



NATIONAL
BANK
OF CANADA

Report to Shareholders

Second Quarter 2005

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National Bank announces net income of \$202 million for the second quarter of 2005, up 12% from \$180 million for the same period of 2004

- Quarterly earnings per share of \$1.17, up 16%
- Return on common shareholders' equity of 19.9%
- Quarterly dividend raised 2 cents per share, or 5%

SUPPL

MONTREAL, May 26, 2005 – National Bank recorded net income of \$202 million for the second quarter ended April 30, 2005, compared to \$180 million for the corresponding quarter of 2004, for an increase of 12%. Earnings per share for the quarter totalled \$1.17, up 16% from \$1.01 per share for the second quarter of 2004. Return on common shareholders' equity was 19.9% for the quarter versus 19.0% for the same period a year earlier.

During the quarter, the Bank posted strong growth in personal and commercial banking activities and maintained

the quality of its credit portfolio, as reflected in the relatively low provision for credit losses. It also reduced the general allowance for credit risk by \$17 million (\$11 million net of income taxes) or 7 cents per share. In the second quarter of 2004, the Bank had reduced its general allowance for credit risk by \$20 million (\$13 million net of income taxes), also equivalent to 7 cents per share.

In addition, the Board of Directors approved a 5% increase in the quarterly dividend at its meeting on May 26, 2005, raising it to 44 cents per share.

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	For the quarter ended April 30		
	2005	2004	%
Net income			
Personal and Commercial	108	93	+16
Wealth Management	31	32	-3
Financial Markets	63	59	+7
Other	-	(4)	
Total	202	180	+12
Earnings per share	\$1.17	\$1.01	+16
Return on common shareholders' equity	19.9%	19.0%	

	For the six months ended April 30		
	2005	2004	%
Net income			
Personal and Commercial	222	198	+12
Wealth Management	58	55	+5
Financial Markets	141	132	+7
Other	20	(19)	
Total	441	366	+20
Earnings per share	\$2.56	\$2.04	+25
Return on common shareholders' equity	21.8%	19.0%	

2006/15

Réal Raymond, President and Chief Executive Officer of National Bank, highlighted the sustained growth in net income for the second quarter of 2005 in a favourable credit environment. Much of the increase in operating expenses stemmed from the strategy to step up the pace of investment projects designed to create synergy within the banking network. "Investing in our technological infrastructure is key to ensuring the Bank's performance in the future," Mr. Raymond added.

For the first six months of fiscal 2005, net income for the Bank stood at \$441 million, up 20% from \$366 million for the same period of 2004. Earnings per share for the first half of 2005 amounted to \$2.56 versus \$2.04 for the six months ended April 30, 2004, an increase of 25%. Lastly, return on common shareholders' equity was 21.8% for the first six months of 2005, as against 19.0% for the corresponding period of 2004.

Total revenues for the quarter reached \$900 million in comparison to \$884 million for the corresponding period of 2004. Excluding the "Other" heading, more than 80% of this increase was generated by the Personal and Commercial segment, which recorded strong growth in loans to individuals and small and medium-sized enterprises.

Operating expenses for the quarter were \$624 million versus \$602 million for the corresponding quarter of 2004. Technological infrastructure investment programs and variable compensation in the Financial Markets segment accounted for the lion's share of this increase. The efficiency ratio stood at 66.5% for the second quarter of 2005, as against 65.8% for the corresponding quarter of 2004.

The provision for credit losses amounted to \$1 million for the second quarter of 2005, reflecting specific provisions of \$18 million that were largely offset by a \$17 million reversal in the general allowance. The provision for credit losses for the corresponding quarter of 2004 was \$19 million, consisting of \$39 million in specific provisions and a reversal of \$20 million in the general allowance. The significant reduction in specific provisions in the second quarter of 2005 was attributable to the commercial loan portfolio and corporate credit activities.

For the second quarter of 2005, net income for the Personal and Commercial segment totalled \$108 million, up from \$93 million for the corresponding period of 2004, for an increase of 16%. This improvement primarily resulted from lower credit

losses due to good credit quality. A portion of the additional revenues from personal and commercial banking activities was reinvested in the Bank's technological infrastructure.

Net income for the Wealth Management segment reached \$31 million for the second quarter of 2005, compared to \$32 million for the corresponding quarter a year earlier, which was, by far, the best quarterly result for this segment in fiscal 2004. Full-service retail brokerage and private investment management revenues were up from the corresponding quarter of 2004, but were partly offset by lower portfolio management revenues.

Net income for the Financial Markets segment increased to \$63 million for the second quarter of 2005 from \$59 million for the same period of 2004, or 7%, due to lower credit losses.

As at April 30, 2005, gross impaired loans amounted to \$271 million, down \$117 million or 30% from the beginning of the fiscal year. All business loan portfolios contributed to the decrease. The ratio of gross impaired loans to total risk-adjusted capital and allowances was a mere 7.4%. Specific and general allowances exceeded gross impaired loans by \$214 million as at April 30, 2005, compared to \$190 million as at October 31, 2004. The general allowance stood at \$333 million, compared to \$350 million as at October 31, 2004.

Tier 1 and total capital ratios were 9.5% and 13.3%, respectively, as at April 30, 2005 versus 9.6% and 13.0% as at October 31, 2004. During the first quarter of 2005, the Bank issued \$350 million of subordinated debentures, which added 0.8% to the total capital ratio. During the second quarter, the Bank issued \$200 million of First Preferred Shares Series 16. The Bank also discontinued including First Preferred Shares Series 13 totalling \$175 million for capital ratio purposes⁽¹⁾.

These two items had a negligible impact on capital ratios. As at April 30, 2005, the Bank had repurchased 2.8 million common shares under its normal course issuer bid to repurchase up to 8.4 million shares commenced on January 13, 2005.

Réal Raymond, President and Chief Executive Officer, said he was very satisfied with the results for the second quarter, adding that the Bank continues to be in a good position to offer shareholders sustainable growth opportunities.

