

RBC Capital Markets Canadian Bank CEO Conference



Réal Raymond, President and CEO
Toronto, January 19, 2005

opportunities



Financial Objectives A successful 2004



	2004 Objectives	Results
Growth in earnings per share	5% to 10%	22%
Return on common shareholders' equity	15% to 17%	19%
Tier 1 capital ratio	8.75% to 9.50%	9.6%
Dividend payout ratio ⁽¹⁾	35% to 45%	35%

⁽¹⁾ Trailing 4 quarters

2004 Financial Results

At par and often leading our peer group



	NBC	Big 5
Revenue growth	5.7%	3.8%
Expense ratio	65.4%	66.7%
PCL	0.21%	0.12%
ROE	18.8%	19.4%
EPS growth	21.6%	22.1%

Total return index values (1)	23.0%	16.9%
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(1) S&P/TSX Banks for Big 5

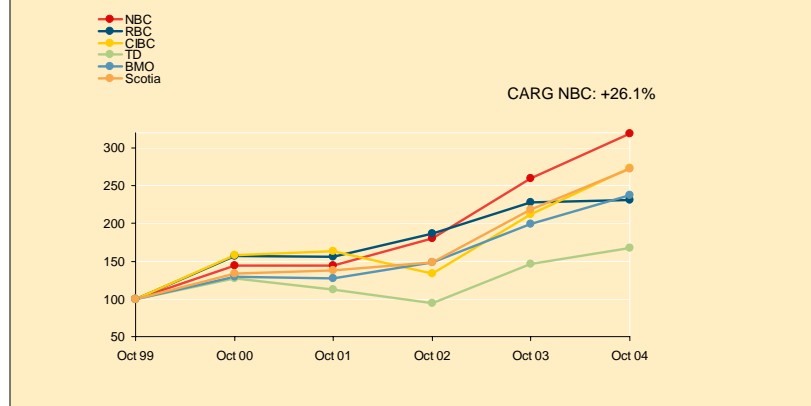
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Total Shareholder Return Index

(October 1999 = 100)

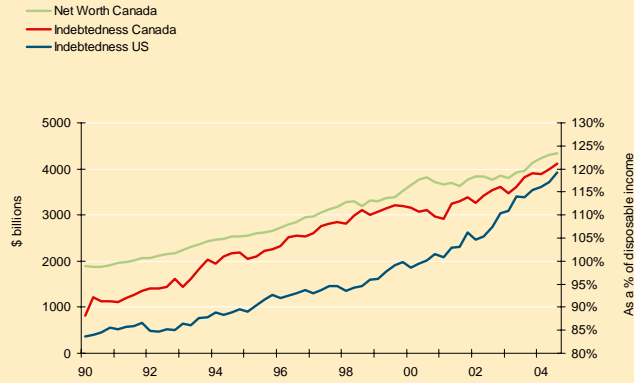


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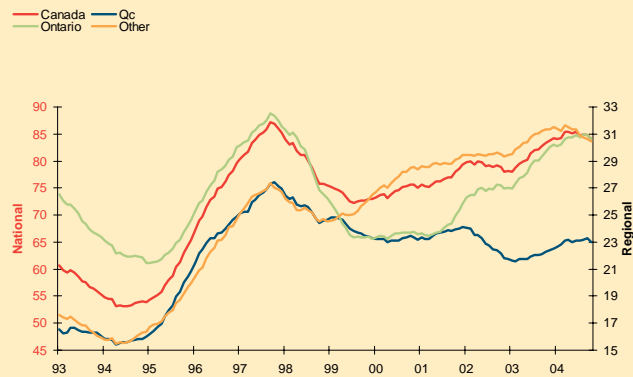
Indebtedness Ratios and Household Net Worth



Source: Statistics Canada, Federal Reserve Board

Personal Bankruptcies (000)

