

Analyst and Investor Presentation Q2 2006 Results Conference Call

Montreal, May 25, 2006

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Second Quarter 2006 - Highlights

- Total revenues ⁽¹⁾ increased by 3% (YoY)
- Net income ⁽¹⁾ stood at \$209M, up 9% (YoY)
- Diluted EPS ⁽¹⁾ reached \$1.23, a 14% increase (YoY)
- ROE at 20%, exceeding financial targets

Good performance in P&C Banking and Wealth Management

Provision for credit losses at \$22M

Gross impaired loan ratio at 6.4%

Dividend increase of 4%, from \$0.48 to \$0.50 per share

(1) Excluding the gain on sale of share ownership management business of National Bank Trust in Q2 2006, reversal of general allowances in 2005 and gain on sale of investments in South America in 2005

2006 Objectives

	2006 Objectives	Q2 06	YTD
Growth in diluted earnings per share ⁽¹⁾	5% to 10%	14%	8%
Return on common shareholders' equity	16% to 18%	20%	20%
Tier 1 capital ratio	Equal or greater than 8.5%	9.1%	9.1%
Dividend payout ratio ⁽²⁾	35% to 45%	37%	37%

(1) 2006 objectives exclude the gain on sale of share ownership management business of National Bank Trust in Q2 2006, reversal of general allowances in 2005 and gain on sale of investments in South America in 2005

(2) Trailing 4 quarters

Second Quarter 2006 - Performance Snapshot

TEB

(millions of a dollars)

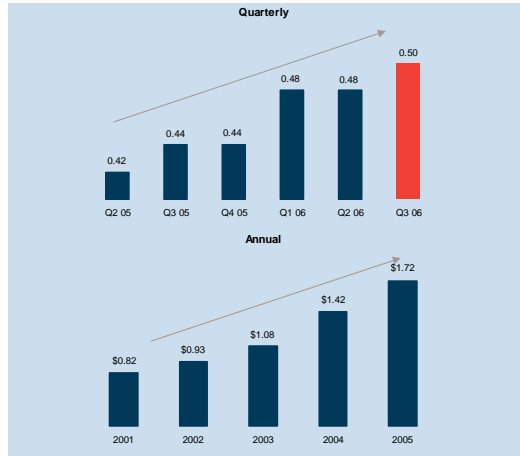
	Q2 06	Q2 05	Change	6M 06	6M 05	Change
Total revenues	\$971	\$939	3%	\$1,971	\$1,901	4%
Operating expenses	\$623	\$624	0%	\$1,267	\$1,237	2%
Contribution	\$348	\$315	10%	\$704	\$664	6%
Provision for credit losses	\$22	\$18	22%	\$39	\$35	10%
Adjusted Net income	\$209	\$191	9%	\$426	\$405	5%
Net income	\$214	\$202	6%	\$431	\$441	-2%
Diluted EPS	\$1.26	\$1.15	10%	\$2.52	\$2.52	0%
Gain on sale of investment					(\$0.15)	
Gain on sale of business	(\$0.03)			(\$0.03)		
Reversal of general allow		(\$0.07)			(\$0.07)	
Adjusted EPS	\$1.23	\$1.08	14%	\$2.49	\$2.30	8%

Q2 2006 (YoY)

- 9% increase in adjusted net income
- Adjusted diluted EPS up 14%
- Stable expenses

Excluding the gain on sale of share ownership management business of National Bank Trust in Q2 2006, reversal of general allowances in 2005 and gain on sale of investments in South America 2005