⁽¹⁾ Also refer to page 8 of Management's Discussion and Analysis

	Objectives	Results 2nd Quarter 2005	Results First 6 Months 2005
Growth in earnings per share	5% - 10%	16%	25%
Return on common shareholders' equity	16% - 18%	19.9%	21.8%
Tier 1 capital ratio	More than 8.5%	9.5%	9.5%
Dividend payout ratio	35% - 45%	35%	35%

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Caution regarding forward-looking statements

From time to time, National Bank of Canada makes written and oral forward-looking statements, included in this quarterly report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, in reports to shareholders, in press releases and in other communications. All such statements are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements with respect to the economy, market changes, the achievement of strategic objectives, certain risks as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. These forward-looking statements are typically identified by the words "may," "could," "should," "would," "suspect," "outlook," "believe," "anticipate," "estimate," "expect," "intend," "plan," and words and expressions of similar import.

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.



Management's Discussion and Analysis of Financial Condition and Operating Results

As at May 26, 2005 – *The following text presents Management's discussion and analysis of the Bank's financial condition and operating results. This analysis was prepared in accordance with the requirements set out in Regulation 51-102 respecting Continuous Disclosure Obligations of the Canadian Securities Administrators and is based on the unaudited interim consolidated financial statements for the second quarter and first six months of 2005.*

Critical Accounting Estimates

A summary of the significant accounting policies used by the Bank is presented in Note 1 and Note 2 to the audited consolidated financial statements as at October 31, 2004 on pages 90 to 97 of the 2004 Annual Report.

Page 56 of the 2004 Annual Report presents explanations of certain accounting policies that are considered critical because they are important to the presentation of the Bank's financial condition and operating results, and require difficult, subjective and complex judgments and estimates because they relate to matters that are inherently uncertain. We invite the reader to refer to the Annual Report for these explanations.

Changes in Accounting Policies

On November 1, 2004, the Bank adopted the following accounting standards:

Variable Interest Entities

On November 1, 2004, the Bank adopted Accounting Guideline No.15 "Consolidation of Variable Interest Entities" (AcG-15) issued by the Canadian Institute of Chartered Accountants (CICA). This Guideline is similar to new FASB Interpretation No. 46 (FIN 46R) of the same name and provides guidance on the application of the standards set out in CICA Handbook Section 1590 "Subsidiaries" for certain entities defined as variable interest entities ("VIEs"). VIEs are entities in which equity investors do not have a controlling financial interest or the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by other parties. AcG-15 requires the consolidation of a VIE by its primary beneficiary, i.e., the party that receives the majority of the expected residual returns and/or absorbs the majority of the entity's expected losses. The application of the provisions of AcG-15 on November 1, 2004 resulted in the consolidation of certain mutual funds in which the Bank had a significant investment and the consolidation of the VIE that leases the Bank's head office building. The impact of the application of this standard as at November 1, 2004 was an increase in "Premises and equipment" of \$84 million, "Securities" of \$54 million, "Other assets" of \$3 million, "Other liabilities" of \$90 million, "Non-controlling interest" of \$45 million and "Retained earnings" of \$6 million. Prior period consolidated financial statements have not been restated for this change.

Investment Companies

On November 1, 2004, the Bank adopted Accounting Guideline No. 18 "Investment Companies" issued in January 2004 by the CICA. Under this Guideline, investment companies are required to account for all investments at fair value, including investments that would otherwise be consolidated or accounted for using the equity method. The Guideline sets out the criteria for determining whether a company is an investment company and also provides guidance on the circumstances in which the parent company of, or equity method investor in, an investment company should account for the investment company's investments at fair value. The impact of the adoption of this new Guideline on the consolidated financial statements for the first six months of 2005 is negligible.

Future Changes in Accounting Policies

Financial Instruments – Recognition and Measurement, Hedges and Comprehensive Income

The CICA has issued new accounting standards regarding financial instruments, hedges and comprehensive income. The main consequences of implementing these standards are described below.

All financial assets and liabilities will be carried at fair value in the Consolidated Balance Sheet, except for items classified in the following categories, which will be carried at amortized cost: loans and receivables, held-to-maturity securities and financial liabilities not held for trading. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will be recorded in the Consolidated Statement of Income. Unrealized gains and losses on financial assets that are available for sale will be reported in Other comprehensive income until realized, at which time they will be recorded in the Consolidated Statement of Income. All derivatives, including embedded derivatives that must be accounted for separately, will be recorded at fair value in the Consolidated Balance Sheet.

For fair value hedges, changes in the fair value of the derivatives and corresponding changes in fair value of the hedged items attributed to the risk being hedged will be recognized in the Consolidated Statement of Income. For cash flow hedges, the effective portion of the changes in the fair values of the derivative instruments will be recorded in Other comprehensive income until the hedged items are recognized in the Consolidated Statement of Income.

Other comprehensive income, which comprises the above items as well as unrealized exchange gains and losses on self-sustaining foreign operations (net of hedging activities), will be included as a separate component of the Consolidated Statement of Changes in Shareholders' Equity. A new statement entitled "Statement of Comprehensive Income" will be added to the Bank's consolidated financial statements.

These new standards will apply to the Bank effective November 1, 2006. The impact of implementing these new standards on the Bank's consolidated financial statements cannot yet be determined as it is dependent on the Bank's unsettled positions and hedging strategies and on market volatility at the time of transition.

Management's Discussion and Analysis of Financial Condition and Operating Results (cont.)

Analysis of Results

Operating Results

National Bank reported net income of \$202 million for the second quarter ended April 30, 2005, up 12% compared to \$180 million for the same period of 2004. Earnings per share for the quarter amounted to \$1.17, as against \$1.01 for the second quarter of 2004, for an increase of 16%. Return on common shareholders' equity stood at 19.9% for the quarter, versus 19.0% for the second quarter of 2004.

Net income at the Bank for the first six months of fiscal 2005 totalled \$441 million, an increase of 20% over the \$366 million recorded for the same period of 2004. Earnings per share for the first six months of 2005 were \$2.56, up 25% compared to \$2.04 for the six months ended April 30, 2004. Lastly, return on common shareholders' equity was 21.8% for the six-month period as against 19.0% for the first half of fiscal 2004.

Results by Segment

Personal and Commercial

Net income for the Personal and Commercial segment totalled \$108 million for the second quarter of 2005, up \$15 million or 16.1% from the corresponding quarter of 2004. Lower credit losses, especially in the Commercial subsegment, were the main reason for the improvement: credit losses were \$26 million for the quarter, versus \$36 million for the year-earlier quarter.