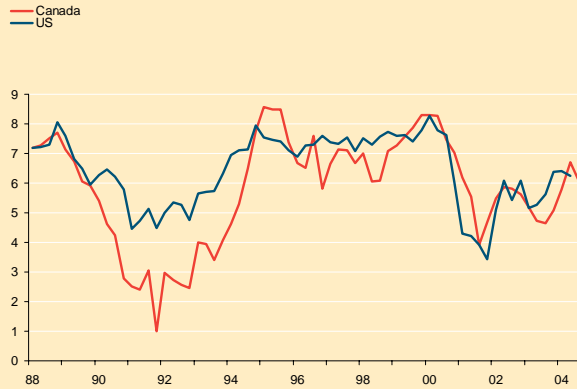
(Rolling 12 months)



Source: Statistics Canada

Profit Margin (%) Manufacturing Sector

(Excluding petroleum products)



Source: Statistics Canada, US Census Bureau

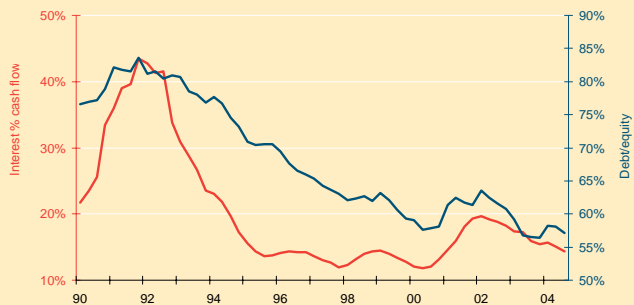
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Financial Strength, Non-Financial Sector

Debt Servicing
Leverage



Source: Statistics Canada

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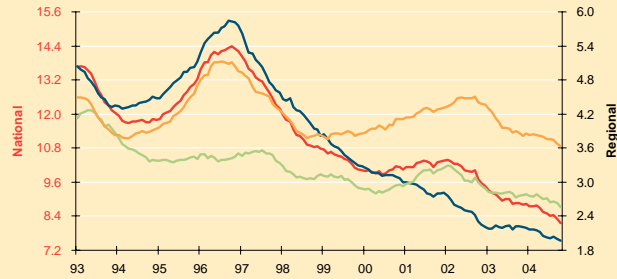
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Commercial Bankruptcies (000)

(Rolling 12 months)

— Canada — Qc
— Ontario — Other

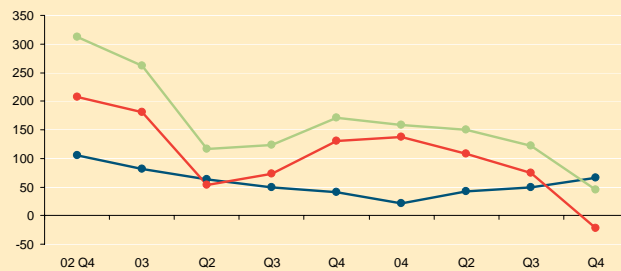


Source: Statistics Canada

Impaired Loan Formation, \$ millions

(Rolling 4 quarters)

