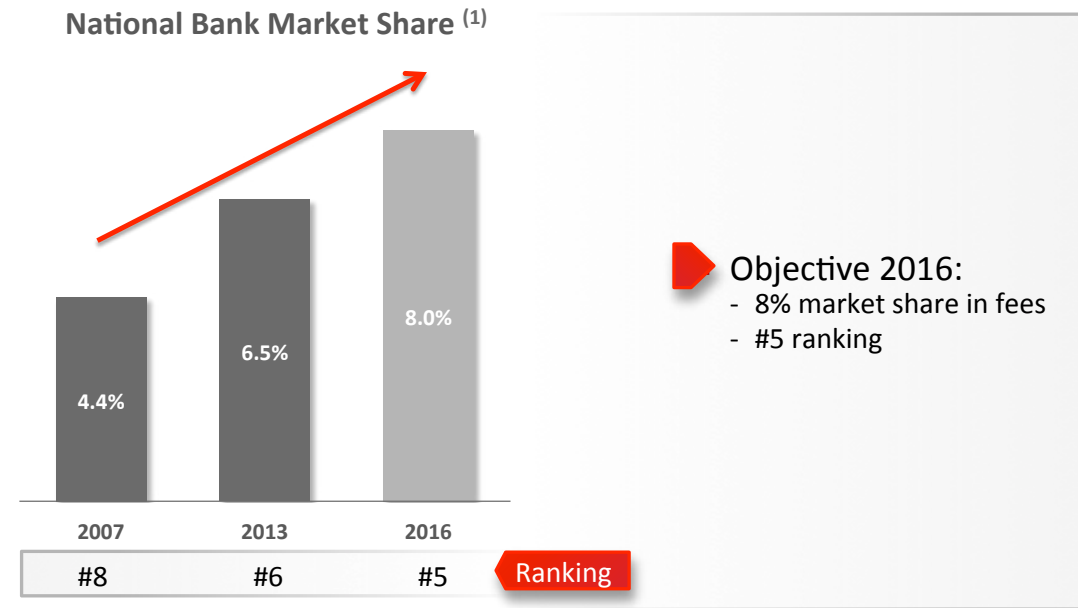
- ▶ Improved ordinal rankings in all three activities
- ▶ Reached Top 3 position in Investment Banking on <\$2B⁽¹⁾ market cap



(1) Source of Gross Fees: Brendan Wood International
 Fees include Institutional Equity Gross Commissions,
 Gross Equity Capital Markets Fees and M&A Fees

6

Relative Performance and 2016 Objective



(1) Source of Gross Fees: Brendan Wood International
Fees include Institutional Equity Gross Commissions,
Gross Equity Capital Markets Fees and M&A Fees 7

Competitive Positioning

Business Environment

- Changing role of research
- Electronic trading and pressure on commissions
- Role of IE supporting IB
- Corporate lending as an enabler

Our Strengths

- Strong presence in Canadian mid-market, especially in energy across all business lines
- Recognized strength in Quebec IB and IE
- Lean organization focused on domestic origination
- Balance sheet capacity to grow corporate credit



Competitive Positioning

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9

Strategic Priorities 2014-2017

Restructure IE business model and fully align with IB

Expand national presence in mid-market while continuing to serve large clients

Maintain Quebec leadership

Improve profitability

- More emphasis on liquidity trading model
- Focus on distributing what we originate
- Find the right balance between revenues and expenses in Research



10

Strategic Priorities 2014-2017

Restructure IE business model and fully align with IB

Expand national presence in mid-market while continuing to serve large clients

Maintain Quebec leadership

Improve profitability

Cast a wider net

- Diversified (industrial, transportation, consumer & retail)
- Energy and mining

Leverage points

- Strategic advisory
- Corporate credit
- All other Financial Markets products



11

Strategic Priorities 2014-2017

Restructure IE business model and fully align with IB

Expand national presence in mid-market while continuing to serve large clients

Maintain Quebec leadership

Improve profitability

- #1 in M&A (2012)
- #1 in equity issuance (last 5 years)
- Continued strong support from IE, corporate credit and all other Financial Markets products
- More attention on early-stage issuers