Net interest income for the quarter was \$314 million, compared to \$307 million for the same period of 2004, for an increase of 2.3%. The increase in net interest income was chiefly due to strong growth in consumer and small business loans, which expanded by \$3.3 billion or 8.5%. However, the spread for the second quarter of 2005 was 15 basis points narrower than in the corresponding quarter of 2004. It should be noted that the spread has been narrowing by a smaller amount since the third quarter of 2004. This was due to transaction deposits, because of the low interest rate environment, and also to strong growth in less risky loans, for which the interest spread is necessarily narrower.

Other income for the quarter totalled \$180 million, up \$8 million or 4.7% from the second quarter of 2004. The main sources of growth were credit card and insurance revenues, commercial lending fees and fees paid by the Wealth Management segment.

Operating expenses were \$308 million for the quarter compared to \$298 million for the same period of 2004, an increase

of 3.4%. The increase was attributable to the cost of staff benefits and investments to improve the technological infrastructure.

For the first six months of fiscal 2005, net income for the Personal and Commercial segment was \$222 million, a 12.1% increase over \$198 million for the first half of 2004. Excellent credit quality and growth in business volumes with individuals and businesses accounted for the rise in segment income.

Wealth Management

Net income for the Wealth Management segment was \$31 million in the second quarter of 2005, virtually unchanged from the \$32 million in net income recorded for the corresponding period of 2004, the segment's best performance of the year.

Total revenues for the segment amounted to \$207 million for the quarter, as against \$205 million for the same period of 2004. Full-service brokerage and private investment management revenues continued to rise from the corresponding quarter of 2004, but were partially offset by lower portfolio management revenues.

Operating expenses were \$159 million for the second quarter of 2005, versus \$155 million for the second quarter of 2004, an increase of 2.6%. The efficiency ratio deteriorated to 76.8% for the quarter, compared to 75.6% for the second quarter of 2004, when it was lower than what it had been in the past.

For the first half of 2005, net income for the Wealth Management segment amounted to \$58 million, compared to \$55 million for the first six months of 2004, an increase of 5.5%. Revenues were up 2.8% to \$402 million, owing especially to full-service brokerage, private investment management and mutual fund activities, while the efficiency ratio remained stable.

Financial Markets

Net income for the Financial Markets segment totalled \$63 million for the second quarter of 2005, or 6.8% higher than in the corresponding period of 2004. At \$2 million, the provision for credit losses for the quarter was down \$15 million from the \$17 million that the Bank had recorded for this segment in the second quarter of 2004, which accounts for the growth in this segment's net income.

Total revenues for the segment amounted to \$249 million for the second quarter of 2005, compared to \$248 million for the year-earlier period. The reduction in gains on securities was offset by trading revenues and financial market fees for institutional brokerage activities.

Management's Discussion and Analysis of Financial Condition and Operating Results (cont.)

Trading Revenues (millions of dollars)	Q2 2005	Q2 2004	First six months 2005	First six months 2004
Financial Markets				
Interest rate	13	10	30	34
Equities	57	53	114	100
Commodities and foreign exchange	5	-	9	13
	75	63	153	147
Other segments	-	2	4	4
Total	75	65	157	151
Breakdown by Income Statement line item				
Net interest income	57	7	56	(63)
Other income	2	49	86	209
Taxable equivalent	16	9	15	5
Total	75	65	157	151

The segment's operating expenses were \$151 million for the quarter, compared to \$136 million for the second quarter of 2004. Higher variable compensation accounted for 40% of the total increase in operating expenses.

For the first half of 2005, net income for the segment was \$141 million, a 6.8% increase over the same period of 2004 because of substantially lower credit losses.

Other

Net income for the "Other" heading of segment results was nil for the second quarter of 2005 compared to a loss of \$4 million for the same period in 2004. For the first six months of fiscal 2005, net income for the "Other" heading of segment results was \$20 million as against a loss of \$19 million for the year-earlier period. The variance was chiefly attributable to the gain on the disposal of investments in financial institutions in South America.

Consolidated Results

Total Revenues

Total revenues for the second quarter of 2005 amounted to \$900 million, up 1.8% compared to the \$884 million recorded in the corresponding quarter of 2004.

Net interest income totalled \$379 million for the quarter, up \$54 million or 16.6% from the \$325 million posted in the second quarter of 2004. Net interest income for the Financial Markets segment was up \$53 million, which must be analyzed in conjunction with the trading revenues recorded in other income. Net interest income for Personal and Commercial rose \$7 million to \$314 million for the second quarter of 2005, primarily because of higher volumes of consumer and commercial loans, which were partially offset by a narrowing of the spread.

Other income for the second quarter of 2005 was \$521 million as against \$559 million for the corresponding period of fiscal 2004. The decrease, which stemmed from trading activities, must be analyzed by taking into consideration the significant increase in net interest income for the Financial Markets segment.

The portion of trading revenues recorded as other income fell \$47 million from the corresponding quarter of 2004. However, if net interest income related to trading activities is included, total trading revenues for the quarter were up \$10 million. Moreover, gains on investment account securities were \$17 million for the quarter, down \$18 million.

Financial market fees totalled \$189 million for the quarter, up \$11 million over the corresponding period of 2004, attributable to institutional brokerage activities.

Card service revenues, for their part, rose \$5 million to \$17 million and trust service and mutual fund fees grew \$7 million to \$69 million, while revenues from lending operations were up \$3 million to total \$57 million for the quarter.

For the six-month period ended April 30, 2005, total revenues amounted to \$1,883 million, for an increase of \$88 million or 4.9% compared to the \$1,795 million recorded for the year-earlier period. However, if the "Other" heading of segment results, which includes a \$37 million gain on the disposal of investments in South America, is excluded, total revenues were up \$51 million or 2.7%. More than 60% of the increase was attributable to Personal and Commercial, while Wealth Management accounted for 25% of this growth.

Operating Expenses

Operating expenses for the quarter were \$624 million compared to \$602 million for the corresponding period of 2004, an increase of 3.7%. Salaries and staff benefits, at \$357 million for the quarter, were up \$11 million from the year-earlier period. Half of the increase was attributable to variable compensation at Financial Markets, while technological investments accounted for the remainder.

For the first six months of fiscal 2005, operating expenses were \$1,237 million, up 4.9% versus \$1,179 million for the first half of 2004. Close to 60% of the increase was attributable to compensation, chiefly variable compensation and staff benefits. The remainder was the result of information technology costs and amortization.

