

CIBC World Markets Frontenac Institutional Investor Conference



Patricia Curadeau-Grou, Senior VP Risk Management
Quebec, September 22, 2005

opportunities




I – Risk Management Performance



Comparative Credit Indicators

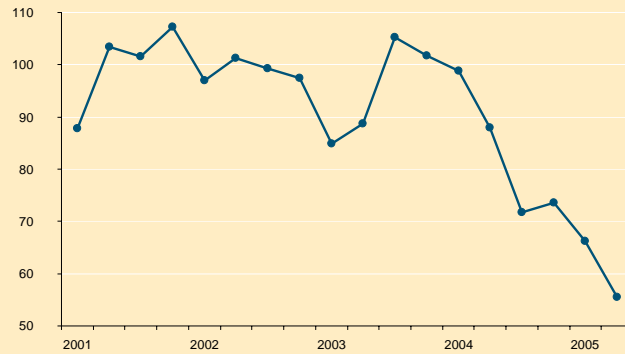
	9M 2005			2004			2003		
	NBC	Big 5	Spread	NBC	Big 5	Spread	NBC	Big 5	Spread
Net impaired loans, % loans & BAs	-0.49%	-0.45%	-0.04%	-0.46%	-0.33%	-0.13%	-0.39%	-0.18%	-0.21%
Loans losses, % loans & BAs	0.13%	0.33%	-0.20%	0.34%	0.28%	0.06%	0.45%	0.49%	-0.04%
Impaired loans, % tangible equity	7.0%	8.0%	-1.0%	10.9%	9.9%	1.0%	13.0%	15.7%	-2.7%

 Positive for NBC

I – Risk Management Performance

Watchlist, Commercial Loans of \$1 Million & Over

(2001 = 100)



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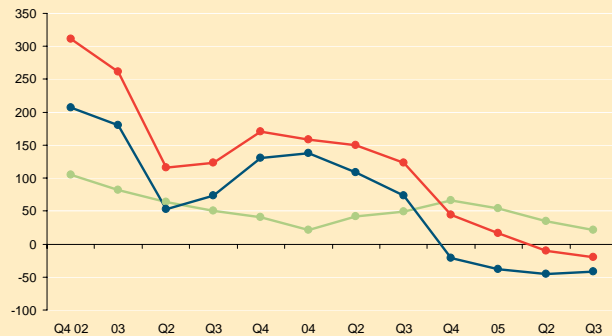


I – Risk Management Performance

Impaired Loan Formation, \$ millions

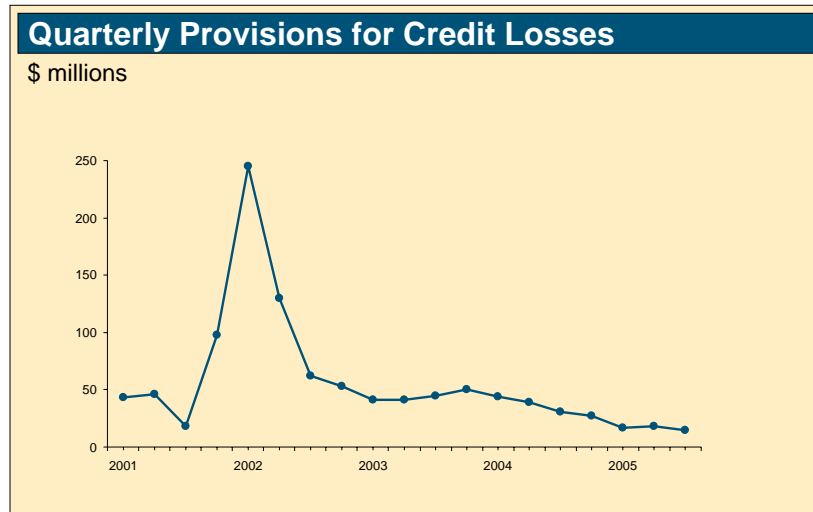
(Rolling 4 quarters)

— P&C
— Other sectors
— Total



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High Quality Risk Management

