

Analyst and Investor Presentation

Q4 and Fiscal 2005 Results Conference Call



December 8, 2005
www.nbc.ca/investorrelations

opportunities

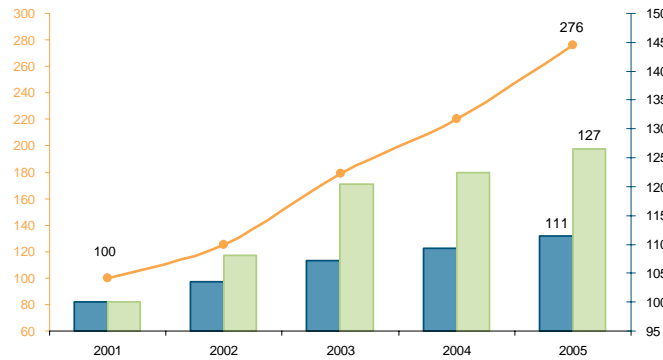


Performance For All Our Stakeholders



(October 2001 = 100)

■ Employee Satisfaction (right scale)
■ Customer Satisfaction (right scale)
—●— Total Shareholder Return (left scale)



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2005: A success on all fronts



- Financial results achieved while maintaining a balanced performance for all stakeholders: clients, employees and shareholders
- Great progress has been made on achieving short and long term financial and operating goals
 - Strong and growing financial results
 - Capacity to execute with rigor, discipline and consistence a strategy articulated around key competencies and competitive advantages
- All sectors contributors to our success, each posting net income increases year over year
 - Progress in chosen markets by commercializing right products while paying attention to client satisfaction
 - Growth relies on balance between different niches
- Our growth demonstrates that strategy is well matched with long term economic indicators and demographic evolution
- Our positive risk profile reflects our commitment to not mortgage our future for short term gains resulting from riskier activities

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Financial Objectives Met or surpassed all targets



	Objectives	Q4 05	YTD
Growth in earnings per share	5% to 10%	10%	21%
Return on common shareholders' equity	16% to 18%	19%	21%
Tier 1 capital ratio	Equal or greater than 8.5%	9.6%	9.6%
Dividend payout ratio ¹	35% to 45%	35%	35%

(1) Trailing 4 quarters

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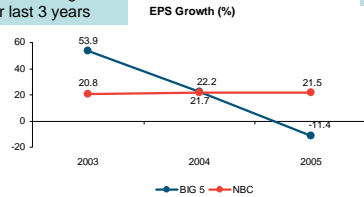


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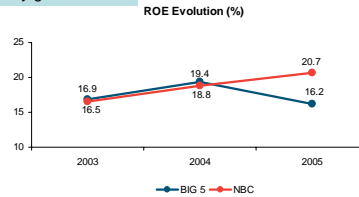
Strong Track Record on Key Financial Indicators



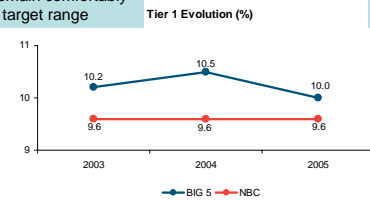
+20% EPS growth for last 3 years



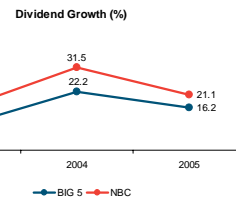
Steady growth trend



Remain comfortably in target range



NBC clearly outpaces peers

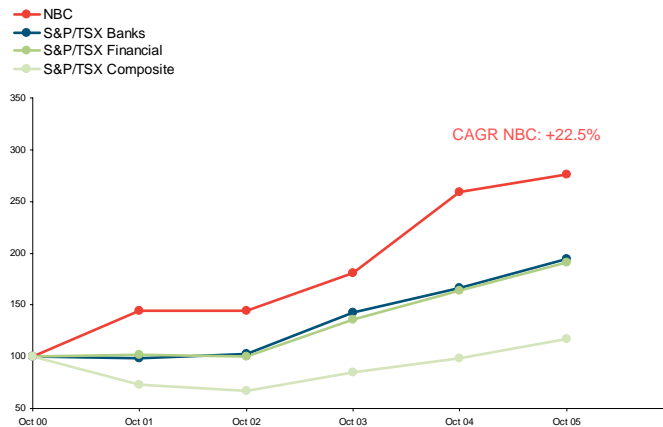


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Total Shareholder Return

(October 2000 = 100)