— P&C
— Other sectors
— Total



Results of the Current Strategy

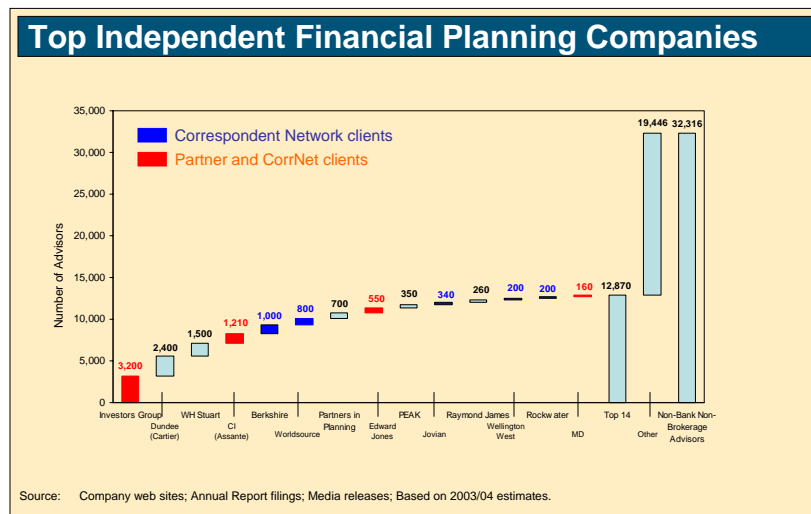
Revenue growth



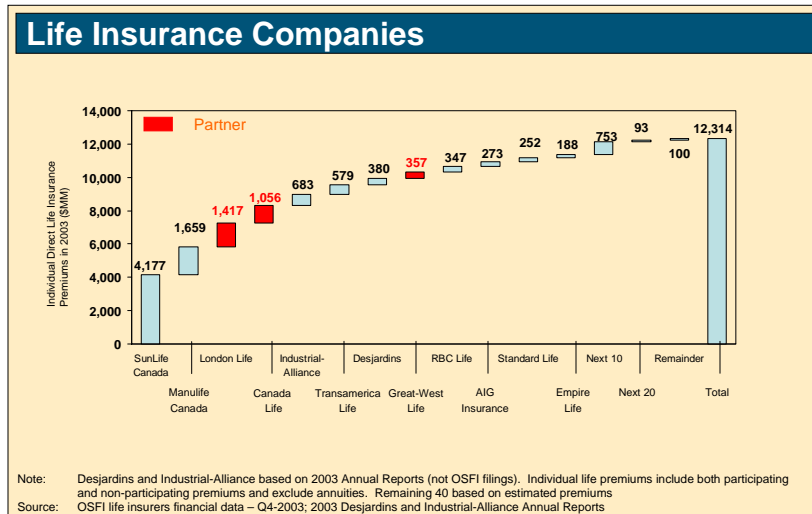
	2003		2004	
	NBC	Big 5	NBC	Big 5
P&C ¹	5.3%	2.9%	4.2%	4.5%
Wealth Management ¹	7.9%	-3.3%	12.9%	6.1%
Financial Markets	12.3%	-2.4%	6.0%	1.2%
Total	6.4%	0.9%	5.7%	3.8%

(1) Excluding Scotia

P&C: 1- Partnerships



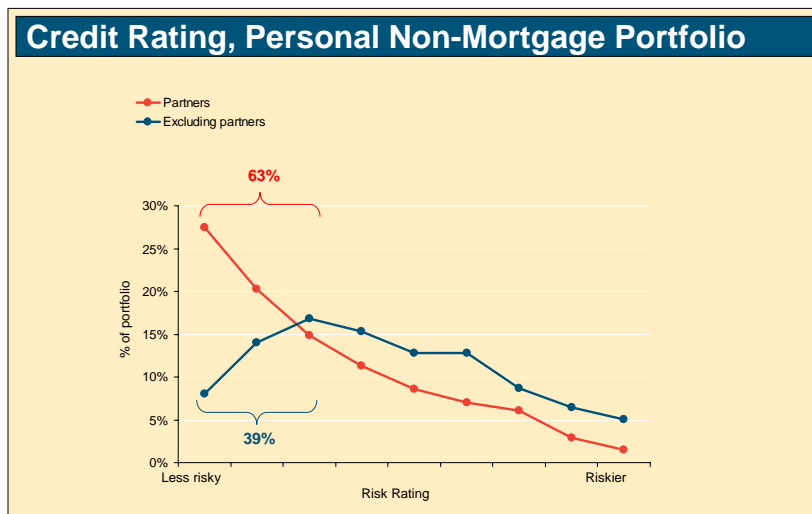
P&C: 1- Partnerships



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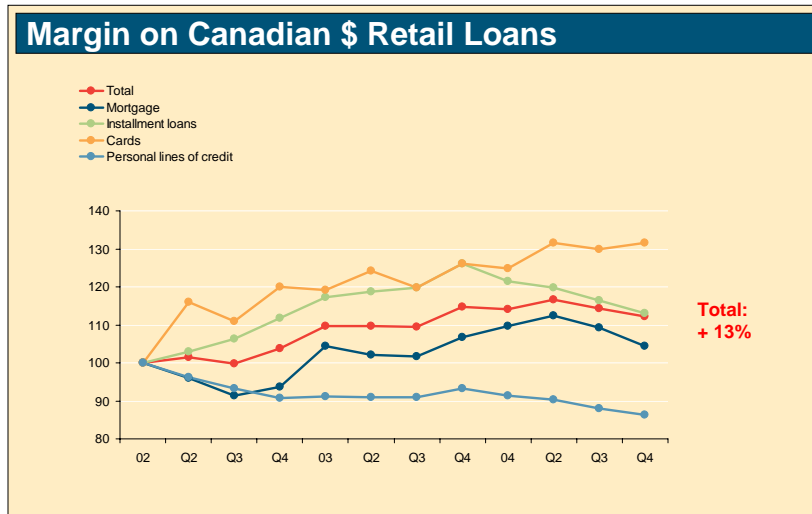
P&C: 1- Partnerships