Dividend Per Share



Growth for shareholders

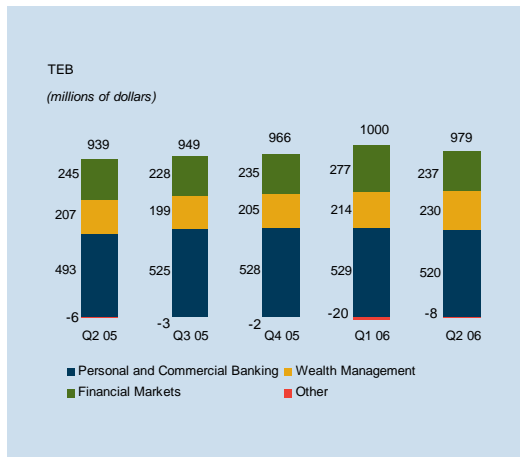
Dividend increase of 4%

- \$0.50 per share in Q3 2006

Share Buy Back Program

- 2.7M shares repurchased in Q2 2006, totaling \$168 M

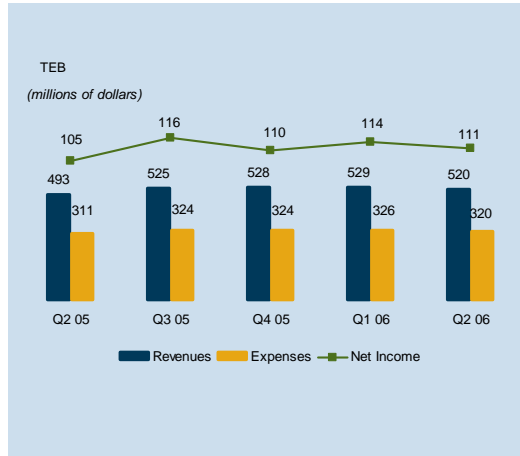
Revenues



Q2 2006 (YoY)

- 3% overall increase excluding gain on sale
- 5% increase in P&C Banking
- Wealth Management up 7%, excluding gain on sale

Personal and Commercial Banking – Quarterly



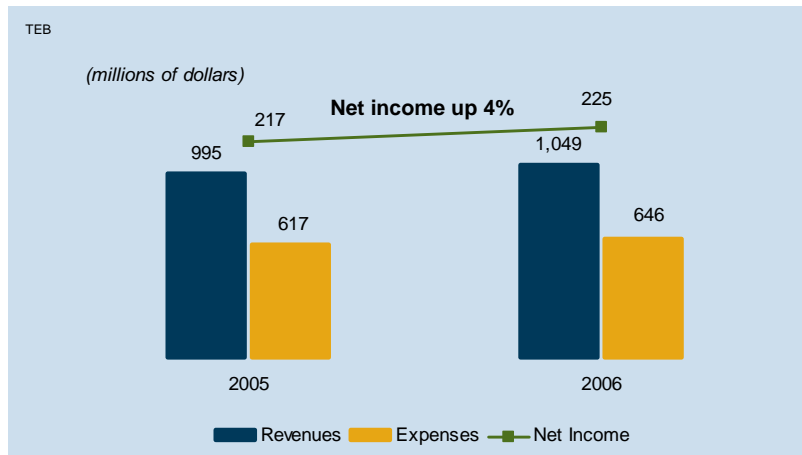
Q2 2006 - YoY:

- Net income up 6%

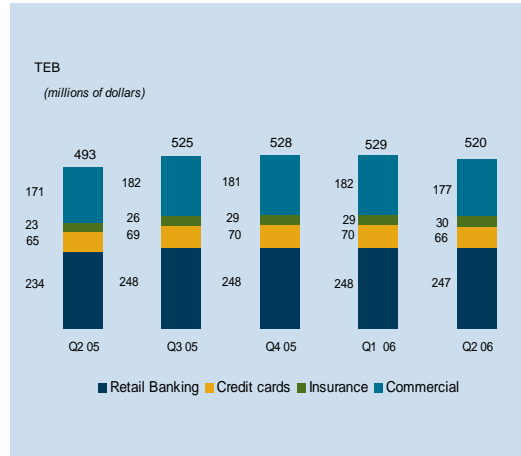
Driven by :

- 5% increase in revenues attributed to higher volume in P&C Banking
- Solid insurance activities
- Stable efficiency ratio of 61.5% in the last 4 quarters