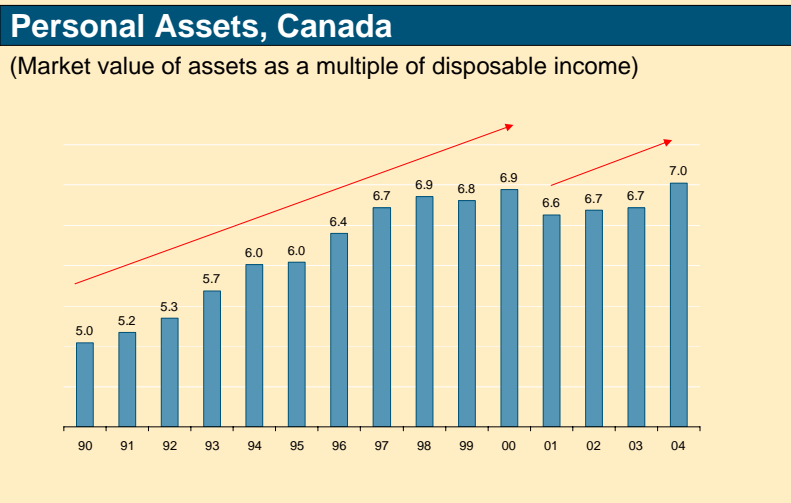


- Turnaround outstanding achievement
- Deeply entrenched in our institutional culture
 - Applies to way we conduct and grow business
- Risk management is a function of choosing:
 - Which business activities to engage in
 - Which asset class to focus on

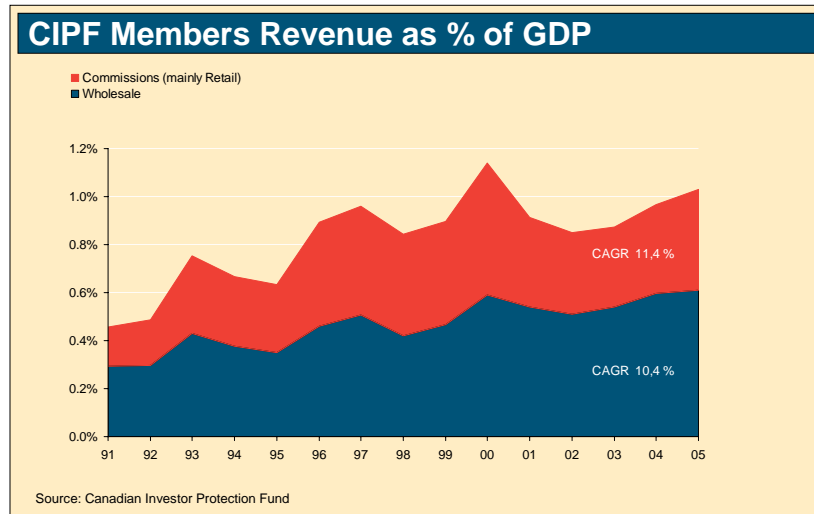


Activity Selection

- Three considerations:
 - Industry trends
 - Our particular place in Canada's financial services landscape
 - Our need to diversify geographically



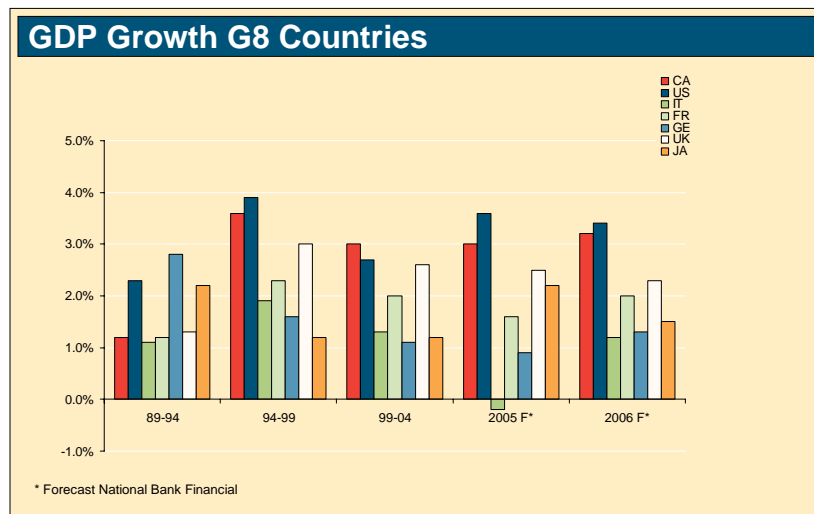
II – Activity Selection – Industry Trends