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2005 Record Performance



(TEB)

In millions of dollars

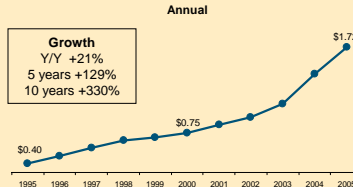
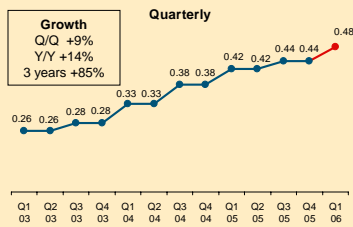
Q4 04	Q4 05	Change		12M 04	12M 05	Change
\$931	\$966	3.7%	Total revenues	\$3,653	\$3,853	5.5%
\$623	\$646	3.7%	Operating expenses	\$2,388	\$2,499	4.6%
\$308	\$320	3.8%	Contribution	\$1,265	\$1,354	7.0%
-\$8	\$0	-100.0%	Provision for credit losses	\$86	\$33	-61.6%
\$316	\$320	1.1%	Operating income	\$1,179	\$1,321	12.1%
\$192	\$207	7.8%	Net income	\$725	\$855	17.9%
\$1.11	\$1.22	9.9%	EPS	\$4.10	\$4.98	21.5%
19.7%	19.4%		ROE	18.7%	20.7%	
9.6%	9.6%		Tier 1 ratio	9.6%	9.6%	
67.1%	67.0%		Efficiency ratio	65.4%	64.9%	

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Dividend per Share



Dividend increase:

Dividend increase of 4 cents per share or 9% for Q1 06

Share repurchase programs:

	Nb	M\$
2005	4.2M	\$224M
2004	8.7M	\$382M
2003	9.1M	\$298M

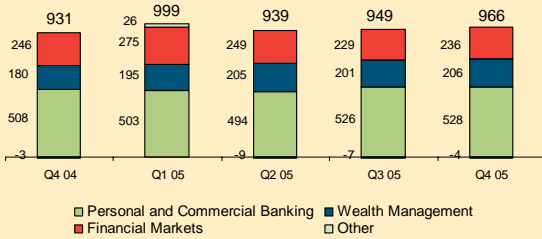
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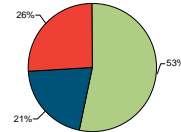
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Revenues – Business Line Mix

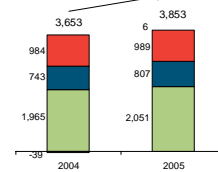
In millions of dollars
(TEB)



Revenue Diversification 2005



Y/Y +5.5%



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Personal and Commercial Highlights



- Revenue growth achieved through successful execution of strategy based on:
 - Client satisfaction
 - Employee motivation, development of their expertise
 - High quality products that answer our clients needs
 - Maintaining high quality credit risk
- Partnerships delivered expected growth
- Commercial banking profitability remains top priority versus market share gains:
 - Leverage dominant Quebec position, continued focus on knowledgeable advice and relationship-based service
 - Oil and Gas and Agricultural sectors remain important contributors

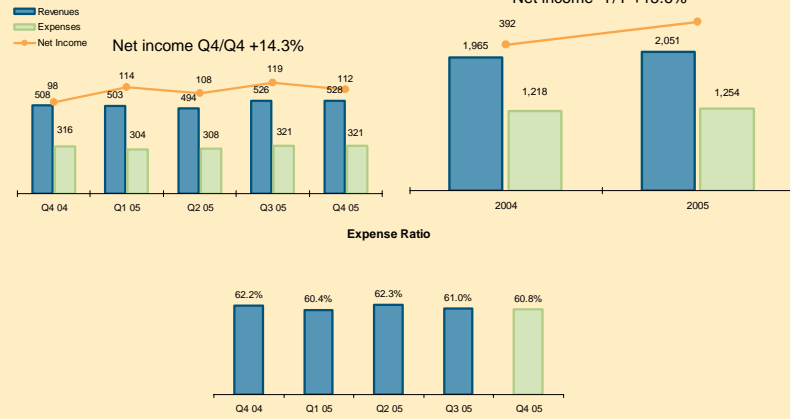
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Personal and Commercial Banking