Selected Québec Transactions ECM and M&A



12

Strategic Priorities 2014-2017

Restructure IE business model and fully align with IB

Expand national presence in mid-market while continuing to serve large clients

Maintain Quebec leadership

Improve profitability

Revenue Growth

- Convert co-managed business to leads/co-leads
 - #1 in equity-linked deals participation at 60%*
 - Currently lead in 30% of deals we participate in*
- Objective 2016: Achieve 50% in leads/co-leads
 - Potential for \$40-60M of incremental revenues

Cost Control

- Continue to improve efficiency ratio
- Reward lead business versus syndicates



* YTD information as at September 2013 – National Bank internal data (based on number of deals, market cap < \$3 billion)

13

Strategic Priorities 2014-2017

IB & IE Clients

New IE business model

Grow in Canadian mid-market

Maintain Quebec leadership

Improve profitability

Focus on talent



14

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Fixed Income

Denis Girouard

Co-Head, Fixed Income & Deputy Head, Financial Markets

Sean St-John

Co-Head & Executive Vice-President, Fixed Income

Financial Markets Investor Day
October 9, 2013



1

Mission and Vision

**Full-service provider
in Canadian Fixed Income products
both domestically and internationally**



2

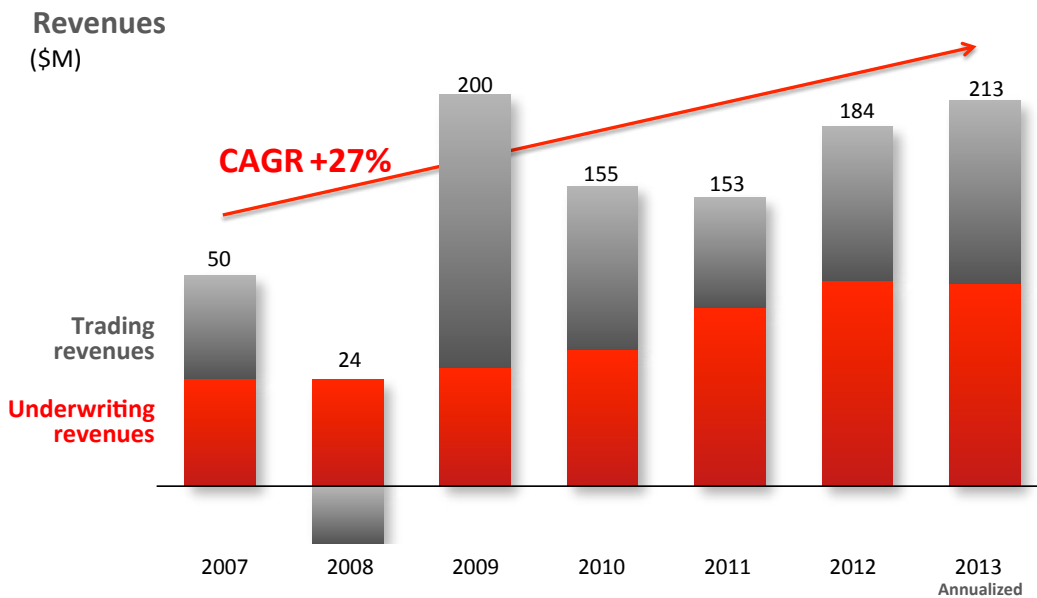
Evolution and Achievements 2007-2013

- Grew government origination beyond Quebec
- Achieved top tier position in Canadian corporate debt underwriting
- Expanded the securitization team
- Established an advisory infrastructure team
- Increased global distribution of Canadian Fixed Income products