Cash Flows

Due to the nature of the Bank's business, most of its revenues and expenses are cash items. Moreover, significant cash flow movement can be observed, especially in trading activities, which impacts several assets and liabilities such as trading account securities, securities sold short or securities sold under repurchase agreements.

Management's Discussion and Analysis of Financial Condition and Operating Results (cont.)

For the second quarter of 2005, cash and cash equivalents rose \$2.3 billion compared to an increase of \$1.2 billion for the second quarter of 2004. As at April 30, 2005, cash and cash equivalents totalled \$9.3 billion versus \$9.5 billion a year earlier.

Operating activities required cash of \$3.9 billion chiefly because of the increase in trading account securities. For the corresponding quarter of 2004, cash flows from operating activities were virtually nil.

Financing activities generated cash flows of \$8.0 billion, of which \$5.1 billion was attributable to increases in deposits, particularly purchased funds, and securities purchased under reverse repurchase agreements. For the second quarter of 2004, the \$3.1 billion increase in deposits accounted for the \$3.2 billion in cash inflows from financing activities.

Lastly, investing activities in the second quarter of 2005 required \$1.9 billion in cash owing to the \$2.0 billion increase in loans. For the corresponding period of 2004, investing activities used \$2.1 billion also because of higher loan volumes.

Risk Management

Credit Risk

The Bank recorded a provision for credit losses of \$1 million for the second quarter, reflecting specific provisions of \$18 million that were largely offset by the \$17 million reversal in the general allowance. This compares with a \$19 million provision for credit losses in the corresponding quarter of 2004, which consisted of \$39 million in specific provisions partially offset by a \$20 million reversal in the general allowance. The substantial decline in specific provisions in the second quarter of 2005 was attributable to both the commercial loan portfolio and corporate lending activities.

Credit losses in the first half of fiscal 2005 amounted to \$18 million as against \$63 million for the same period a year earlier. The drop stemmed from both commercial and corporate lending activities.

As at April 30, 2005, allowances for credit losses exceeded impaired loans by \$214 million, compared to \$190 million as at October 31, 2004. The \$24 million improvement was attributable to all segments that offer business loans. The general allowance for credit risk stood at \$333 million at the end of the quarter versus \$350 million as at October 31, 2004.

The ratio of gross private impaired loans to total risk-weighted capital and allowances was excellent at 7.4% as at April 30, 2005 versus 10.9% as at October 31, 2004.

Market Risk – Trading Activities

The Value-at-Risk (VaR) simulation model is one of the main tools used to manage market risk in trading activities. The VaR measure is based on a 99% confidence level, which is an estimate of the maximum potential trading loss in 99 out of 100 days, which means that actual losses will probably exceed VaR on only one day out of 100. The computerized VaR calculation model is based on two years of historical data. Market risk management is discussed in more detail on page 63 of the 2004 Annual Report.

The table below entitled "Trading Activities" illustrates the allocation of market risk by type of risk: interest rate, foreign exchange, equity price and commodity.

Trading Activities⁽¹⁾

(millions of dollars)

Global VaR by risk category	For the quarter ended April 30, 2005				For the quarter ended January 31, 2005			
	Period end	High	Average	Low	Period end	High	Average	Low
Interest rate	(3.9)	(4.1)	(2.9)	(1.8)	(3.6)	(6.5)	(4.0)	(2.0)
Foreign exchange	(1.2)	(2.6)	(1.1)	(0.4)	(0.9)	(3.3)	(1.3)	(0.5)
Equity	(2.6)	(4.8)	(3.1)	(2.3)	(4.7)	(6.2)	(4.4)	(2.7)
Commodity	(0.8)	(0.9)	(0.6)	(0.4)	(0.7)	(1.0)	(0.7)	(0.5)
Correlation effect ⁽²⁾	4.8	6.1	3.6	2.0	4.2	9.9	4.7	1.3
Global VaR	(3.7)	(6.3)	(4.1)	(2.9)	(5.7)	(7.1)	(5.7)	(4.4)

⁽¹⁾ Amounts are presented on a pre-tax basis and represent one-day VaR.

⁽²⁾ The correlation effect is the result of the diversification of types of risk.

Management's Discussion and Analysis of Financial Condition and Operating Results (cont.)

Balance Sheet

As at April 30, 2005, the Bank's assets stood at \$99.9 billion compared to \$88.7 billion as at October 31, 2004. Loans and acceptances were up \$1.9 billion despite an increase of close to \$700 million in securitized loans. Moreover, cash resources, securities and securities purchased under reverse repurchase agreements rose \$9 billion. The following table presents the main portfolios.

Average monthly volumes (millions of dollars)	April 2005	October 2004	April 2004
Loans and acceptances*			
Residential mortgages	20,053	19,554	18,544
Consumer loans	7,354	6,491	5,843
Credit card receivables	1,646	1,589	1,514
SME loans	15,009	14,354	14,507
Corporate loans	2,741	2,922	3,639
	46,803	44,910	44,047
Deposits			
Personal (balance)	24,281	23,675	24,048
Off-balance sheet personal savings (balance)	60,239	57,207	55,771
Business	10,533	10,668	10,554

* including securitized assets

As at April 30, 2005, residential mortgage loans amounted to \$20.1 billion, up \$500 million from October 31, 2004 and \$1.5 billion or 8% higher compared to April 30, 2004. At \$7.4 billion, the volume of consumer loans has increased 13% since the beginning of the fiscal year. Consumer loans were up \$1.5 billion or 26% from April 30, 2004, with more than 40% of this strong growth attributable to volumes from partnerships. Credit card receivables increased 9% year-over-year to reach \$1.6 billion as at April 30, 2005. SME loans and acceptances were \$15.0 billion at the end of the second quarter as compared to \$14.4 billion at the end of fiscal 2004, an increase of close to 5%. Corporate loans were down approximately 25% from the year-earlier period.

Personal deposits stood at \$24.3 billion as at April 30, 2005 compared to \$23.7 billion as at October 31, 2004. Off-balance sheet personal savings administered by the Bank as at April 30, 2005 totalled \$60.2 billion, up \$3 billion or 5% since the end of the previous fiscal year. Two-thirds of the increase was attributable to savings administered by the brokerage subsidiaries.