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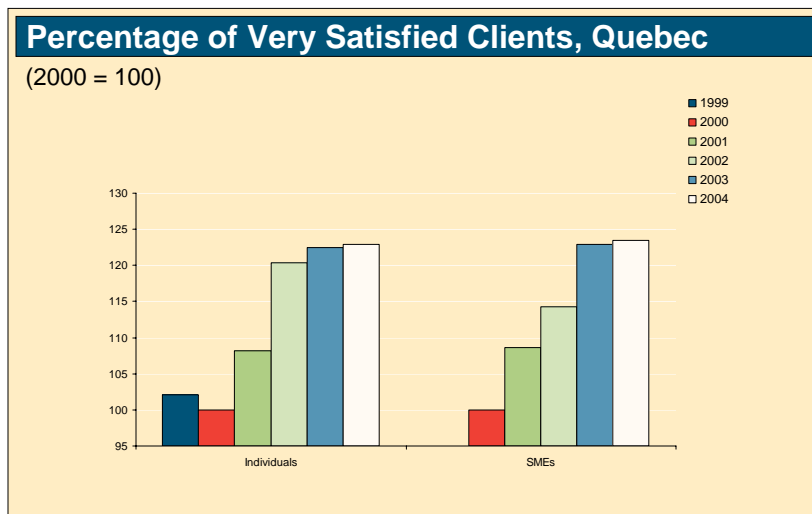
P&C: 2- Product Profitability



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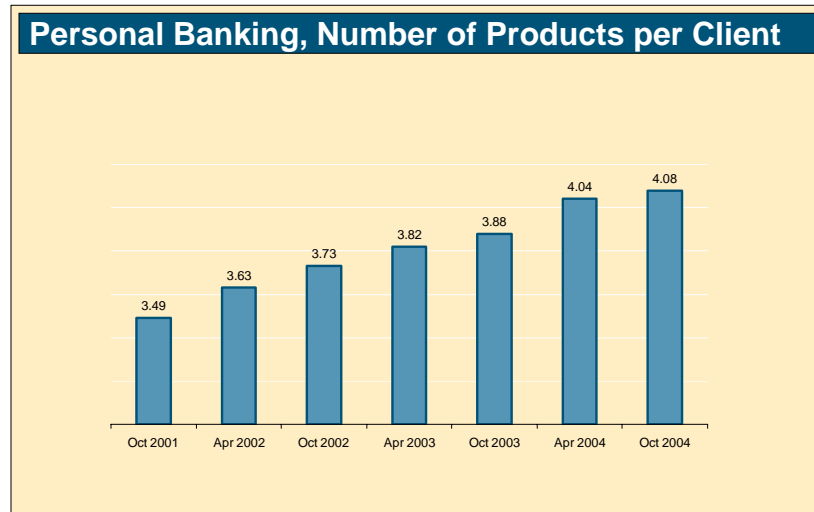
P&C: 3- Client Satisfaction



