

## Analyst and Investor Presentation Q3 2006 Results Conference Call

Montreal, August 31, 2006

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### Third Quarter 2006 - Highlights

- Total revenues (TEB)<sup>(1)</sup> increased by 3% (YoY)
- Diluted EPS<sup>(1)</sup> reached \$1.25, a 6% increase (YoY)
- ROE at 20%, exceeding financial targets

Appointment of Louis Vachon as Chief Operating Officer

Margin improvement in P&C Banking (QoQ)

Good performance in credit management

Dividend of \$0.50 per share

Issuance of innovative capital for \$225M

(1) Excluding the gain on MasterCard IPO in Q3 2006

## 2006 Objectives

	2006 Objectives	Q3 06	YTD
Growth in diluted earnings per share <sup>(1)</sup>	5% to 10%	6%	8%
Return on common shareholders' equity	16% to 18%	20%	20%
Tier 1 capital ratio	Equal or greater than 8.5%	9.4%	9.4%
Dividend payout ratio <sup>(2)</sup>	35% to 45%	37%	37%

(1) 2006 objectives exclude the gain on MasterCard IPO in Q3 2006, 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

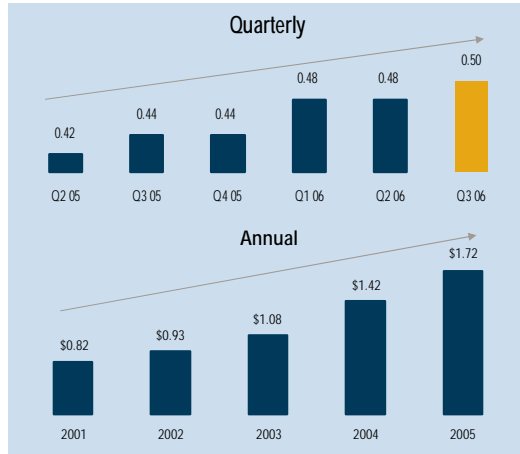
(2) Trailing 4 quarters

## Third Quarter 2006 - Performance Snapshot

TEB (millions of dollars)		Q3 2006 (YoY)					
	Q3 06	Q3 05	Change	9M 06	9M 05	Change	
Total revenues	\$976	\$949	3%	\$2,947	\$2,850	3%	■ Total revenue up 3%
Operating expenses	\$634	\$616	3%	\$1,901	\$1,853	3%	
<b>Contribution</b>	<b>\$342</b>	<b>\$333</b>	<b>3%</b>	<b>\$1,046</b>	<b>\$997</b>	<b>5%</b>	
Provision for credit losses	\$16	\$15	7%	\$55	\$50	10%	■ Steady PCL at \$16M
<b>Adjusted Net income</b>	<b>\$211</b>	<b>\$207</b>	<b>2%</b>	<b>\$637</b>	<b>\$612</b>	<b>4%</b>	
<b>Net income</b>	<b>\$220</b>	<b>\$207</b>	<b>6%</b>	<b>\$651</b>	<b>\$648</b>	<b>0%</b>	
Diluted EPS	\$1.30	\$1.18	10%	\$3.83	\$3.70	4%	■ MasterCard gain of \$8.5M (after tax)
Gain on Mastercard IPO	(\$0.05)			(\$0.05)			
Gain on sale of business				(\$0.03)			
Gain on sale of investment					(\$0.15)		
Reversal of general allowances					(\$0.07)		
<b>Adjusted EPS<sup>(1)</sup></b>	<b>\$1.25</b>	<b>\$1.18</b>	<b>6%</b>	<b>\$3.75</b>	<b>\$3.48</b>	<b>8%</b>	■ Adj. diluted EPS up 6%

(1) Excluding the gain on MasterCard IPO in Q3 2006, 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