Personal and Commercial Banking – YTD



P&C Revenue Composition

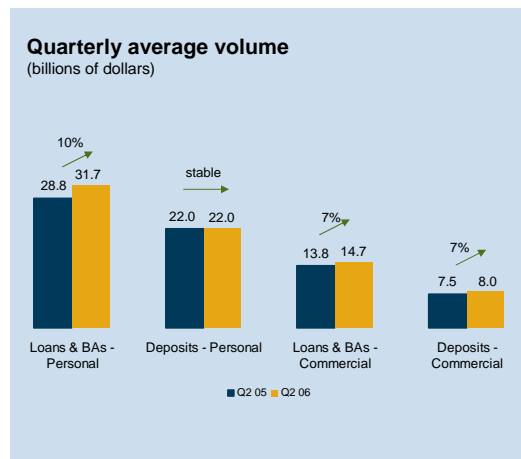


Q2 2006 - YoY:

All sectors contributing to growth:

- Retail banking: 6%
- Commercial banking: 4%
- Insurance: 30%
- Credits cards: 2%

P&C Volume Evolution

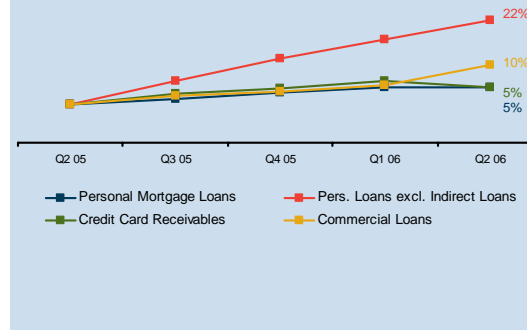


Strong Volume Growth

- 10% increase in Personal loans
- Commercial loans up 7%

P&C Loan Evolution

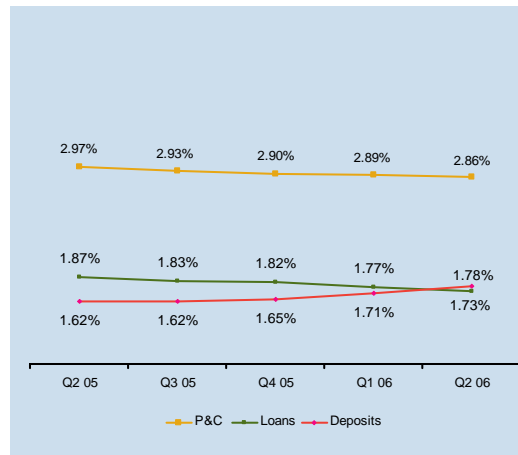
Quarterly average volume growth, Q2 2005 = 100
(millions of dollars)



Highlights - YoY:

- 22% increase in consumers loans
- Mortgage loans kept momentum at 5%
- Commercial loans up 10%

P&C Margin Evolution



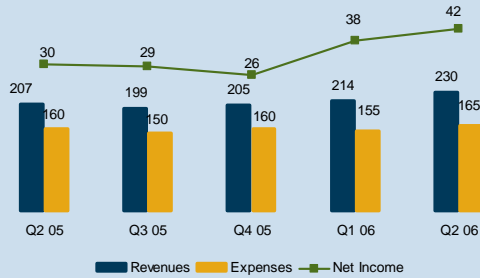
Highlights:

- Higher deposit margin due to the rising interest environment
- NIM Slight improvement in Retail banking from Q1 2006 due to higher deposit margin offset by lower spreads in commercial loans & credit cards

Wealth Management – Quarterly

TEB

(millions of dollars)