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P&C: 3- Client Satisfaction



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P&C: 4- Product Innovation

Introduction of Several Products

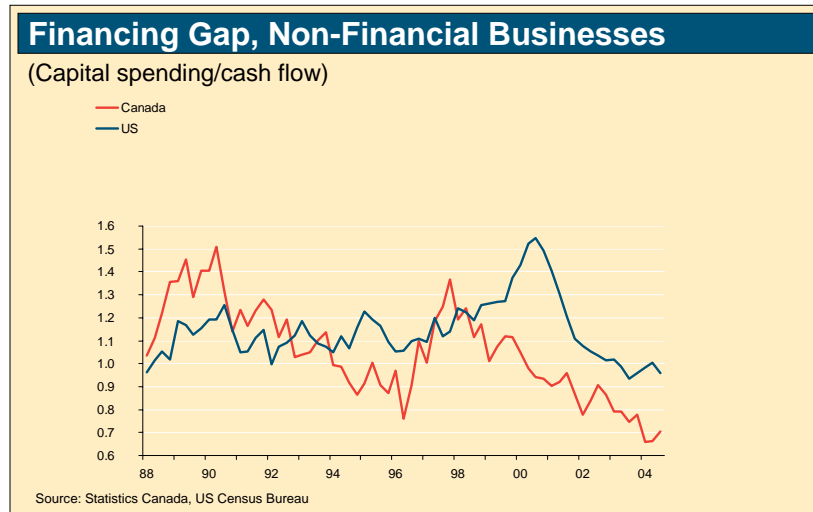


- Car insurance:
 - 70,000 policies, \$60 million per year in premiums
 - 7th largest direct insurance seller in Quebec
- Line of credit with mortgage guarantee:
 - \$1.2 billion representing 37% of all line-of-credit business
- All-In-One BankingTM:
 - \$865 million authorized, \$500 million disbursed
- Structured deposit products:
 - \$1.5 billion representing 9% of personal term deposits

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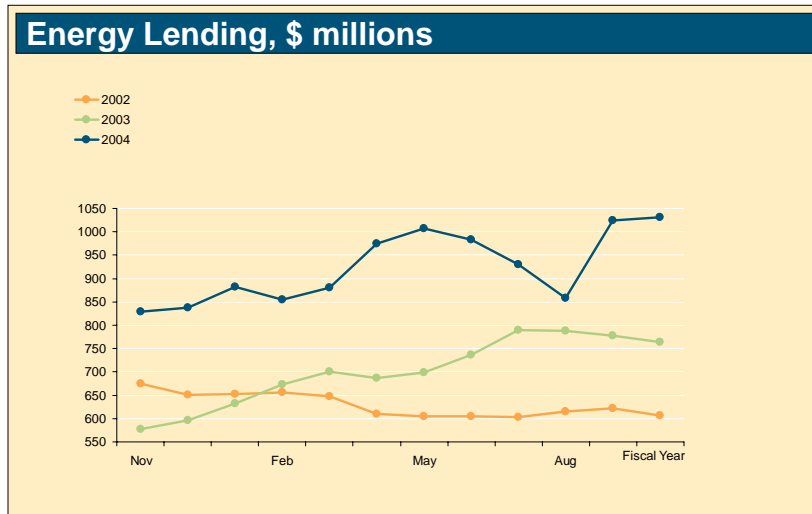


Enhance Profitability



- Continue to improve portfolio quality while being cautious in fast-growing, low-margin sectors
- Eliminate value destroyer accounts through pricing and credit limits
- Increase non-credit revenue by selling complementary products
- Reduce costs by improving operational processes
- Continue to exploit key niches such as energy lending