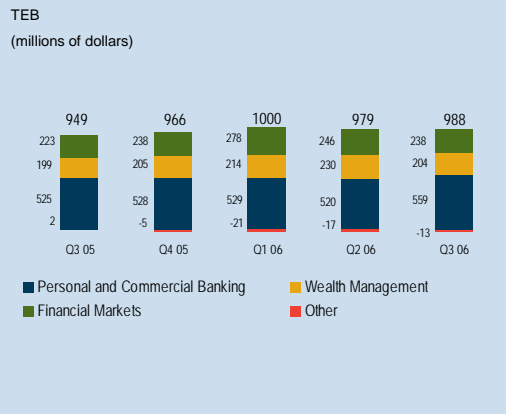
Dividend increase of 4% (QoQ)

- \$0.50 per share in Q3 2006

### Share Buyback Programs

- No activity in Q3 2006
- 4.5M shares repurchased YTD, totaling \$275M

## Revenues



### Q3 2006 (YoY)

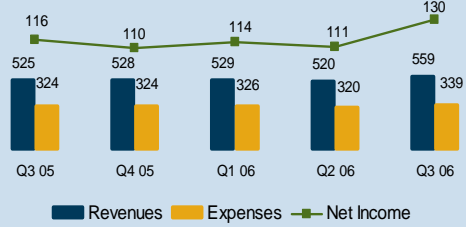
All business lines contributing to growth:

- P&C Banking: 6%
- Wealth Management: 3%
- Financial Markets: 7%

## Personal and Commercial Banking – Quarterly

TEB

(millions of dollars)



### Q3 2006 - YoY:

- Net income up 12%

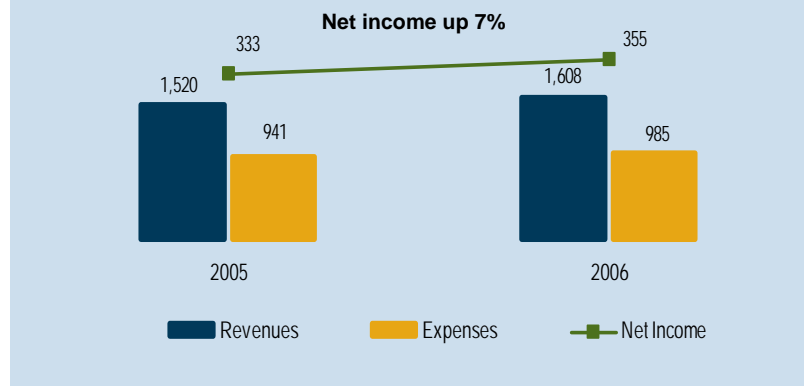
Driven by :

- 6% increase in revenues attributed to higher volume in P&C Banking
- Good Insurance contribution
- Improved efficiency ratio at 60.6% from 61.7%

## Personal and Commercial Banking – YTD

TEB

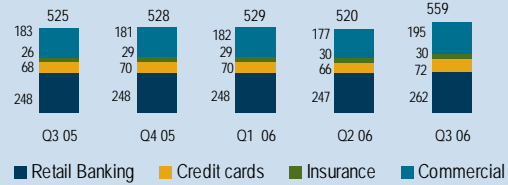
(millions of dollars)



## P&C Revenue Composition

TEB

(millions of dollars)



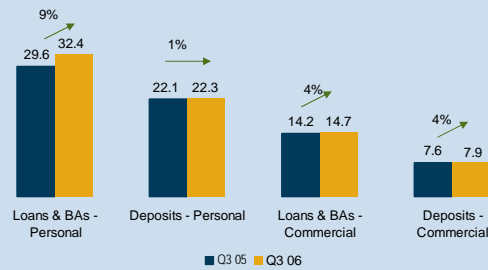
### Q3 2006 - YoY:

All sectors contributing to growth:

- Retail Banking: 6%
- Commercial Banking: 7%
- Insurance: 15%
- Credit Cards: 6%

## P&C Volume Evolution

Quarterly average volume  
(billions of dollars)