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II – Activity Selection – Industry Trends



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Our Place in the Banking Industry



- Our size means that we cannot be as present as our peers in all markets
- Niche playing enables us to:
 - Concentrate our resources and expertise in a limited number of sectors in which we can compete as aggressively and effectively as much larger banks

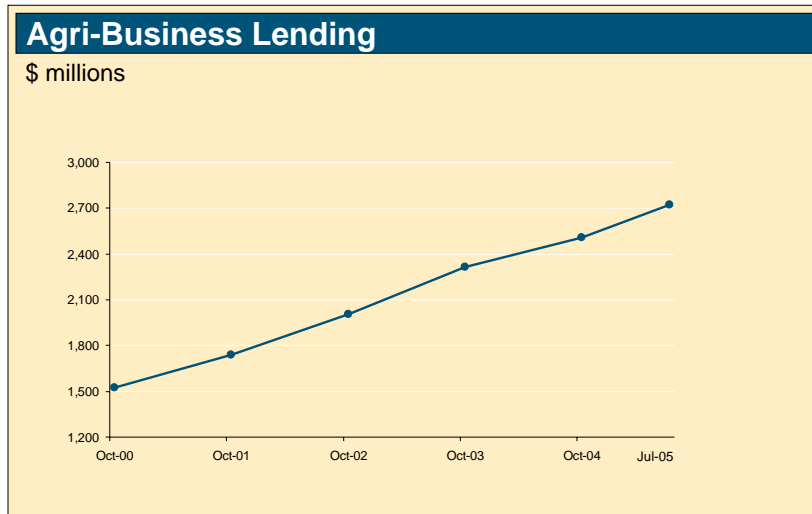
Market Share, As a % of Canadian Peer Banks

As at March 2005

	Canada	Quebec
Personal and Commercial		
Individuals' loans and deposits	5%	34%
Small and Medium Enterprise lending	9%	40%
Total business lending	9%	37%
Wealth Management		
Retail Brokerage (1)	8%	26%
Mutual Funds	7%	27%

(1) % of total market, including independents, boutiques

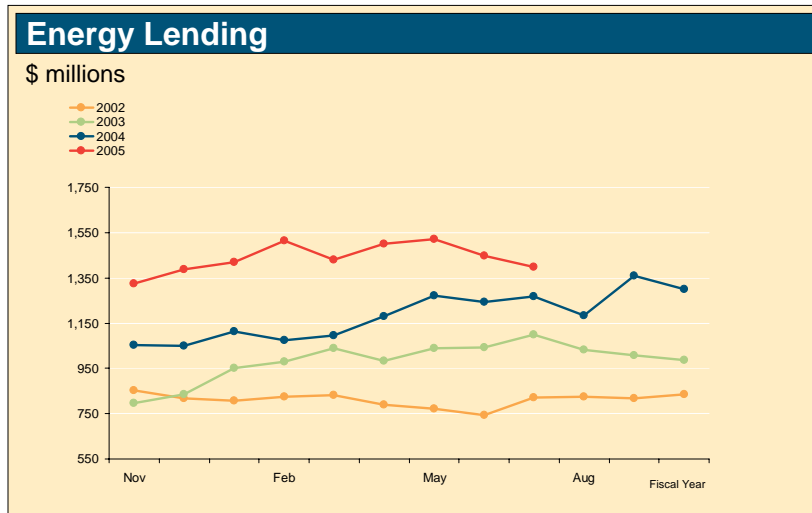
II – Activity Selection – Relative Size of NBC