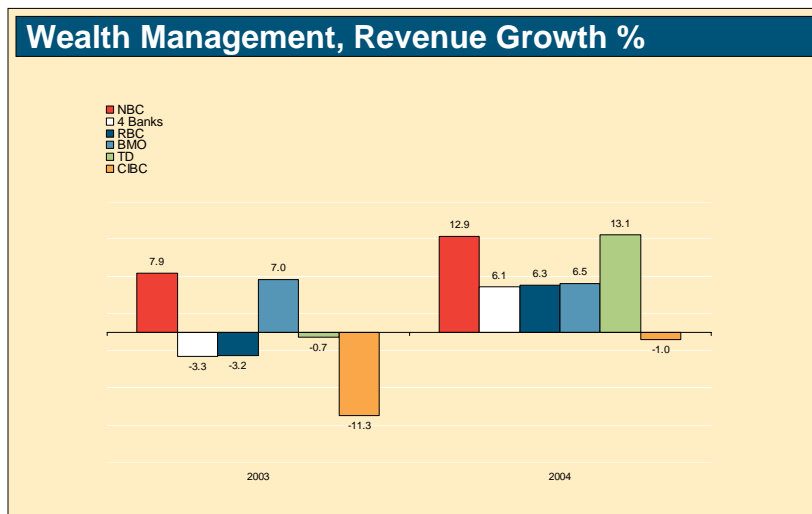
P&C: 5- Commercial Sector



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Wealth Management



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Wealth Management

Wealth Management

\$ millions



	AUM/AUA	Growth	Revenue	Growth	NIBIT	Growth
Total (1)	\$166,046	16.5%	\$743	12.9%	\$167	26.5%
Brokerage	49.5%	16.0%	67.1%	11.9%	35.1%	26.5%
Mutual Funds	5.8%	5.0%	15.2%	7.6%	33.2%	22.6%
Natcan (fund management)	15.5%	14.0%	7.5%	55.6%	13.4%	32.6%
Other	29.2%	19.7%	10.2%	5.6%	18.3%	21.8%

(1) Net

Wealth Management

Improved Branch-Level Sales Force to Support Growth



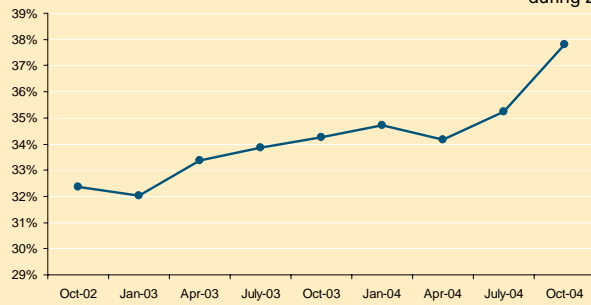
- Financial planners at branch level increase from 150 to 290
- Remuneration increasingly tied to net sales
- Increase wealthy client assignment from 44% to 60%, resulting in a 96% retention rate among this group
- Average number of bank products rose from 5.6 to 6.4

Wealth Management

Share of Wallet, Wealthy Clientele, Quebec

(Rolling 4 quarters average)

Net sales of National Bank Mutual Funds reach 14% AUM during 2004



Source: IPSOS-Reid

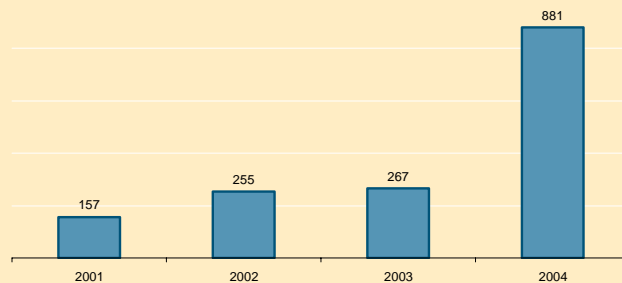
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Wealth Management