In millions of dollars



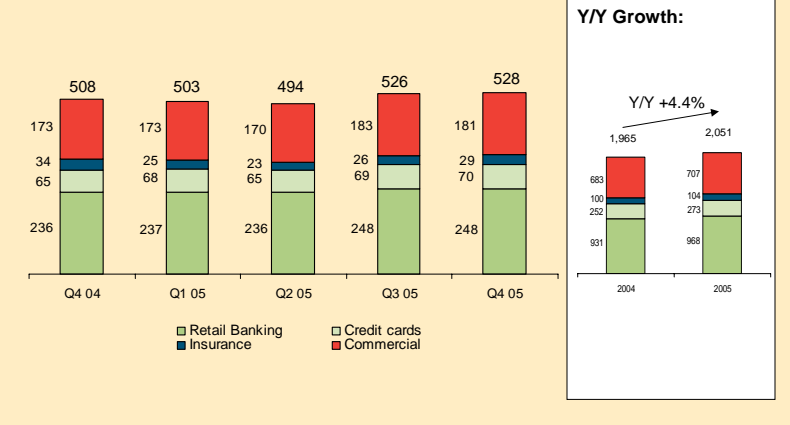
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P&C Revenue Composition

In millions of dollars



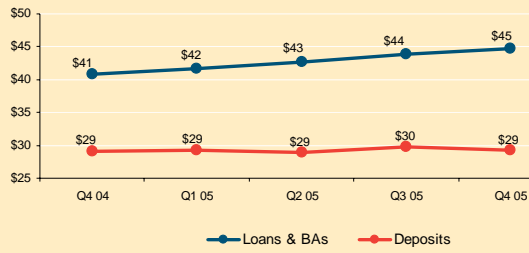
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P&C Volume Evolution

In billions of dollars
Quarterly average volumes



Continued growth:

5th consecutive quarter of \$1B Loans and BAs growth

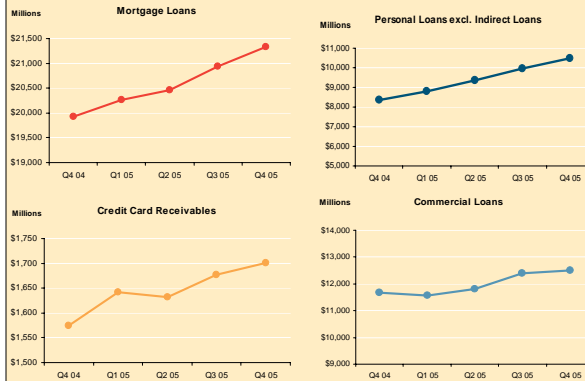
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P&C Loan Evolution

Quarterly average volumes



Loan growth :

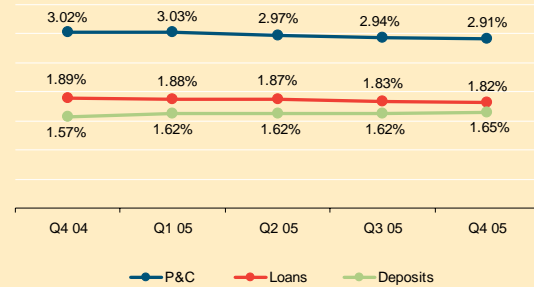
Mortgage 7%
Personal 25%
Credit cards 8%
Commercial 7%

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P&C Margin Evolution



Evolution :

Decrease in loan margin result of mix of business and HELOC volume increase (Lower margin but with lower loan losses)