3

Financial Performance 2007-2013



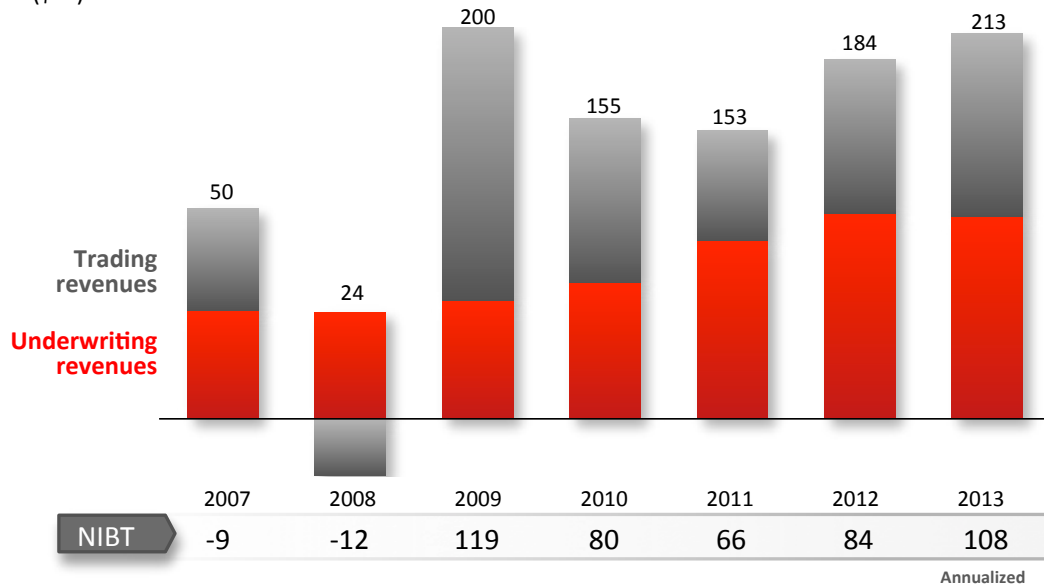
Underwriting revenues have doubled since 2007



Canadian GAAP 2007-2010 4

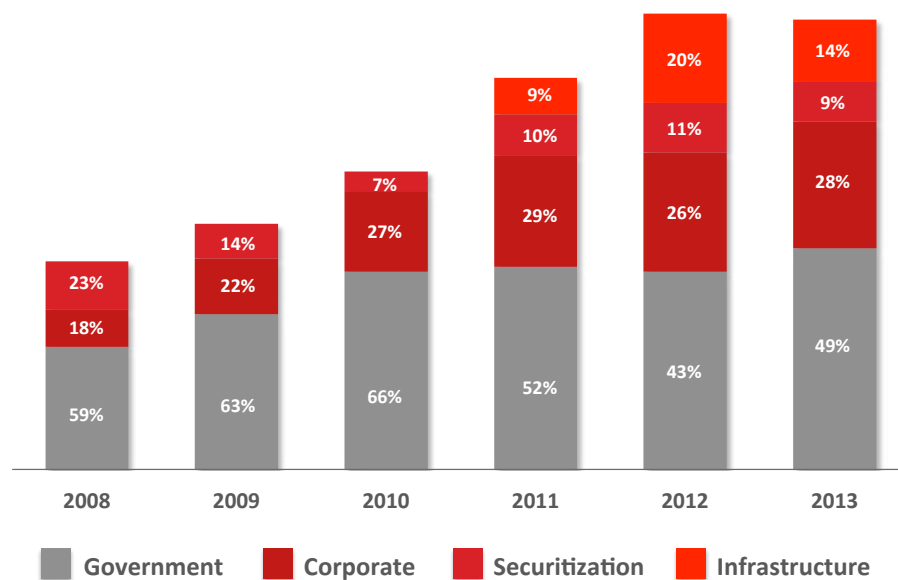
Financial Performance 2007-2013

Revenues and NIBT
 (\$M)