Capital

Tier 1 and total capital ratios, according to the rules of the Bank for International Settlements, were 9.5% and 13.3%, respectively, as at April 30, 2005, compared to 9.6% and 13.0% as at October 31, 2004.

During the first quarter, the Bank issued \$350 million of subordinated debentures, which added 0.8% to the total capital ratio.

On March 15, 2005, the Bank issued 8,000,000 Non-Cumulative Fixed Rate First Preferred Shares Series 16 to take advantage of the current market conditions which allowed the Bank to issue the shares at a rate considerably lower than the 6.15% fixed rate that would likely have been the rate at which dividends would have been paid on the 7,000,000 Non-Cumulative First Preferred Shares Series 13 after August 15, 2005. The Bank ceased to take into account the Non-Cumulative First Preferred Shares Series 13 as Tier 1 capital for capital adequacy purposes effective March 15, 2005, the date on which the Non-Cumulative Fixed Rate First Preferred Shares Series 16 were issued.

During the second quarter of fiscal 2005, the Bank repurchased 2.8 million common shares for a total of \$149 million, as part of a normal course issuer bid to repurchase up to 8.4 million shares commenced on January 13, 2005.

Dividends

At its meeting on May 26, 2005, the Board of Directors declared regular dividends on the various classes and series of preferred shares as well as a dividend of 44 cents per common share payable on August 1, 2005 to shareholders of record on June 27, 2005.

Management's Discussion and Analysis of Financial Condition and Operating Results (cont.)

Additional Financial Information

(unaudited)

(millions of dollars except per share amounts)

	2005		2004				2003		2004	2003
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Total	Total
Total revenues	\$900	\$983	\$893	\$857	\$884	\$911	\$903	\$851	\$3,545	\$3,363
Net income	202	239	192	167	180	186	158	162	725	624
Earnings per share										
Basic	1.17	1.39	1.11	0.95	1.01	1.03	0.87	0.89	4.10	3.37
Diluted	1.15	1.37	1.09	0.94	1.00	1.02	0.86	0.88	4.05	3.34
Dividends per common share	0.42	0.42	0.38	0.38	0.33	0.33	0.28	0.28	1.42	1.08
Return on common shareholders' equity	19.9%	23.6%	19.7%	17.2%	19.0%	19.0%	16.4%	17.3%	18.8%	16.5%
Total assets	\$99,917	\$91,703	\$88,721	\$85,481	\$86,466	\$83,156	\$84,626	\$80,474		
Impaired loans										
Net private	\$119	\$134	\$160	\$199	\$219	\$232	\$248	\$230		
Designated countries										
Gross outstanding	-	-	-	-	10	10	22	23		
Allowances	-	-	-	-	9	8	19	20		
Net total	\$119	134	160	199	220	234	251	233		
Per common share										
Book value	\$24.19	\$23.97	\$22.87	\$22.30	\$21.94	\$21.81	\$21.32	\$20.77		
Stock trading range										
High	55.24	49.75	48.78	45.50	47.93	45.00	41.19	37.41		
Low	48.72	46.39	42.31	42.72	43.27	40.17	34.50	34.55		

Highlights

(unaudited)	Quarter ended April 30			Six months ended April 30		
	2005	2004	% Change	2005	2004	% Change
Operating results						
(millions of dollars)						
Total revenues	\$900	\$884	2	\$1,883	\$1,797	5
Net income	202	180	12	441	366	20
Return on common shareholders' equity	19.9%	19.0%		21.8%	19.0%	
Per common share						
Earnings - basic	\$1.17	\$1.01	16	\$2.56	\$2.04	25
Dividends paid	0.42	0.33	27	0.84	0.66	27
Book value				24.19	21.94	10
Stock trading range						
High	55.24	47.93		55.24	47.93	
Low	48.72	43.27		46.39	40.17	
Close	52.41	44.48		52.41	44.48	
Financial position						
(millions of dollars)						
				April 30 2005	October 31 2004	
Total assets				\$99,917	\$88,721	13
Loans and acceptances				46,448	44,574	4
Deposits				61,746	53,432	16
Subordinated debentures and shareholders' equity				6,355	5,612	13
Capital ratios - BIS						
Tier 1				9.5%	9.6%	
Total				13.3%	13.0%	
Impaired loans, net of specific and general allowances				(214)	(190)	
as a % of loans and acceptances				(0.5)%	(0.4)%	
Assets under administration/management				201,454	180,598	
Total personal savings				84,520	80,882	
Interest coverage				11.27	12.61	
Asset coverage				3.18	3.42	
Other information						
Number of employees				16,712	16,555	1
Number of branches in Canada				460	462	-
Number of banking machines				770	770	-

Consolidated Statement of Income

(unaudited) (millions of dollars except per share amounts)	Quarter ended			Six months ended	
	April 30 2005	January 31 2005	April 30 2004	April 30 2005	April 30 2004
Interest income and dividends					
Loans	506	509	457	1,015	942
Securities	182	179	143	361	281
Deposits with financial institutions	46	28	28	74	61
	<u>734</u>	<u>716</u>	<u>628</u>	<u>1,450</u>	<u>1,284</u>
Interest expense					
Deposits	253	260	186	513	433
Subordinated debentures	28	26	25	54	50
Other	74	81	92	155	202
	<u>355</u>	<u>367</u>	<u>303</u>	<u>722</u>	<u>685</u>
Net interest income	<u>379</u>	<u>349</u>	<u>325</u>	<u>728</u>	<u>599</u>
Other income					
Financial market fees	189	169	178	358	342
Deposit and payment service charges	49	49	51	98	100
Trading revenues	2	84	49	86	209
Gains on investment account securities, net	17	77	35	94	28
Card service revenues	17	15	12	32	24
Lending fees	57	58	54	115	134
Acceptances, letters of credit and guarantee	15	16	16	31	32
Securitization revenues	47	48	43	95	94
Foreign exchange revenues	18	18	18	36	37
Trust services and mutual funds	69	65	62	134	119
Other	41	35	41	76	77
	<u>521</u>	<u>634</u>	<u>559</u>	<u>1,155</u>	<u>1,196</u>
Total revenues	<u>900</u>	<u>983</u>	<u>884</u>	<u>1,883</u>	<u>1,795</u>
Provision for credit losses	<u>1</u>	<u>17</u>	<u>19</u>	<u>18</u>	<u>63</u>
	<u>899</u>	<u>966</u>	<u>865</u>	<u>1,865</u>	<u>1,732</u>
Operating expenses					
Salaries and staff benefits	357	367	347	724	692
Occupancy	46	45	48	91	94
Computers and equipment	93	84	84	177	157
Communications	21	19	20	40	39
Professional fees	32	25	32	57	57
Other	75	73	71	148	140
	<u>624</u>	<u>613</u>	<u>602</u>	<u>1,237</u>	<u>1,179</u>
Income before income taxes and non-controlling interest	<u>275</u>	<u>353</u>	<u>263</u>	<u>628</u>	<u>553</u>
Income taxes	<u>66</u>	<u>107</u>	<u>76</u>	<u>173</u>	<u>173</u>
	<u>209</u>	<u>246</u>	<u>187</u>	<u>455</u>	<u>380</u>
Non-controlling interest	<u>7</u>	<u>7</u>	<u>7</u>	<u>14</u>	<u>14</u>
Net income	<u>202</u>	<u>239</u>	<u>180</u>	<u>441</u>	<u>366</u>
Dividends on preferred shares	7	6	6	13	12
Net income available to common shareholders	<u>195</u>	<u>233</u>	<u>174</u>	<u>428</u>	<u>354</u>
Number of common shares outstanding (thousands)					
Average - basic	167,327	167,693	172,023	167,513	173,361
Average - diluted	169,938	170,164	174,520	170,053	175,778
End of period	165,744	168,049	169,730	165,744	169,730
Earnings per common share					
Basic	1.17	1.39	1.01	2.56	2.04
Diluted	1.15	1.37	1.00	2.52	2.02
Dividends per common share	<u>0.42</u>	<u>0.42</u>	<u>0.33</u>	<u>0.84</u>	<u>0.66</u>