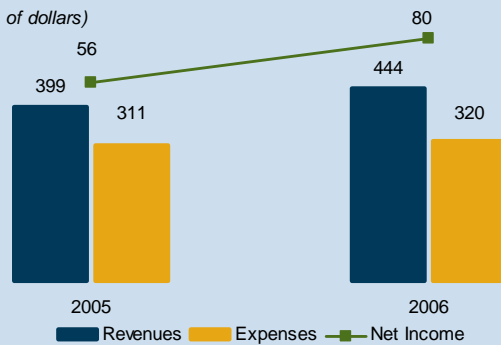
Q2 2006 – YoY:

- Net income up 40%, 23% excluding gain
- 7% revenue growth mainly due to stronger contributions from mutual funds and segregated management
- Improved efficiency ratio in all units
- Lower expense in brokerage operations

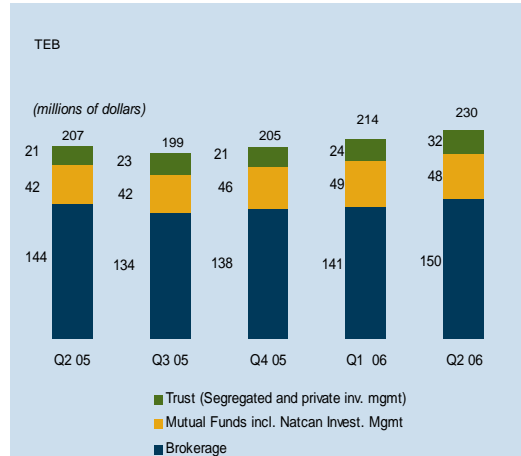
Wealth Management – YTD

TEB

(millions of dollars)



Wealth Management Revenue Composition

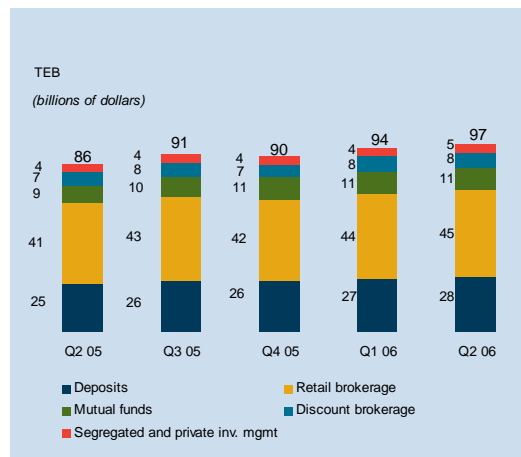


Q2 2006 - YoY:

- Overall, 11% increase
- Growth in all sub-sectors:
 - **Brokerage activity: 4%**
 - **Mutual Funds: 14%**
 - **Segregated and private inv. mgmt: 10% ⁽¹⁾**

(1) Excluding the gain on sale of share ownership management business of National Bank Trust in Q2 2006

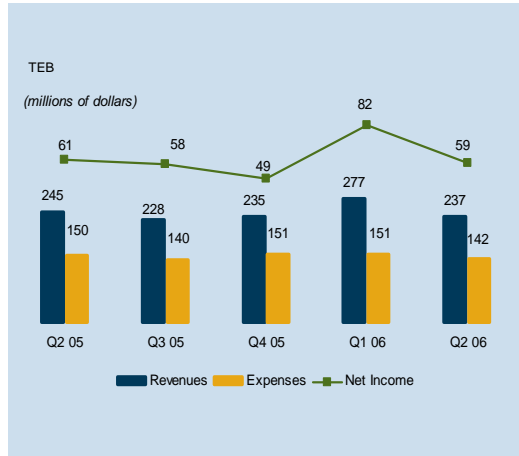
Retail Assets Under Management Composition



Q2 2006 - YoY:

- Double digit growth in all sectors
- Overall, 13% increase
- Growth in all sub-sectors:
 - **Deposit: 12%**
 - **Retail brokerage: 10%**
 - **Mutual funds: 16%**
 - **Discount brokerage: 14%**
 - **Segregated and private inv. Mgmt: 25%**