Canadian GAAP 2007-2010 5

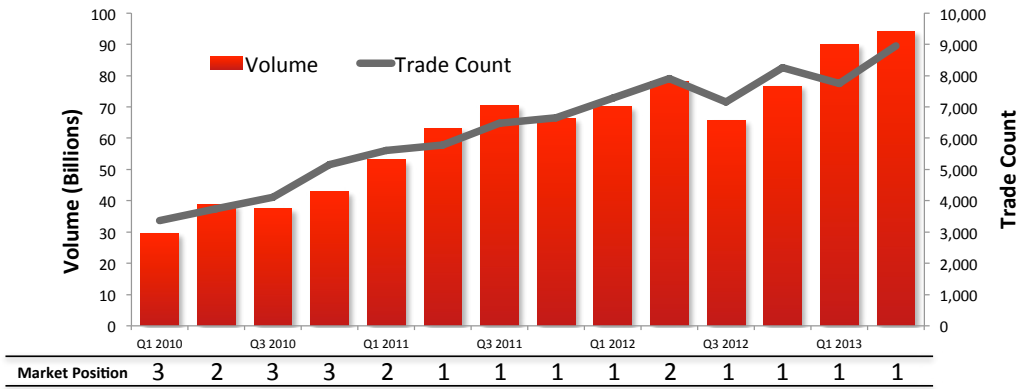
Growth and Distribution of Underwriting Revenues



Canadian GAAP 2008-2010 6

Leadership in Electronic Market-making

National Bank Market Share (CANDEAL) – All Products (last 12 months)



- Average 17.3% market share in the last year
- Ranked #1 in dealer market share overall

**Established trading expertise; well positioned
 for our growing client base**



Strategy 2014-2017

**Leverage leadership positions
 and widen the track**



Strategy 2014-2017

Government Finance & Distribution

Corporate Debt

Infrastructure

Securitization

International Distribution

- Maintain #1 underwriting position
- Continue to grow secondary market share for Provincials & Canadas

Debt – Canadian Government

League Table* 2013YTD	Rank	Market share
National Bank Financial	1	19.4 %
CIBC	2	17.7%
RBC Capital Markets	3	17.6%
TD Securities	4	16.7%
BMO Capital Markets	5	14.3%
Scotiabank	6	11.2%

“Leverage leadership positions and widen the track”



*Bloomberg 9

Strategy 2014-2017

Government Finance & Distribution

Corporate Debt

Infrastructure

Securitization

International Distribution

- Top tier corporate underwriter
- Growth mindset
 - Advise corporate clients alongside Corporate and Investment Banking
 - Support trading & research; focus on High Yield
- Expand Private Placement offering



“Leverage leadership positions and widen the track”



10

Strategy 2014-2017

Government Finance & Distribution

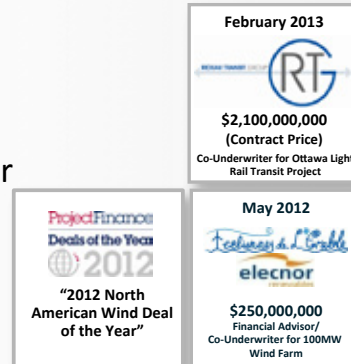
Corporate Debt

Infrastructure

Securitization

International Distribution

- Advisory-led business
- #1 in P3
- Expand Power & Project Finance
- Support our clients in the US market



"Leverage leadership positions and widen the track"



Strategy 2014-2017

Government Finance & Distribution

Corporate Debt

Infrastructure

Securitization

International Distribution

- Maintain market position; support with trading and research
- Develop and enhance lending relationships
- Expand expertise with products such as covered bonds and financing solutions for commercial mortgages



"Leverage leadership positions and widen the track"



Strategy 2014-2017

Government Finance
& Distribution

Corporate Debt

Infrastructure

Securitization

International
Distribution

Focus on Canadian products

- New York – Solid presence
- London – Largest Canadian-focused desk
- Hong Kong

400+ counterparties
30+ central banks

“Leverage leadership positions and widen the track”



13

How We Succeed

Client relationship focus

Nimble and flexible in addressing client needs

Attract and retain top talent

Long-term commitment
Low turnover

Grow and broaden sources of revenue

Constantly challenge and develop our market position



14

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Derivatives

Laurent Ferreira

Executive Vice-President & Managing Director

Financial Markets Investor Day
October 9, 2013



1

Mandate and Vision

Offer risk management solutions and investment products to all clients

Best Canadian bank at offering **investment products** on all assets for investors and issuers

Incorporate Derivatives experts into our coverage strategy and business model of our various distribution channels

Top provider of **risk management solutions** for National Bank's corporate and institutional clients