Net Sales - Private Wealth Management, \$ millions

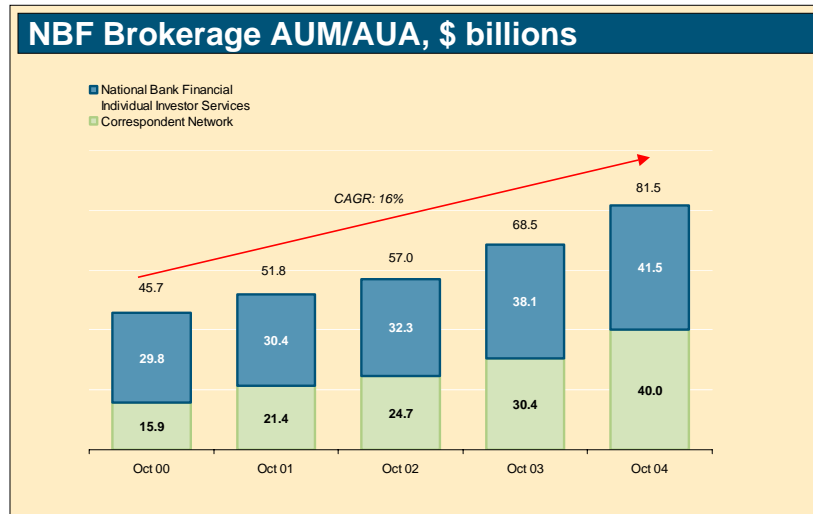


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Wealth Management

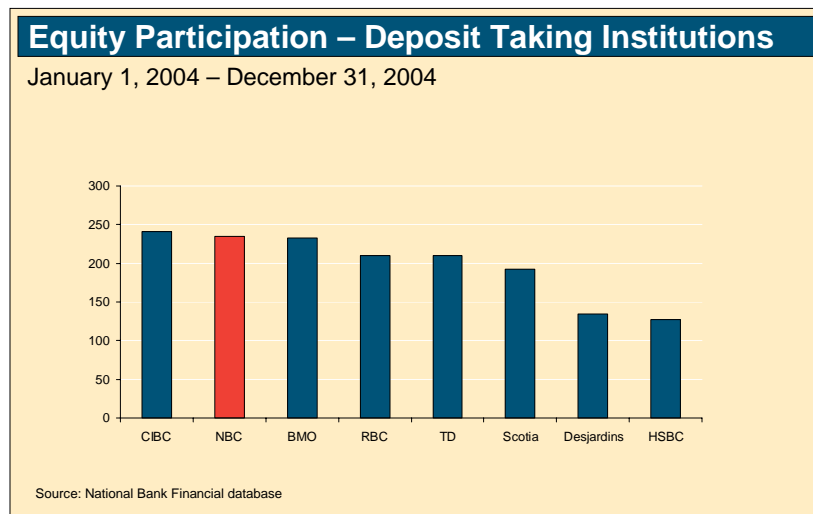


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Wealth Management



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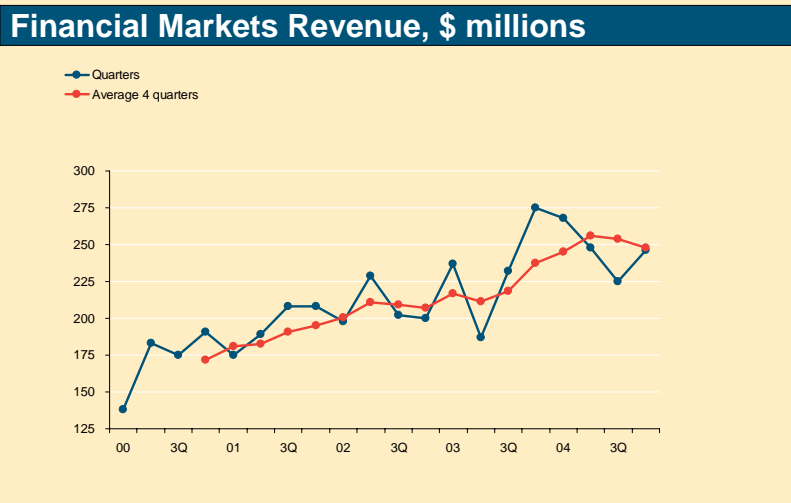
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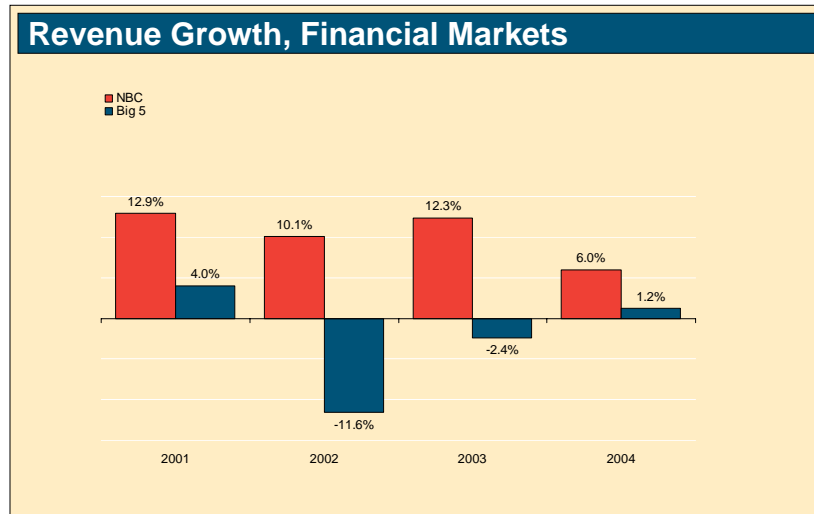
Strengthen Brokerage Operations