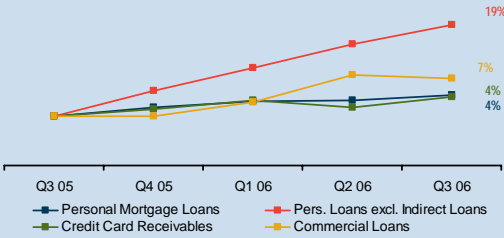
### Strong Volume Growth

- 9% increase in Personal Loans
- Commercial Loans and Deposits up 4%

## P&C Loan Evolution

### Volume growth

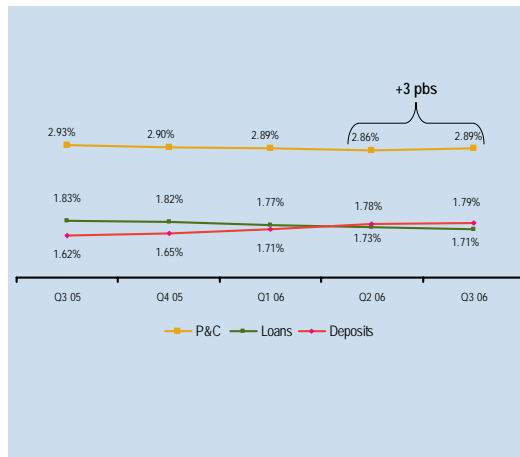
Q3 2005 = 100  
(millions of dollars)



### Highlights - YoY:

- 19% increase in Consumer Loans
- Mortgage Loans kept momentum at 4%
- Commercial Loans up 7%

## P&C Margin Evolution



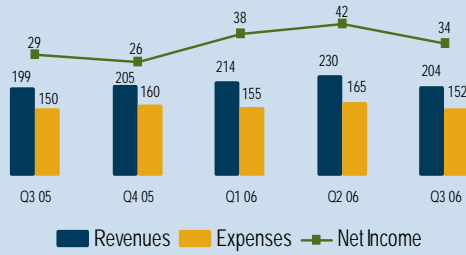
### Highlights:

- Higher deposit margin due to rising interest rate environment
- NIM improvement in P&C Banking from Q2 2006 due to higher deposit margin

## Wealth Management – Quarterly

TEB

(millions of dollars)



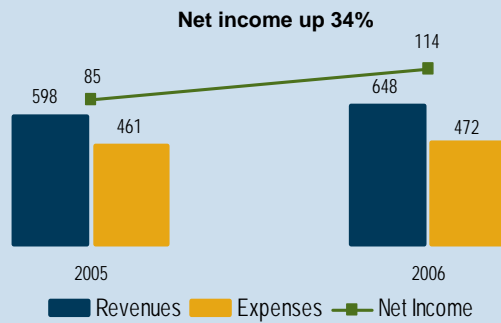
Q3 2006 – YoY:

- Net income up 17%
- 3% revenue growth mainly due to stronger contributions from mutual funds
- Improved efficiency ratio by 90bps

## Wealth Management – YTD

TEB

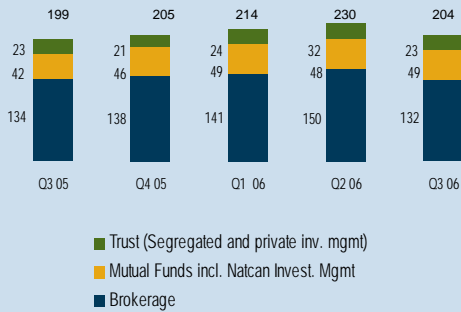
(millions of dollars)



## Wealth Management Revenue Composition

TEB

(millions of dollars)



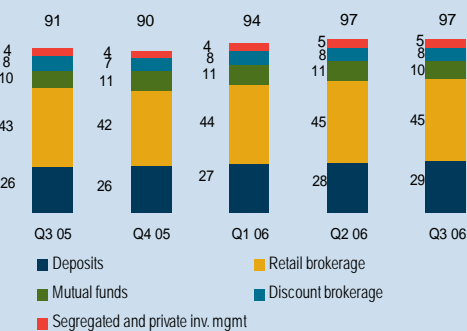
Q3 2006 - YoY:

- Overall, 3% increase
- Mutual Funds up 17%

## Retail Assets Under Management Composition

TEB

(billions of dollars)



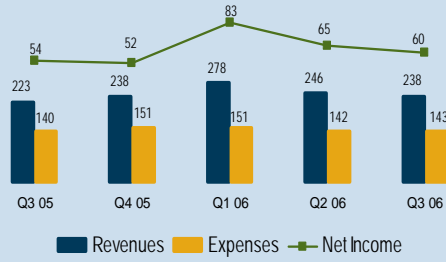
Q3 2006 - YoY:

- Overall, 7% increase
- Growth in sub-sectors:
  - Deposit: 12%
  - Retail brokerage: 5%
  - Segregated and private inv. Mgmt: 25%

## Financial Markets – Quarterly

TEB

(millions of dollars)



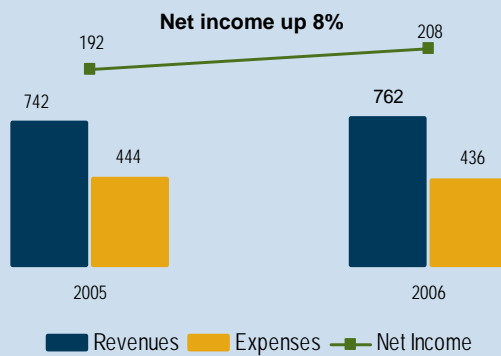
Q3 2006 - YoY:

- Net income up 11%

## Financial Markets – YTD

TEB

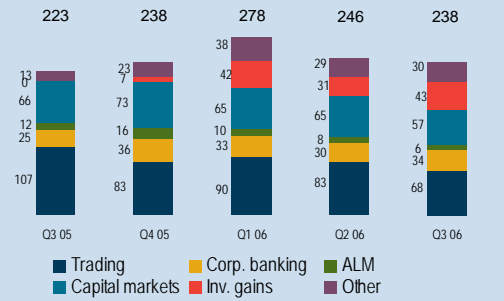
(millions of dollars)



## Financial Markets Revenue Composition

TEB

(millions of dollars)



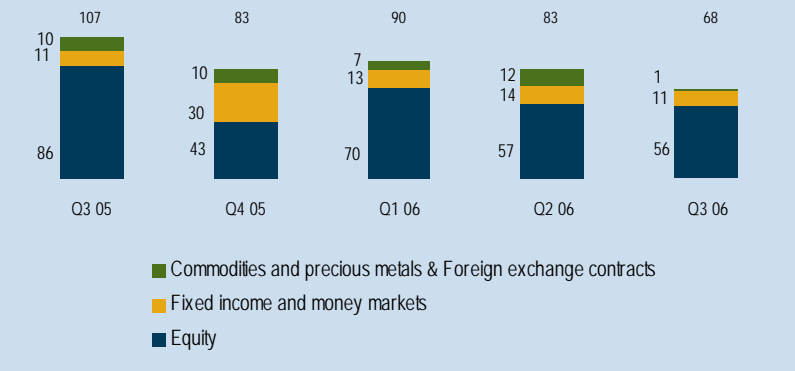
Q3 2006 - YoY:

- Investment gains offset by lower trading revenues
- Corporate Banking up 36%
- Higher loan volumes
- Capital Markets down 14% due to lower contribution from managed retail products

## Trading Revenue Breakdown

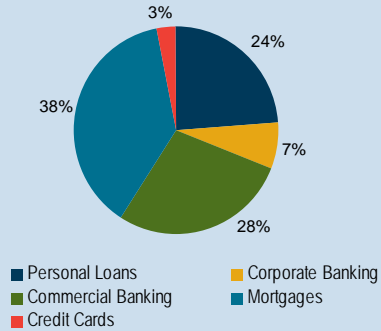
TEB

(millions of dollars)