Consolidated Balance Sheet

(unaudited)
(millions of dollars)

	April 30 2005	January 31 2005	October 31 2004	April 30 2004
ASSETS				
Cash resources				
Cash	208	213	481	198
Deposits with financial institutions	9,089	6,823	5,296	9,255
	<u>9,297</u>	<u>7,036</u>	<u>5,777</u>	<u>9,453</u>
Securities				
Investment account	6,808	7,439	7,428	5,825
Trading account	24,347	20,278	20,561	18,339
Loan substitutes	7	3	18	20
	<u>31,162</u>	<u>27,720</u>	<u>28,007</u>	<u>24,184</u>
Securities purchased under reverse repurchase agreements	6,843	5,566	4,496	4,234
Loans				
Residential mortgage	15,446	15,452	15,500	14,489
Personal and credit card	8,689	8,209	7,825	6,862
Business and government	19,896	19,153	18,751	19,257
Allowance for credit losses	(485)	(520)	(578)	(614)
	<u>43,546</u>	<u>42,294</u>	<u>41,498</u>	<u>39,994</u>
Other				
Customers' liability under acceptances	2,902	2,725	3,076	3,165
Premises and equipment	343	346	267	268
Goodwill	662	662	662	662
Intangible assets	179	180	180	181
Other assets	4,983	5,174	4,758	4,324
	<u>9,069</u>	<u>9,087</u>	<u>8,943</u>	<u>8,600</u>
	<u>99,917</u>	<u>91,703</u>	<u>88,721</u>	<u>86,465</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Personal	24,281	24,089	23,675	24,048
Business and government	28,539	25,520	24,299	23,172
Deposit-taking institutions	8,926	7,051	5,458	7,435
	<u>61,746</u>	<u>56,660</u>	<u>53,432</u>	<u>54,655</u>
Other				
Acceptances	2,902	2,725	3,076	3,165
Obligations related to securities sold short	15,088	11,671	10,204	9,481
Securities sold under repurchase agreements	6,885	7,269	8,182	6,208
Other liabilities	6,514	6,789	7,845	6,953
	<u>31,389</u>	<u>28,454</u>	<u>29,307</u>	<u>25,807</u>
Subordinated debentures	1,770	1,764	1,408	1,488
Non-controlling interest	427	422	370	416
Shareholders' equity				
Preferred shares	575	375	375	375
Common shares	1,552	1,563	1,545	1,556
Contributed surplus	10	8	7	4
Unrealized foreign currency translation adjustments	(1)	(6)	(10)	2
Retained earnings	2,449	2,463	2,287	2,162
	<u>4,585</u>	<u>4,403</u>	<u>4,204</u>	<u>4,099</u>
	<u>99,917</u>	<u>91,703</u>	<u>88,721</u>	<u>86,465</u>

Consolidated Statement of Cash Flows(unaudited)
(millions of dollars)

	Quarter ended April 30		Six months ended April 30	
	2005	2004	2005	2004
Cash flows from operating activities				
Net income	202	180	441	366
Adjustments for:				
Provision for credit losses	1	19	18	63
Amortization of premises and equipment	15	13	30	25
Future income taxes	1	4	(29)	1
Translation adjustment on foreign currency subordinated debentures	6	15	12	17
Gains on sale of investment account securities, net	(17)	(35)	(94)	(28)
Gains on asset securitization	(30)	(18)	(55)	(35)
Stock option expense	2	1	3	2
Change in interest payable	(4)	(16)	12	6
Change in interest and dividends receivable	(24)	(13)	(24)	180
Change in income taxes payable	(18)	(34)	28	(153)
Change in unrealized losses (gains) and net amounts payable on derivative contracts	(112)	(112)	8	(172)
Change in trading account securities	(4,069)	(638)	(3,786)	812
Excess of pension plan contributions over expenses	-	(5)	-	(20)
Change in other items	173	638	(1,362)	788
	(3,874)	(1)	(4,798)	1,852
Cash flows from financing activities				
Change in deposits	5,086	3,072	8,314	3,192
Issuance of subordinated debentures	-	-	350	-
Maturity of subordinated debentures	-	-	-	(45)
Issuance of common shares	15	13	33	27
Issuance of preferred shares	200	-	200	-
Repurchase of common shares for cancellation	(149)	(194)	(149)	(263)
Dividends paid on common shares	(141)	(57)	(205)	(115)
Dividends paid on preferred shares	(6)	(6)	(12)	(12)
Change in obligations related to securities sold short	3,417	837	4,884	1,024
Change in securities sold under repurchase agreements	(384)	(435)	(1,297)	(2,466)
Change in other items	(9)	1	5	(4)
	8,029	3,231	12,123	1,338
Cash flows from investing activities				
Change in loans	(2,002)	(2,451)	(3,309)	(2,396)
Proceeds from securitization of assets	1,249	250	1,743	720
Maturity from securitization of assets	(500)	-	(500)	-
Purchases of investment account securities	(6,701)	(2,285)	(12,055)	(4,880)
Sales of investment account securities	7,349	2,265	12,769	6,081
Change in securities purchased under reverse repurchase agreements	(1,277)	177	(2,347)	(279)
Net acquisitions of premises and equipment	(12)	(17)	(106)	(30)
	(1,894)	(2,061)	(3,805)	(784)
Increase in cash and cash equivalents	2,261	1,169	3,520	2,406
Cash and cash equivalents at beginning	7,036	8,284	5,777	7,047
Cash and cash equivalents at end	9,297	9,453	9,297	9,453
Cash and cash equivalents				
Cash	208	198	208	198
Deposits with financial institutions	9,089	9,255	9,089	9,255
	9,297	9,453	9,297	9,453
Supplementary information				
Interest and dividends paid	506	382	927	806
Income taxes paid	85	112	176	329