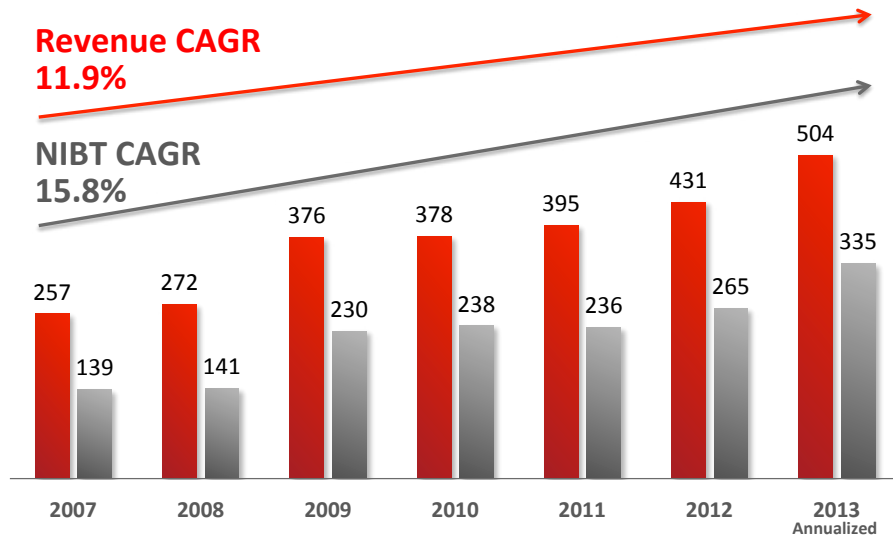


2

Financial Performance

Revenues and NIBT

(\$M)



Cultural transformation focusing on client-driven activities



Canadian GAAP 2007-2010 3

Investment Products - Offer



Provide structuring and over-the-counter (OTC) derivatives on all asset classes for:

- Exchange Traded Fund issuers
- Structured Note issuers (National Bank and others)
- Managed Retail Product issuers



Provide liquidity to investors on products issued by National Bank or by our clients

- Electronically
- OTC



Offer research on all investment products

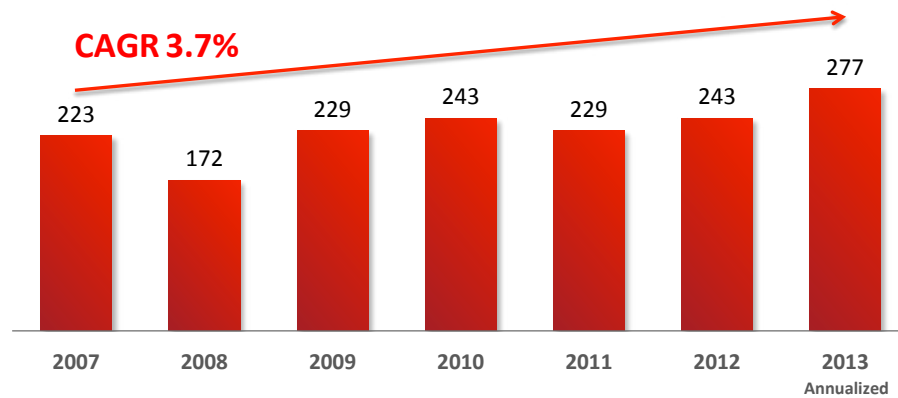
Our business model focuses on providing services to investors, retail networks and institutions



4

Revenues – Equity and Structured Products

(\$M)