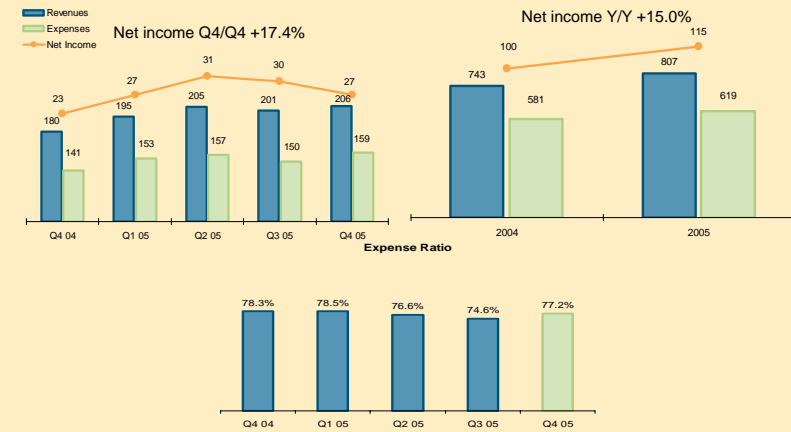
Wealth Management Highlights



- The aging of the population and the increase in personal wealth continues to favor our Wealth Management strategy which anchors around our retail banking presence, our specialized distribution channels and the team of experts at NBF Retail Brokerage
- Steady progression of AUM/AUA levels throughout year
- Continued focus on :
 - Increasing our portion of clients' share of wallet
 - Increasing number of clients

Wealth Management

In millions of dollars



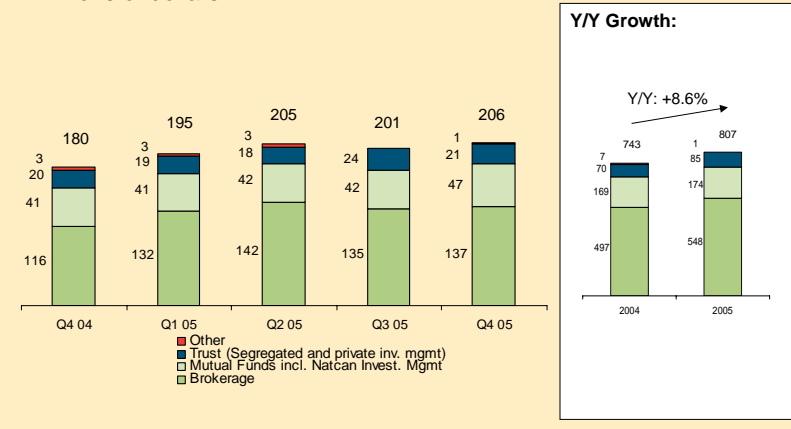
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Wealth Management Revenue Composition

In millions of dollars



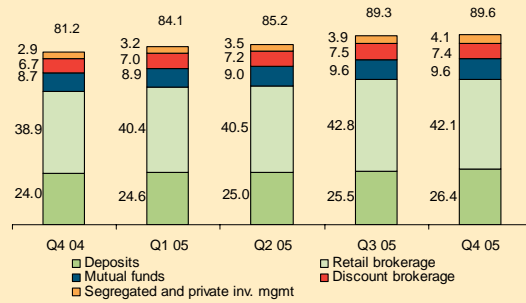
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Retail Assets Under Management Composition

In billions of dollars



Highlights:

Y/Y total asset increase:
10%

Contributor increases Q4
05 vs Q4 04:

Deposits 10%
Retail brokerage 8%
Mutual funds 10%
Discount brokerage 10%
Segregated and private
invest. mgmt 41%