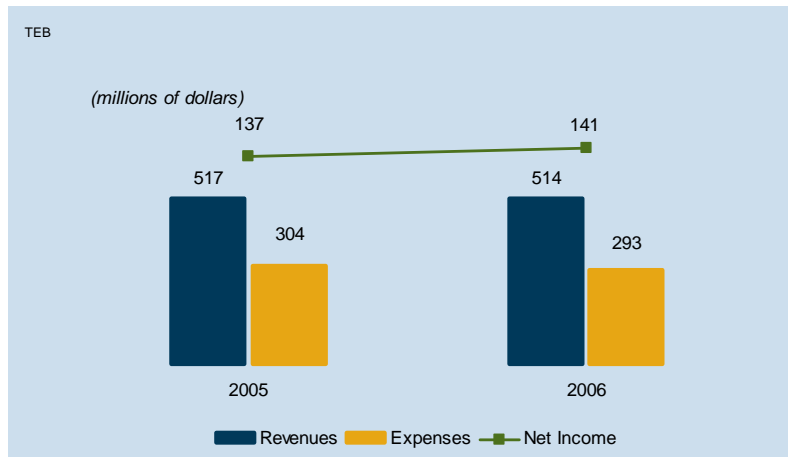
Financial Markets – Quarterly



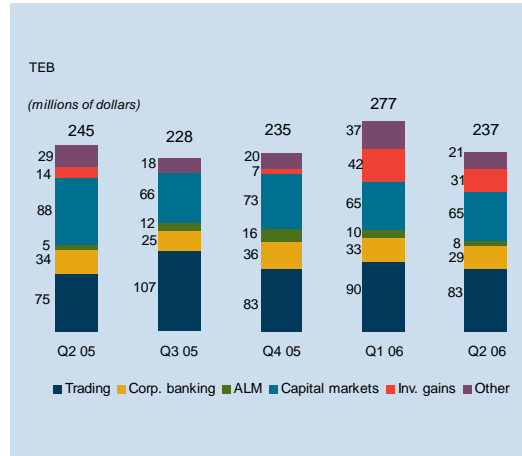
Q2 2006 - YoY:

- Net income decrease of 3%
- Lower Expenses

Financial Markets – YTD



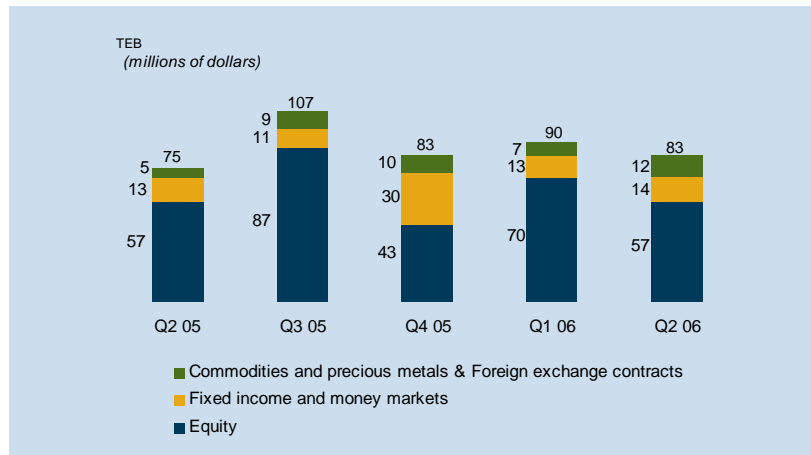
Financial Markets Revenue Composition



Q2 2006 - YoY:

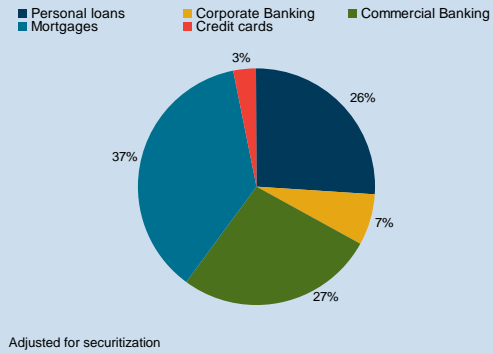
- Lower capital markets due to lower contribution from managed retail products
- Good trading revenues
- Unrealized gain equity portfolio stable QoQ