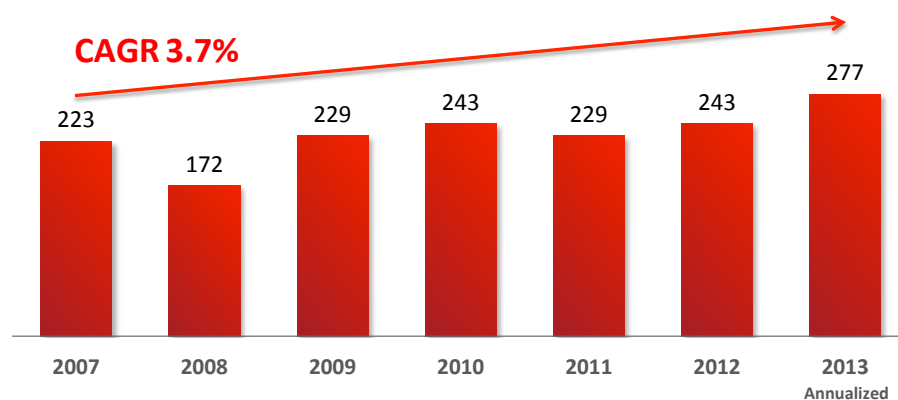
- Fees from investment product structuring
- Market making revenues from ETF trading
- Fees from institutions
 - Commissions
 - Securities lending



Canadian GAAP 2007-2010 5

Revenues – Equity and Structured Products

(\$M)



- Largest market maker for ETFs in Canada (by volume)
- We provide liquidity for all ETFs and we are the designated market maker for 58% of all listed ETFs in Canada
- Sales volume of structured notes is up 63% over past 6 years



Canadian GAAP 2007-2010 6

Risk Management Solutions - Offer

Provide derivatives solutions for corporate and institutional clients

- Interest rate, FX, equity and commodities
- 50+ derivatives professionals across Canada
- Risk management solutions/products (bank facility, debt issuance, M&A, capital optimization and budgeting)

Risk management solutions are at the core of a client relationship

- Integral part of our client value proposition
- Help our clients understand and mitigate risks

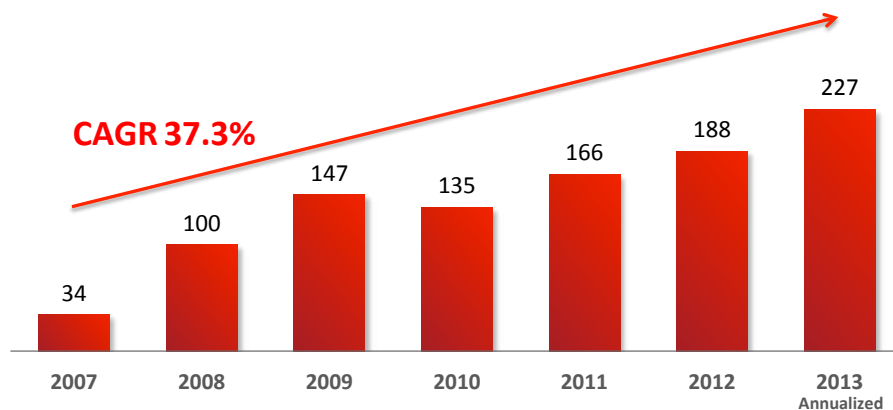
Our business model is a solution-based approach with the goal of finding optimal risk products for our clients



7

Revenues – Rates, Foreign Exchange and Commodities

(\$M)



Trading revenues from offering risk management products to our corporate and institutional clients

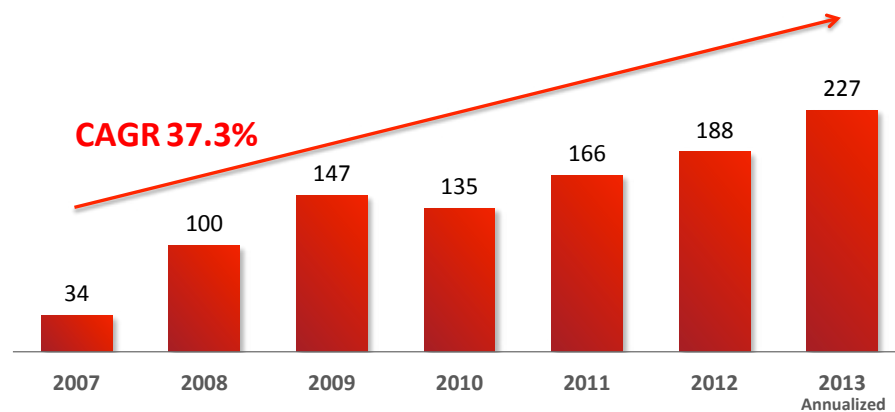
- Rates 58%
- Foreign Exchange 20%
- Commodities 22%