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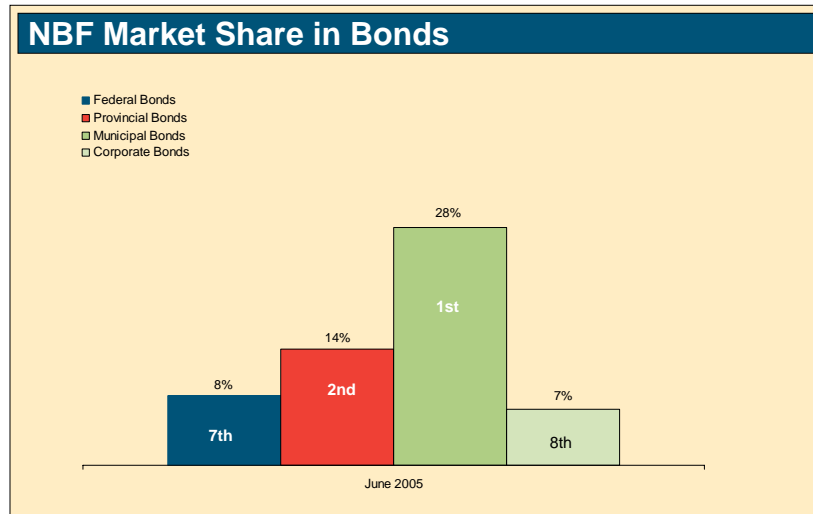
II – Activity Selection – Relative Size of NBC



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II – Activity Selection – Relative Size of NBC



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 NATIONAL BANK OF CANADA

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II – Activity Selection

Disinvestment Transactions

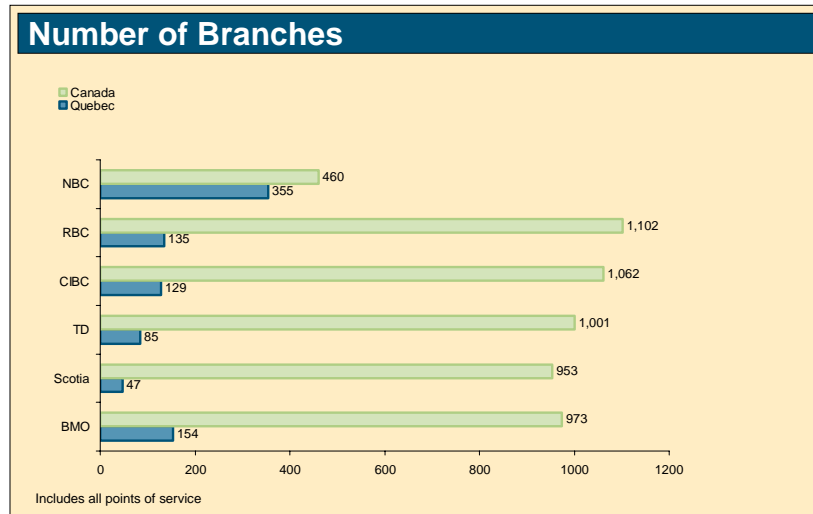


- Sale of US asset-based lending operations in 2001
- Outsourcing of check processing and cash management back-office operations
- Sale of credit card acquisition business

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 NATIONAL BANK OF CANADA

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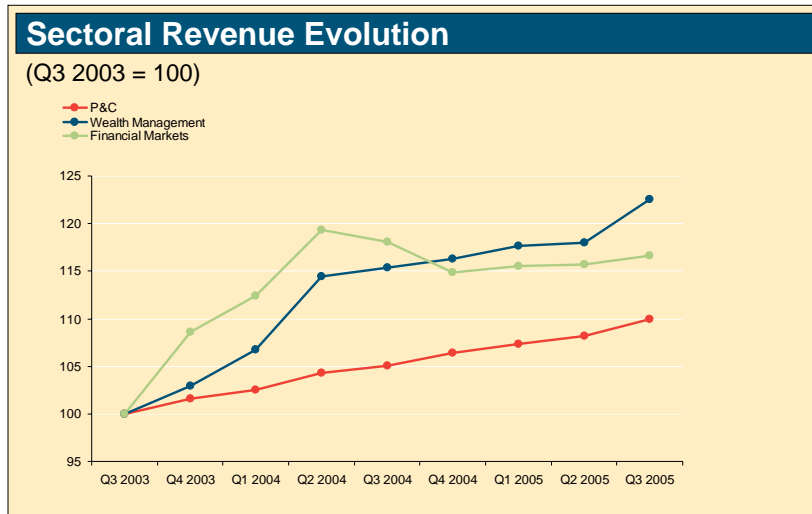