## Global Portfolio Composition

### Outstanding As at July 31, 2006



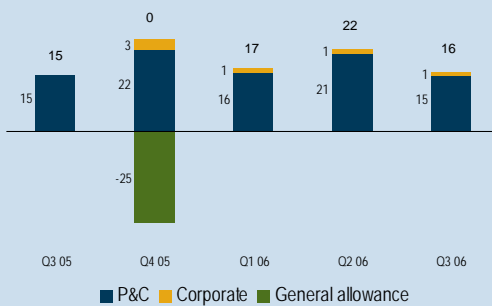
Adjusted for securitization

### Highlights:

- Retail Banking represents 65% of total portfolio

## Risk Provisioning

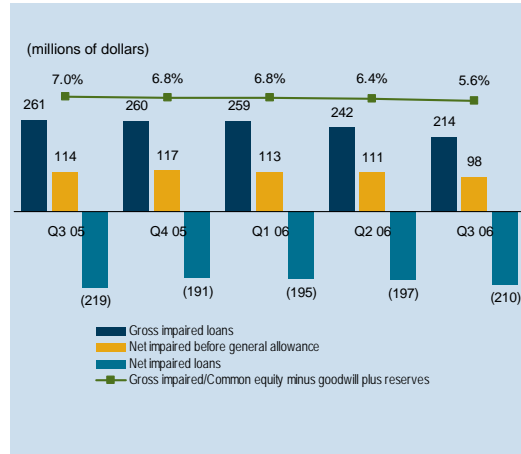
(millions of dollars)



### Highlights - YoY:

- Continuous favorable credit environment
- PCL at \$16M

## Impaired Loans



### Highlights:

- Continued decrease in gross impaired loans: down 18% (YoY)
- Best ever ratio at 5.6%

## Impaired Loan Formation

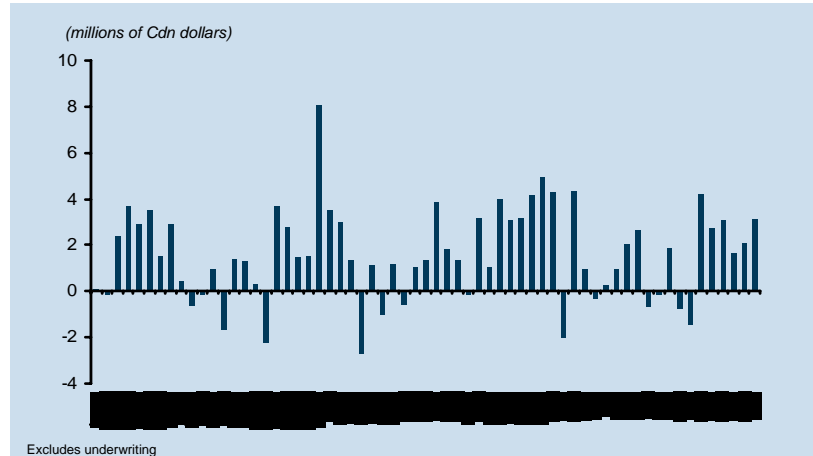
(millions of dollars)

	Q2-05	Q3-05	Q4-05	Q1-06	Q2-06	Q3-06	9M 06
Personal & Commercial*	4	7	33	17	9	-1	25
Corporate	(3)	(4)	2	(2)	(6)	3	-5
<b>TOTAL</b>	<b>1</b>	<b>3</b>	<b>35</b>	<b>15</b>	<b>3</b>	<b>2</b>	<b>20</b>

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

\* Includes Real Estate

## Daily Trading P/L – Q3 2006



## Summary

- Solid Q3 2006 results in all sectors
- Good performance in P&C Banking
- Excellent credit quality
- In line to achieve our 2006 financial targets

**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.

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