Consolidated Statement of Changes in Shareholders' Equity

(unaudited)
(millions of dollars)

Six months ended April 30

	2005	2004
Preferred shares at beginning	375	375
Issuance of preferred shares, Series 16 (Note 7)	200	-
Preferred shares at end	575	375
Common shares at beginning	1,545	1,583
Issuance of common shares	34	27
Repurchase of common shares for cancellation (Note 7)	(26)	(54)
Impact of shares acquired/sold for trading purposes	(1)	-
Common shares at end	1,552	1,556
Contributed surplus at beginning	7	2
Stock option expense	3	2
Contributed surplus at end	10	4
Unrealized foreign currency translation adjustments at beginning	(10)	6
Gains (losses) on foreign exchange operations with a functional currency other than the Canadian dollar, net of income taxes	9	(4)
Unrealized foreign currency translation adjustments at end	(1)	2
Retained earnings at beginning	2,287	2,131
Net income	441	366
Initial adoption of AcG-15 (Note 2)	6	-
Dividends		
Preferred shares	(13)	(11)
Common shares	(141)	(115)
Premium paid on common shares repurchased for cancellation (Note 7)	(123)	(209)
Share issuance and other expenses, net of income taxes	(8)	-
Retained earnings at end	2,449	2,162
Shareholders' equity	4,585	4,099

Notes to the Consolidated Financial Statements

(unaudited) (millions of dollars)

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2004. Certain comparative figures have been reclassified to comply with the presentation adopted in fiscal 2005.

1. Significant Accounting Policies

These unaudited interim consolidated financial statements of the Bank have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the accounting policies described in the Bank's most recent Annual Report for the year ended October 31, 2004, except for the new standards described in Note 2.

2. Recent Accounting Standards Adopted

Variable interest entities

On November 1, 2004, the Bank adopted Accounting Guideline No. 15 "Consolidation of Variable Interest Entities" (AcG-15) issued by the Canadian Institute of Chartered Accountants (CICA). This Guideline is similar to new FASB Interpretation No. 46 (FIN 46R) "Consolidation of Variable Interest Entities" and provides guidance on the application of the standards set out in CICA Handbook Section 1590 "Subsidiaries" for certain entities defined as variable interest entities ("VIEs"). VIEs are entities in which equity investors do not have a controlling financial interest or the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by other parties. AcG-15 requires the consolidation of a VIE by its primary beneficiary, i.e., the party that receives the majority of the expected residual returns and/or absorbs the majority of the entity's expected losses. The application of the provisions of AcG-15 on November 1, 2004 results in the consolidation of certain mutual funds in which the Bank has a significant investment and the consolidation of the VIE that leases the Bank's head office building under a capital lease. The impact of the application of this standard as at November 1, 2004 was an increase in "Premises and equipment" of \$84 million, "Securities" of \$54 million, "Other assets" of \$3 million, "Other liabilities" of \$90 million, "Non-controlling interest" of \$45 million, and "Retained earnings" of \$6 million. Prior period consolidated financial statements have not been restated for this change.

Investment companies

In January 2004, the CICA issued Accounting Guideline No. 18 "Investment Companies." Under this Guideline, investment companies are required to account for all their investments at fair value, including investments that would otherwise be consolidated or accounted for using the equity method. The Guideline sets out the criteria for determining whether a company is an investment company and also provides guidance on the circumstances in which the parent company of, or equity method investor in, an investment company should account for the investment company's investments at fair value.

The provisions of the Guideline have applied to the Bank since November 1, 2004. They have been applied prospectively.

The impact of the adoption of this new Guideline on the consolidated financial statements for the first six months of 2005 is negligible.

3. Recent Accounting Standards Pending Adoption

Financial instruments – recognition and measurement, Hedges and Comprehensive income

The CICA has issued new accounting standards regarding financial instruments, hedges and comprehensive income. The main consequences of implementing these standards are described below.

All financial assets and liabilities will be carried at fair value in the Consolidated Balance Sheet, except for items classified in the following categories, which will be carried at amortized cost: loans and receivables, held-to-maturity securities and financial liabilities not held for trading. Realized and unrealized gains and losses on financial assets and liabilities that are held for trading will be recorded in the Consolidated Statement of Income. Unrealized gains and losses on financial assets that are available for sale will be reported in Other comprehensive income until realized, at which time they will be recorded in the Consolidated Statement of Income. All derivatives, including embedded derivatives that must be accounted for separately, will be recorded at fair value in the Consolidated Balance Sheet.

For fair value hedges, changes in the fair value of the derivatives and corresponding changes in fair value of the hedged items attributed to the risk being hedged will be recognized in the Consolidated Statement of Income. For cash flow hedges, the effective portion of the changes in the fair values of the derivative instruments will be recorded in Other comprehensive income until the hedged items are recognized in the Consolidated Statement of Income.

Other comprehensive income, which comprises the above items as well as unrealized exchange gains and losses on self-sustaining foreign operations (net of hedging activities), will be included as a separate component of the Consolidated Statement of Changes in Shareholders' Equity. A new statement entitled "Statement of Comprehensive Income" will be added to the Bank's consolidated financial statements.