Geographical Diversification



- Recent initiatives:
 - Acquisition of Altamira family of funds
 - Provided NBC with cross-Canada clientele
 - Hiring investment advisors outside Quebec at retail arm of National Bank Financial
 - Increased share of asset under management from 22% to 34%
 - Partnership agreements with major national insurers and investment advisors
 - Access to clientele outside our natural Quebec market

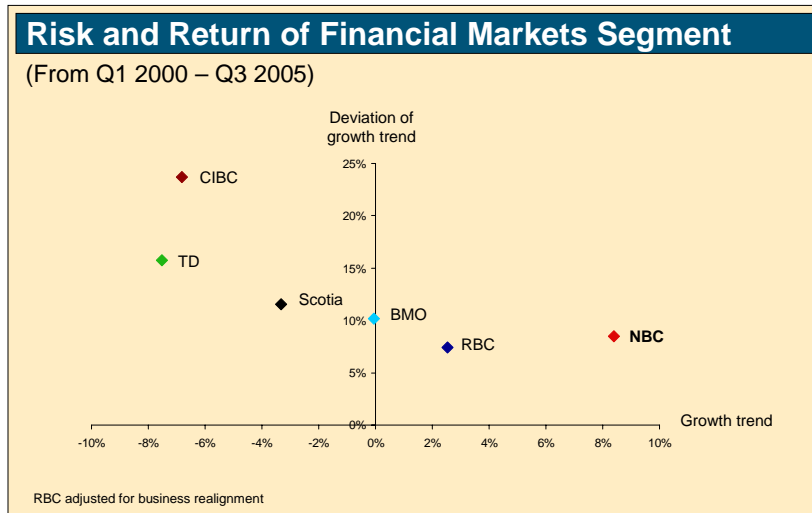
II – Activity Selection



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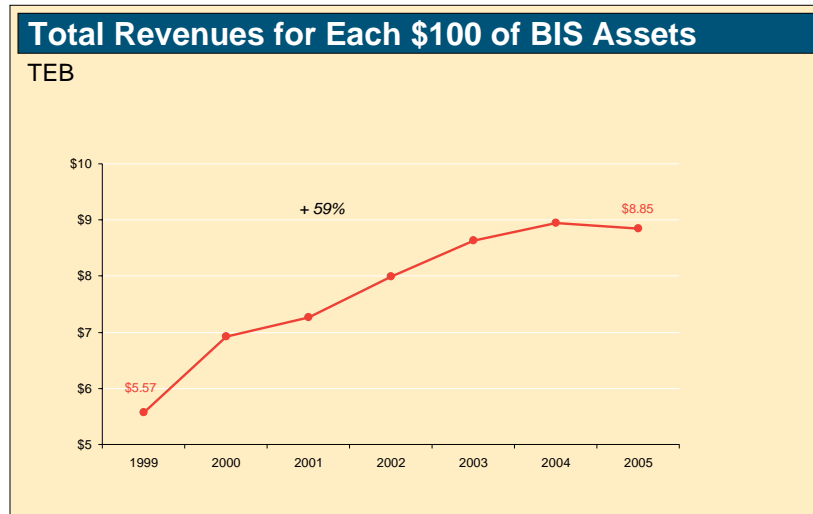
II – Activity Selection



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II – Activity Selection



II – Activity Selection

Effectiveness of BIS Assets



As at July 31 2005	P&C	Wealth Management	Financial Markets	Total
Revenue	\$1,523	\$601	\$753	\$2,877
Net Income	\$341	\$88	\$200	\$629
BIS Assets	\$28,837	\$2,482	\$15,847	\$47,165
As a % of assets				
Revenues	7.04%	32.29%	6.34%	8.13%
Net Income	1.58%	4.73%	1.68%	1.78%