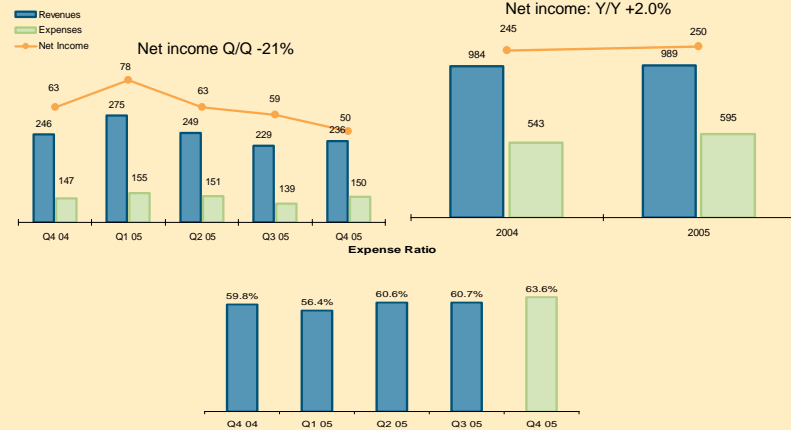
Financial Markets Highlights



- Diversification of activities answers two objectives:
 - Maintain expertise in different markets and products
 - Optimize capital usage
- Geographic diversification of activities well aligned with growth areas of Canadian economy
- Our unique positioning helps in attracting high qualified resources
- The extent of our distribution channels add considerable value to our service offer

Financial Markets

In millions of dollars



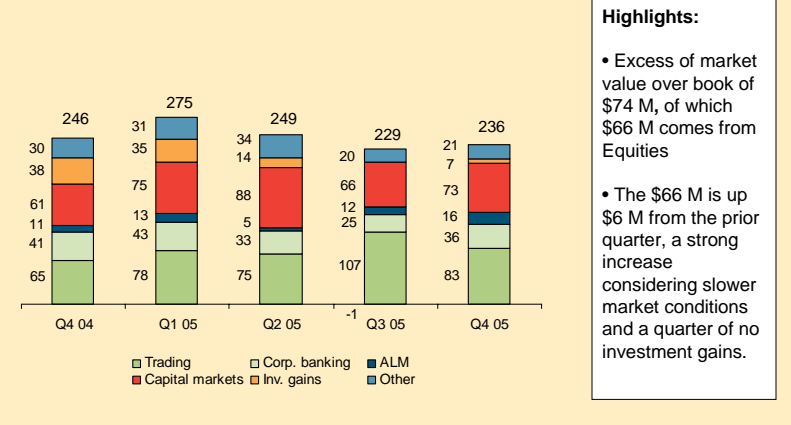
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Financial Markets Revenue Composition

In millions of dollars



Highlights:

- Excess of market value over book of \$74 M, of which \$66 M comes from Equities
- The \$66 M is up \$6 M from the prior quarter, a strong increase considering slower market conditions and a quarter of no investment gains.

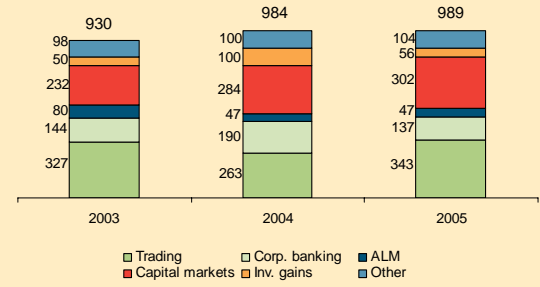
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Financial Markets Revenue Composition