Canadian GAAP 2007-2010 8

Revenues – Rates, Foreign Exchange and Commodities

(\$M)



- 87% growth in number of active clients for all asset classes over past 6 years
- Over the same period, the number of clients using more than one risk management product increased five-fold
- Revenue growth mainly from cross-selling existing clients and credit expansion



Canadian GAAP 2007-2010 9

Derivatives - Positioned for Growth

Market & Industry Trends

Investment Products

- Strong growth potential for ETFs/Investment Products
- Fee and commission disclosures
- Industry gradually moving toward fee-based model
- Transparency & liquidity requirements

Risk Management Solutions

- Driven by client needs
- Increased awareness of risks
- Require expertise to help perform risk analysis
- Simple, effective and comprehensive solutions

Our Strengths

- Highly skilled and talented people driven by ideas/innovation
- Strong risk framework and risk management culture
- Solid understanding of our clients' businesses and risks
- Fully-integrated product offering (Investment Banking, Corporate Banking, Fixed Income, Commercial Banking and Wealth Management)
- Technology (trading, business decisions)



10

Derivatives - Positioned for Growth

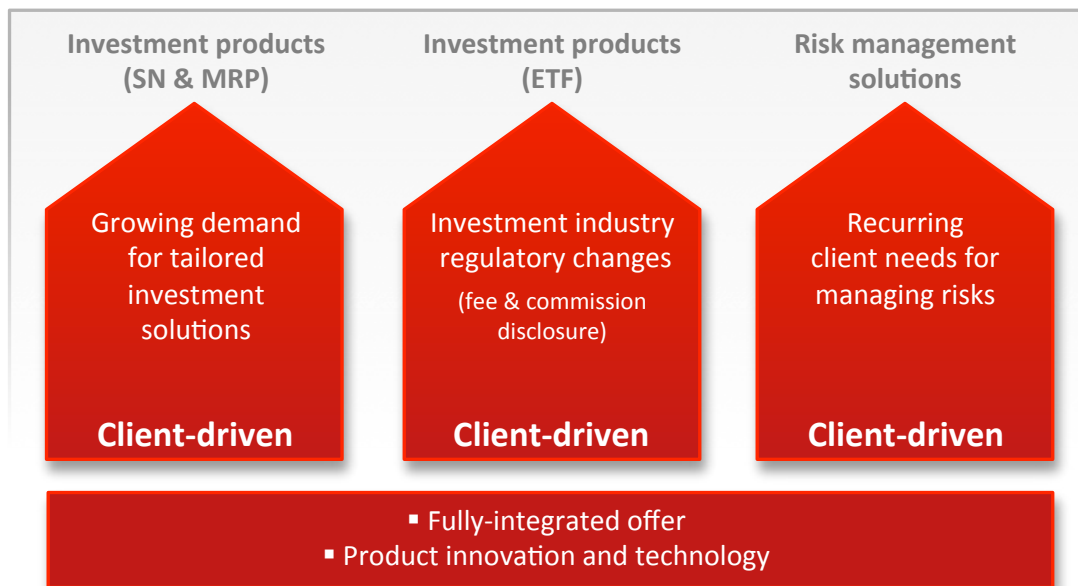


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- Technology (trading, business decisions)



Revenue Drivers



Sustainable client relationships



Industry Recognition



WINNER
The Americas
Structured Products
Awards 2013



WINNER Best Performance in Canada
The Americas
Structured Products
Awards 2012



AWARDS

2013

- Group 2 Lender:
- > One To Watch
- > Most Innovative
- > Overall Operations



- ❖ 2nd - Best Risk Management Advice
- ❖ 2nd - Most Effectively Used Swaps/Derivatives to Structure New Bond Issues



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Growth Drivers 2014-2017

- Mid-market growth
- Resurgence of M&A activities
- Increasing infrastructure investment
- Growing demand for government financing
- Growth of investment products
- Continued risk management needs of our clients
- Credigy

TARGETS 2014-2017

Earnings
+5-10%

Efficiency
Maintain
mid-40s ratio

Sustainable client relationships