Key Features of Safeguards



- No new treasury product or deal is approved unless market risks are totally understood, quantified and monitored in real time
- All new names in financial markets are reviewed for credit and reputational risk as well as the financial benefits from the relationship
- Before introduction of new products to our retail customers, we make sure they are suitable and their risks are well understood
- Closely monitor NBC's liquidity and repayment options given to our retail clientele

Key Features of Safeguards

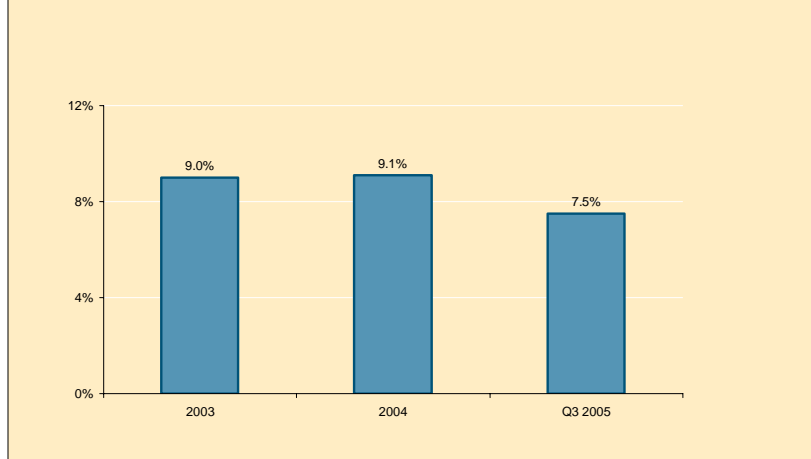
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- Use credit derivatives to ensure that exposure falls within limits for corporate loans
- Concentrate our portfolio on industries we know inside-out
- Syndication

III – Asset Selection

New Equity Issues – Market Share



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III – Asset Selection

Asset Volume Growth



(\$ billions)	July 31 2005	% change (2003-2005)
Cash resources and securities	\$55.0	48%
Managed loans, loan substitutes & BAs	\$54.6	15%
Mortgage loans	\$20.5	13%
Personal credit	\$10.8	37%
Partnerships		569%
Credit cards		15%
Equity line of credit (HELOC)		99%
Other personal line of credit		35%
Other personal loans		-11%
Mortgage loans & equity line of credit		17%
Business credit	\$23.4	8%
Energy (commercial & corporate)		42%
Commercial (excl. energy)		1%
Corporate (excl. energy)		-42%
Other Commercial ¹		107%
Other assets	\$7.0	15%
Total assets managed	\$116.6	28%

Note 1 : Receivables in Financial Markets operations

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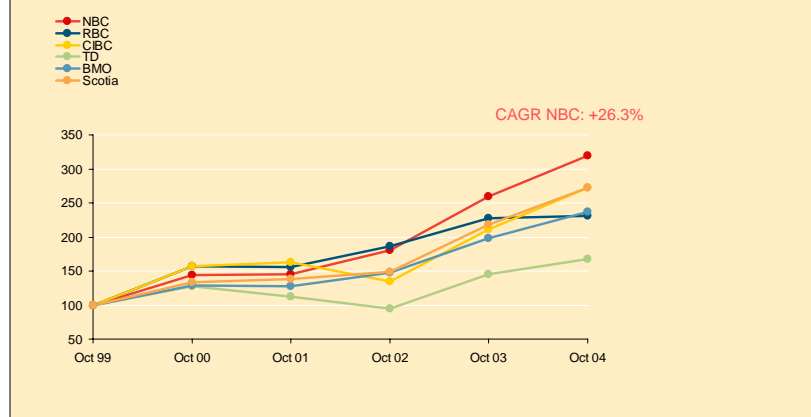
Impressive Recovery