Trading Revenue Breakdown



Global Portfolio Composition

As at March 31, 2006 Outstanding

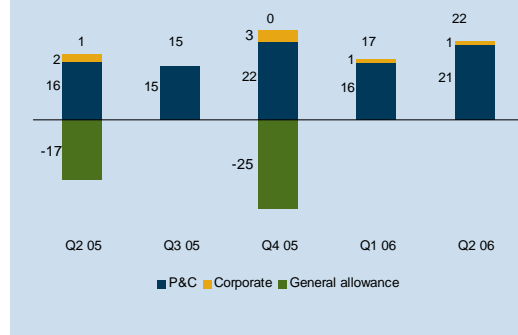


Highlights:

- Retail banking represents 66% of total portfolio

Risk Provisioning

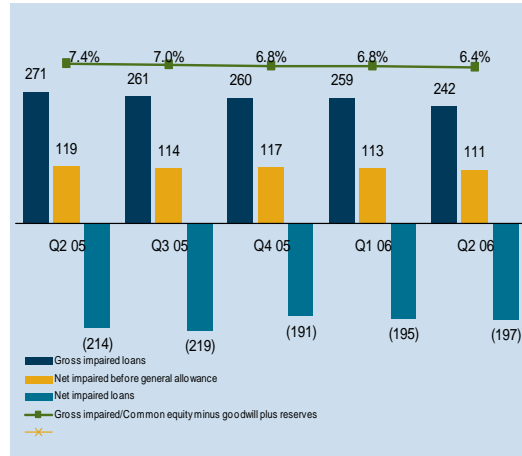
(millions of dollars)



Highlights - YoY:

- Slight pick up in the P&C banking

Impaired Loans



Highlights:

- Continued decrease in gross impaired loans: down 11% YoY
- Best ever ratio at 6.4%

Impaired Loan Formation

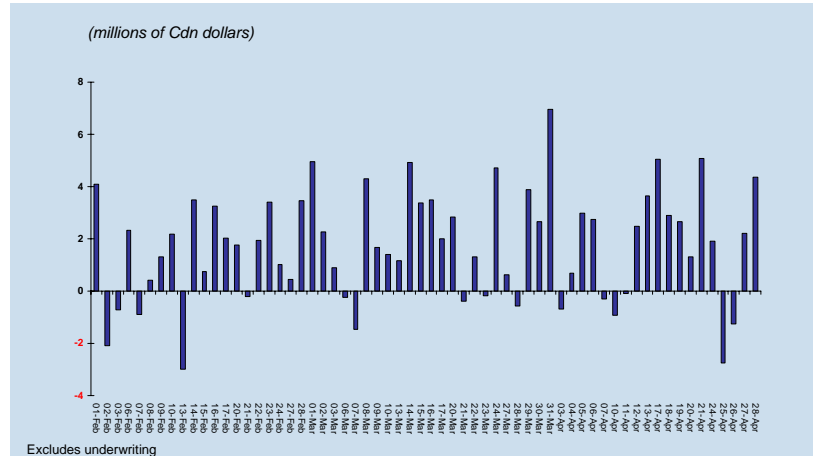
(millions of dollars)

	Q2 05	Q3 05	Q4 05	Q1 06	Q2 06	6M 06
Personal & Commercial *	4	7	33	17	9	26
Corporate	(3)	(4)	2	(2)	(6)	(8)
Total	(1)	3	35	15	3	18

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

* Includes Real Estate

Daily Trading P/L – Q2 2006



Summary

Delivering another strong quarter

- In line to achieve our financial targets
- Good performance in P&C Banking and Wealth 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.

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