In millions of dollars

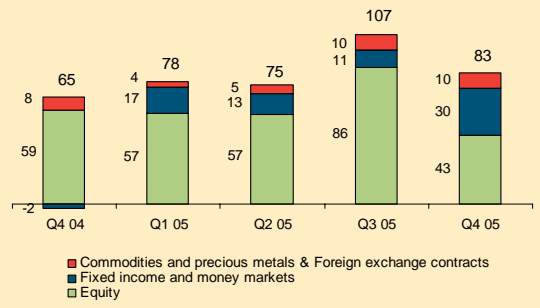


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Trading Revenue Breakdown

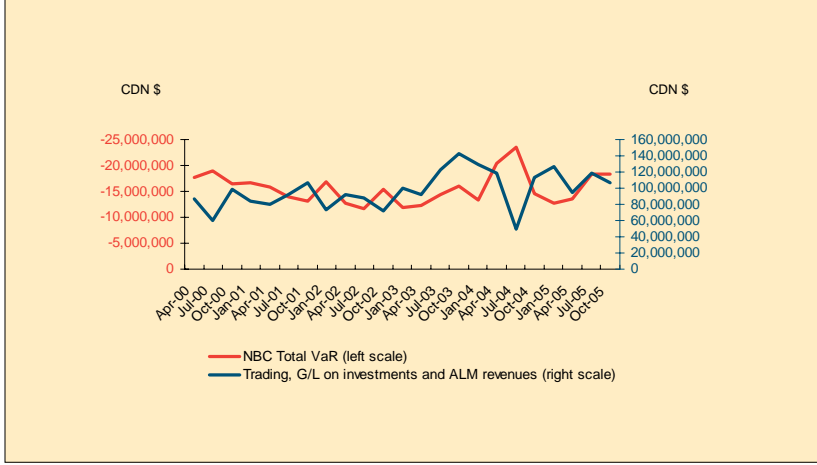
In millions of dollars



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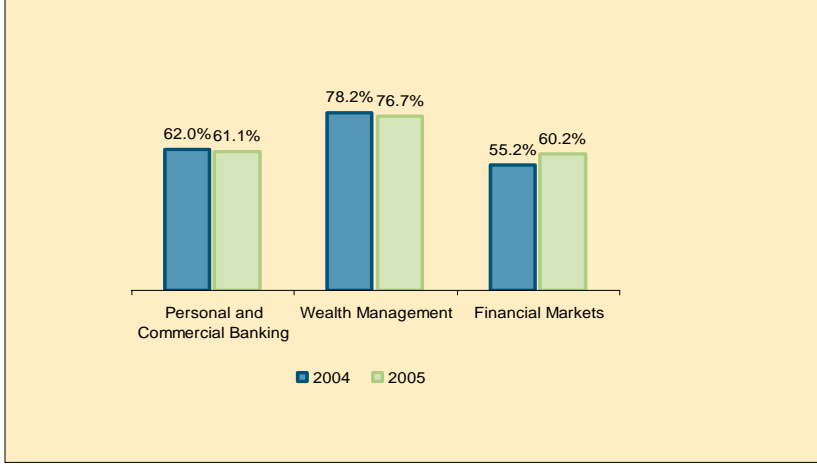
Trading/Securities Gains/ALM Revenues



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Business Line Expense Ratio

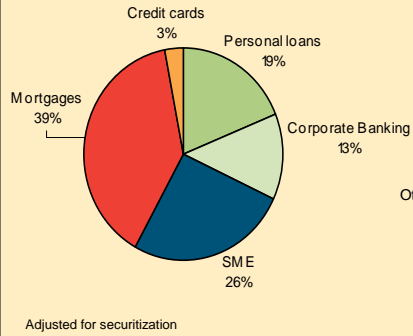


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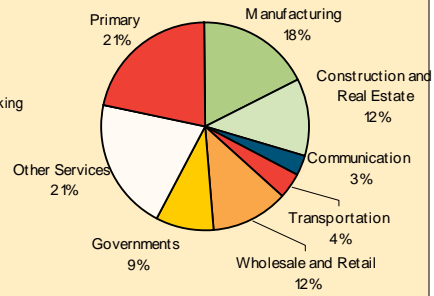


Risk Management

Global Portfolio Composition
As at October 31, 2005
Outstanding



Industry Exposure
As at September 30, 2005



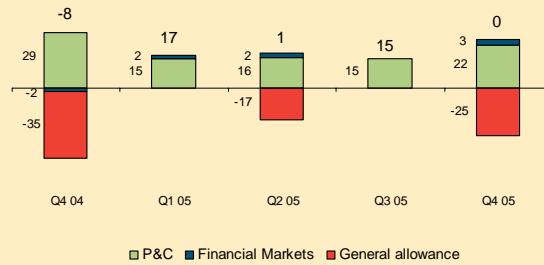
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Risk Provisioning