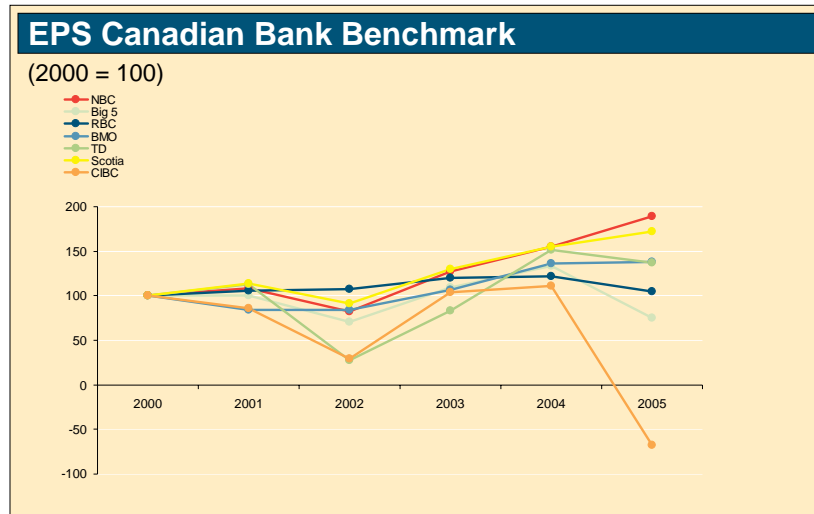
- Advances in risk management:
 - Managing risk now a core competency
 - Selecting and growing activities in line with secular trends
 - Getting out of activities where the risk-reward was questionable
 - Putting the right assets in our book

Total Shareholder Return Index

(October 1999 = 100)



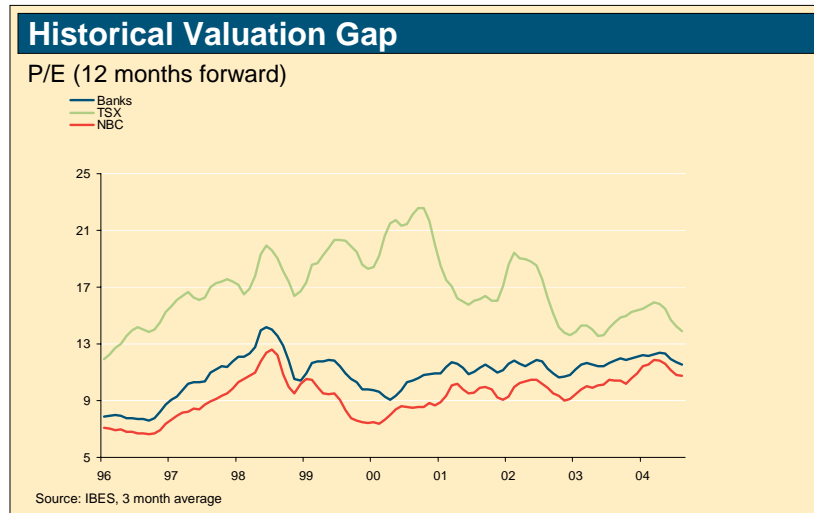
Earning a Seat at the Table



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Earning a Seat at the Table



Objective of ensuring that in five years from now National Bank will have a similar or even stronger risk profile than our current one.

Q&A



Patricia Curadeau-Grou, Senior VP Risk Management
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By their very nature, such forward-looking statements require us to make assumptions and involve inherent risks and uncertainties, both general and specific. There is significant risk that express or implied projections contained in such statements will not materialize or will not be accurate. A number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Such differences may be caused by factors, many of which are beyond the Bank's control, which include, but are not limited to, changes in Canadian and/or global economic and financial conditions (particularly fluctuations in interest rates, currencies and other financial instruments), liquidity, market trends, regulatory developments and competition in geographic areas where the Bank operates, technological changes, consolidation in the Canadian financial services sector, the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism and the Bank's anticipation of and success in managing the risks implied by the foregoing. The Bank cautions that the foregoing list of important factors is not exhaustive. 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 therefore cautions readers not to place undue reliance on these forward-looking statements. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Bank.