

ADDRESS BY

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PRESIDENT AND CHIEF EXECUTIVE OFFICER



Themes

1. Creating wealth
2. Our role in society
3. Strategic positioning



2014 ANNUAL MEETING

Financial Results

2010 was an exceptional year

- ▶ Record profits and revenues
- ▶ Record share price
- ▶ First major Canadian bank to increase its dividend
- ▶ Adjusted return on equity of 17.7%, above competitors
- ▶ Superior quality credit portfolio
- ▶ Tier 1 capital ratio of 14.0%

2011 ANNUAL MEETING



Creating Measurable Wealth

SHAREHOLDERS

Our excellent results in 2010 helped the Bank stand out again.

- ▶ Growth in market capitalization of \$1.8 billion, to reach \$10.9 billion
 - Another billion since October 31
- ▶ Dividends:

▪ Common shares: \$402 million	}	\$465 million
▪ Preferred shares: \$63 million		

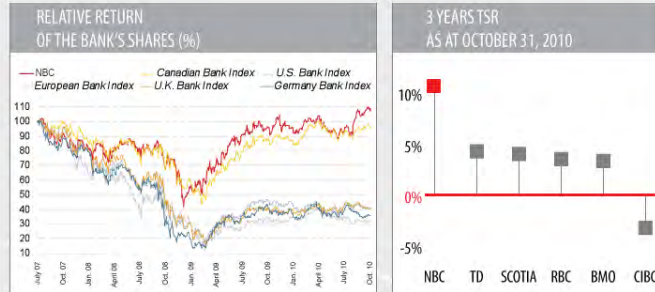
Benefits millions of Quebecers and Canadians,
who own shares directly or through mutual funds and pension funds.

2011 ANNUAL MEETING



Creating Measurable Wealth SHAREHOLDERS

The Bank's total shareholder return compares very favourably to that of the major indexes and other large Canadian banks.

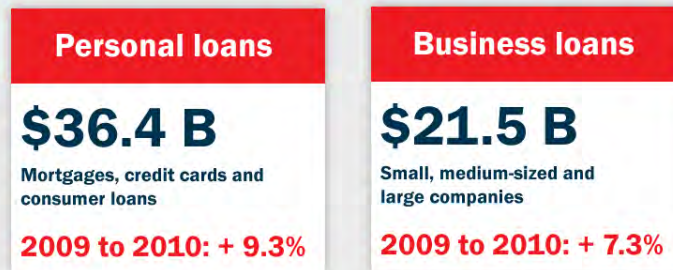


2011 ANNUAL MEETING



Creating Measurable Wealth CLIENTS

The Bank continued to actively support its clients with their development projects.



2011 ANNUAL MEETING



Creating Measurable Wealth

CLIENTS

Our business clients used these funds to:

- ▶ Create tens of thousands of companies over the past years
- ▶ Grow companies that create jobs and generate benefits
- ▶ Improve productivity, which is especially important when the Canadian dollar is strong

We are proud of the Banks' role in the creation, over the past 30 years, of what we know today as Quebec inc.

2011 ANNUAL MEETING



Creating Measurable Wealth

CLIENTS

Every year, we support individuals and families by:

- ▶ Helping them achieve their life goals
- ▶ Offering quality advice to 2.3 million retail clients
- ▶ Giving them the tools to make sound financial decisions

2011 ANNUAL MEETING



Creating Measurable Wealth

CLIENTS

In September 2010, we launched Clearfacts.ca, one of the largest financial literacy initiatives.

- ▶ Interactive and impartial website
- ▶ Teach consumers the basics of personal finances
- ▶ More than 700 articles, tools, videos and blogs
- ▶ More than 135,000 unique visitors to date



Creating Measurable Wealth

EMPLOYEES

As one of the largest employers in Quebec and Canada, we:

- ▶ Offer quality jobs to more than 18,000 people
- ▶ Pay more than \$1.6 billion in salaries and benefits
- ▶ Invest heavily in training and talent development

In 2010, National Bank was named to several top employer lists.



Creating Measurable Wealth EMPLOYEES

2011 ANNUAL MEETING

NATIONAL BANK OF CANADA

Creating Measurable Wealth COMMUNITY

Through our philanthropic activities:

- ▶ We donated \$8.2 million to hundreds of Canadian organizations, of which:
 - \$2.8 million for United Way
 - \$1.3 million for victims of the earthquake in Haiti
 - More than \$2 million since 2005 for the Breakfast Clubs of Canada and Clubs des petits déjeuners du Québec

2011 ANNUAL MEETING

NATIONAL BANK OF CANADA

Creating Measurable Wealth COMMUNITY

Through our energy efficiency program in the branch network, we have reduced our total energy consumption per m² by 20% since 2007.

Consumption per branch



*Association québécoise pour la maîtrise de l'énergie (AQNE)

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NATIONAL BANK
OF CANADA

Active in society where we can make a difference

We continue to play a key role in sectors that are natural extensions of our role as bankers.

- ▶ 75 business transfers last year
 - Our ability to successfully manage this shift will have a direct impact on the ownership culture that we have spent so much time building and want to preserve
- ▶ École d'entrepreneurship de Beauce
 - Maintaining our ownership culture also depends on our ability to train and coach up and coming entrepreneurs

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NATIONAL BANK
OF CANADA

Promoting entrepreneurship

Finance Montréal, Quebec's financial cluster

- ▶ We have to encourage financial entrepreneurship and development
 - The TSX Financials Index consists of 27 institutions that have existed an average of 97 years
 - Importance of having several solid small institutions vs. a few with systemic importance
 - Source of innovation and improvement for the industry
- ▶ Montreal should consolidate its role as a financial hub

We will put a lot of energy and effort into this strategy in the coming months and years.



Clear strategic positioning

Our strategic priorities

- ▶ Dominate our target market segments in Quebec and Canada
 - We will do it while ensuring National Bank's sustainability through our investments and our One client, one bank transformation program
- ▶ Deploy excess capital to our shareholders' advantage while keeping abreast of growth opportunities



Among the most financially solid

- ▶ Grow organically or through acquisitions
- ▶ Optimize the capital structure with preferred share buybacks
- ▶ Common share buyback program
- ▶ Dividend increases

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 NATIONAL BANK
OF CANADA

One client, one bank

We began transforming our institution in 2008.

- ▶ Realigning our distribution and operating models along client needs
- ▶ Adding over 300 client-facing positions
- ▶ Training several thousand branch employees in order to improve the client experience
- ▶ Replacing all our ABMs
- ▶ Adopting a three-year branch improvement plan

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 NATIONAL BANK
OF CANADA

One client, one bank

We are in Phase II of the transformation. Our objectives are to:

- ▶ Simplify internal processes
- ▶ Implement an advanced sales and service platform
- ▶ Strengthen our culture of cooperation and accountability at all levels
- ▶ Better adapt to changing technology, among other things, which is progressing ever more rapidly

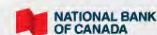
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One client, one bank

- ▶ These measures will enable us to simultaneously improve efficiency, the employee experience and the client experience
- ▶ Our goal is simple: be able to easily and efficiently offer all Bank clients our full range of products and services
- ▶ Our success is measured by the increase in:
 - The number of clients
 - The number of products per client

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Conclusion

I would like to thank:

- ▶ The members of the Office of the President and the Board of Directors
- ▶ All employees for their efforts over the past year
- ▶ The Bank's shareholders, clients and partners who, year after year, contribute to our success

Thanks to all of you, the Bank will continue to generate important benefits in the future. Thank you for your trust!