In millions of dollars



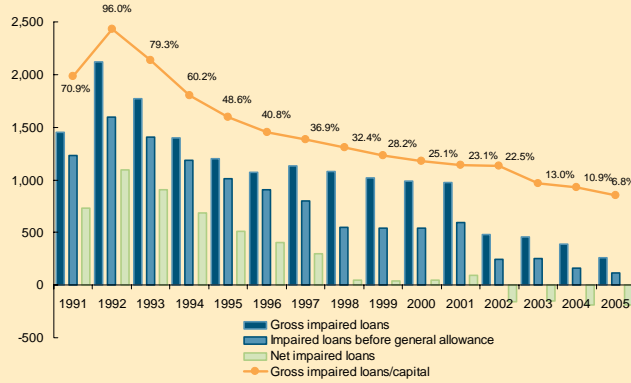
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Impaired Loans

In millions of dollars



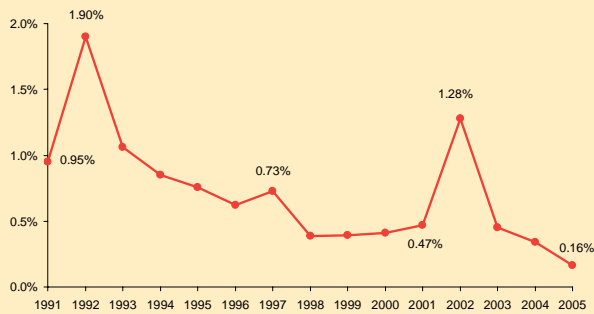
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Specific Loss Ratio

As a % of loans and BAs



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Impaired Loan Formation



In millions of dollars

	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	2005
Personal & Commercial *	7	2	4	7	33	46
Corporate	(20)	(14)	(3)	(4)	2	(19)
Total	(13)	(12)	1	3	35	27

Formations include new accounts, disbursements, principal repayments and exchange rate fluctuation

* Includes Real Estate

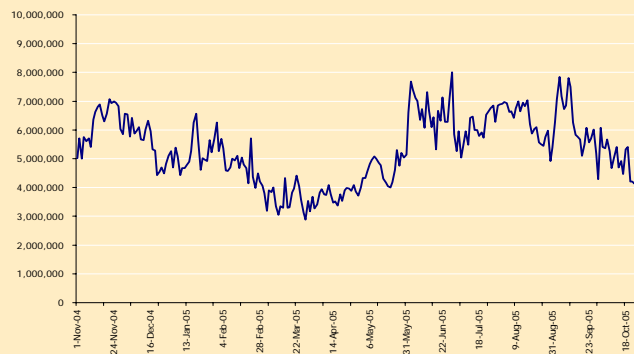
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VaR – Global Trading

In CDN dollars



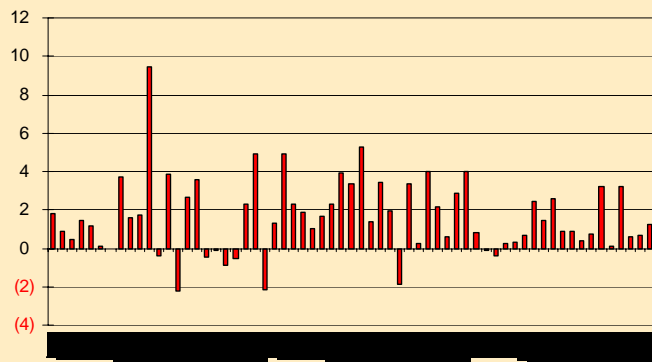
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Daily Trading P/L – Q4 05

In millions of Cdn dollars
(Excludes underwriting)



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Wrap up of 2005 and What's ahead in 2006?



Wrap up of 2005

- Asserted our place as Quebec's leading Bank
- Growth spread evenly among segments and above the industry average
- Leading industry Total Shareholder Return for 5th consecutive year

What's ahead in 2006?

- Stay focused
- Keep up the momentum by leveraging all assets and opportunities not fully exploited
- Remain disciplined in executing our strategy
- Emphasize revenue growth and higher efficiency
 - Financial objectives maintained
- Maintain a stable risk profile

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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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.