- Increase AUM/AUA
- Boost efficiency
- Recruit new clients
- Introduce structured products
- Invest in new technology to reduce transaction costs
- Increase fee-based portion of portfolio
- Instill greater pricing discipline



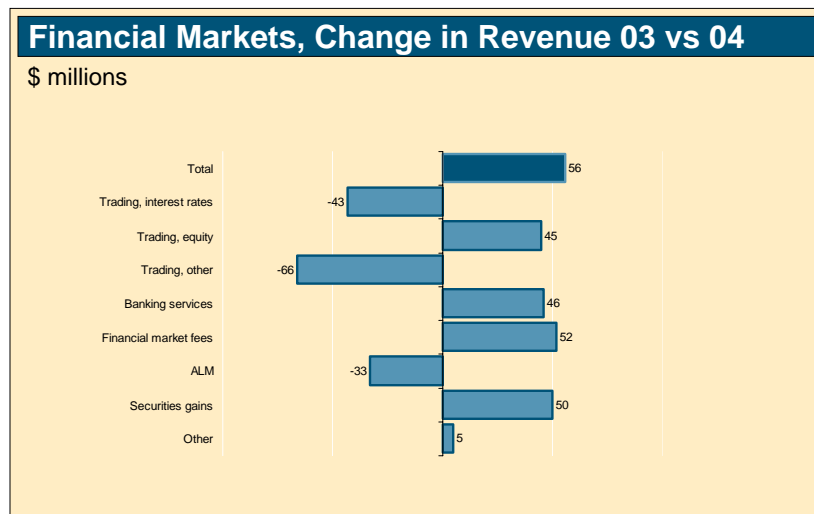
Financial Markets



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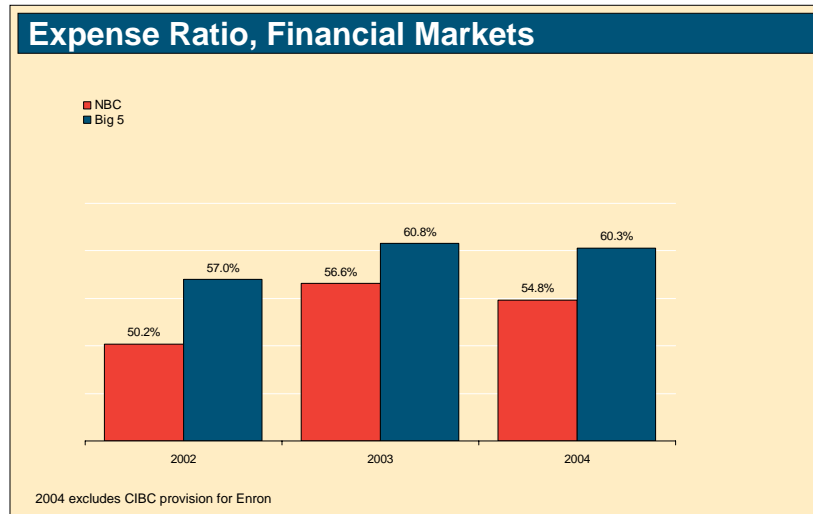
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Financial Markets



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Financial Markets

Key Strengths of Financial Markets Sector



- Well balanced
- In growth mode
- Strong distribution power through retail/wholesale synergies
- Attained goal of making NBF a top-tier investment dealer in Canadian market

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Leveraging on Current Success



- Business development strategy has delivered excellent results in the past few years
- Continue to build on our momentum and avoid distraction
- Execute with discipline and proactively examine new strategic initiatives to sustain growth and create value for shareholders

Q&A



Réal Raymond, President and CEO
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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.