These new standards will apply to the Bank effective November 1, 2006. The impact of implementing these new standards on the Bank's consolidated financial statements cannot yet be determined as it is dependent on the Bank's unsettled positions and hedging strategies and on market volatility at the time of transition.

Notes to the Consolidated Financial Statements (cont.)

(unaudited) (millions of dollars)

4. Loans and Impaired Loans

	Gross amount	Impaired loans		Net balance
		Gross	Specific allowances	
April 30, 2005				
Residential mortgage	15,446	4	1	3
Personal and credit card	8,689	36	18	18
Business and government	19,896	231	133	98
	44,031	271	152	119
General allowance ⁽¹⁾				(333)
Impaired loans, net of specific and general allowances				(214)
October 31, 2004				
Residential mortgage	15,500	4	2	2
Personal and credit card	7,825	32	17	15
Business and government	18,751	352	209	143
	42,076	388	228	160
General allowance ⁽¹⁾				(350)
Impaired loans, net of specific and general allowances				(190)

(1) The general allowance for credit risk was created taking into account the Bank's credit in its entirety.

5. Allowance for Credit Losses

The changes made to allowances are as follows:

	Specific allowances	Allocated general allowance	Unallocated general allowance	Six months ended	
				April 30 2005	April 30 2004
Allowances at beginning	228	272	78	578	630
Provision for credit losses	35	-	(17)	18	63
Write-offs	(134)	-	-	(134)	(111)
Recoveries	23	-	-	23	32
Allowances at end	152	272	61	485	614

6. Pension and Other Employee Future Benefits

	Quarter ended			Six months ended	
	April 30 2005	January 31 2005	April 30 2004	April 30 2005	April 30 2004
Pension benefit expense	13	12	11	25	22
Other employee future benefit expense	2	-	2	2	4

Notes to the Consolidated Financial Statements (cont.)

(unaudited) (millions of dollars)

7. Capital Stock

Issued and fully paid as at April 30, 2005	
First preferred shares	
7,000,000 shares, Series 13	175
8,000,000 shares, Series 15	200
8,000,000 shares, Series 16	200
	575
165,744,462 common shares	1,552
	2,127
6,474,157 stock options outstanding	N/A

Issuance of preferred shares

On March 15, 2005, the Bank issued 8,000,000 First Preferred Shares Series 16 with non-cumulative dividends payable quarterly in an amount of \$0.303125 per share for a cash consideration of \$194 million, net of commissions of \$6 million.

Repurchase of common shares

On January 13, 2005, the Bank commenced a normal course issuer bid to repurchase, for cancellation, up to 8,400,000 common shares over a 12-month period ending no later than January 12, 2006. Repurchases are made on the open market at market prices through the facilities of the Toronto Stock Exchange. Premiums paid above the average book value of the common shares are charged to retained earnings.

As at April 30, 2005, the Bank had completed the repurchase of 2,780,400 common shares at a cost of \$149 million, which reduced common equity capital by \$26 million and retained earnings by \$123 million.

8. Securitization

CMHC-guaranteed mortgage loans

During the second quarter of 2005, the Bank securitized \$449 million of guaranteed residential mortgage loans through the creation of mortgage-backed securities. The Bank sold \$309 million of these securities. Mortgage-backed securities created and not sold remain on the Consolidated Balance Sheet under "Securities - Investment Account". The Bank received net cash proceeds of \$307 million and retained the rights to the excess spread of \$13 million earned on the mortgage loans. The Bank also recorded a servicing liability of \$2 million. A pre-tax gain of \$9 million, net of transaction fees, was recognized in the Consolidated Statement of Income under "Securitization revenues."

Credit card receivables

Credit card-backed investor certificates in the amount of \$500 million issued by a trust in 1998 matured in March 2005. In addition, the Bank sold \$800 million of credit card receivables to this trust during the second quarter of 2005. The Bank received cash proceeds of \$795 million and retained the rights to the excess spread of \$21 million generated by the receivables, net of credit losses. The Bank also recorded a servicing liability of \$4 million as well as a pre-tax gain of approximately \$12 million, net of transaction fees of \$5 million. As a result of these transactions, total securitized credit card receivables increased from \$900 million as at January 31, 2005 to \$1.2 billion as at April 30, 2005.

9. Subordinated Debentures

On December 20, 2004, the Bank issued \$350 million of subordinated debentures under its Canadian Medium Term Note Program. The issue, Series 3 Medium Term Notes, is due in December 2019. Interest on this issue is payable semi-annually at a fixed rate of 4.926% until December 22, 2014, and at a floating rate equal to the rate on three-month bankers' acceptances plus 1.00% (paid quarterly) thereafter to maturity.

Notes to the Consolidated Financial Statements (cont.)

(unaudited) (millions of dollars)

10. Segment Disclosures

Quarter ended April 30

	Personal and Commercial		Wealth Management		Financial Markets		Other		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest income ⁽¹⁾	314	307	25	24	107	54	(67)	(60)	379	325
Other income ⁽¹⁾	180	172	182	181	142	194	17	12	521	559
Total revenues	494	479	207	205	249	248	(50)	(48)	900	884
Operating expenses	308	298	159	155	151	136	6	13	624	602
Contribution	186	181	48	50	98	112	(56)	(61)	276	282
Provision for credit losses	26	36	-	-	2	17	(27)	(34)	1	19
Income before income taxes and non-controlling interest	160	145	48	50	96	95	(29)	(27)	275	263
Income taxes ⁽¹⁾	52	52	16	17	32	36	(34)	(29)	66	76
Non-controlling interest	-	-	1	1	1	-	5	6	7	7
Net income (net loss)	108	93	31	32	63	59	-	(4)	202	180
Average assets	43,340	40,065	915	850	48,432	43,535	(5,715)	(5,588)	86,972	78,862

Six months ended April 30

	Personal and Commercial		Wealth Management		Financial Markets		Other		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest income ⁽²⁾	638	621	48	46	169	48	(127)	(116)	728	599
Other income ⁽²⁾	359	343	354	345	355	469	87	39	1,155	1,196
Total revenues	997	964	402	391	524	517	(40)	(77)	1,883	1,795
Operating expenses	612	590	312	304	306	268	7	17	1,237	1,179
Contribution	385	374	90	87	218	249	(47)	(94)	646	616
Provision for credit losses	53	65	-	-	4	41	(39)	(43)	18	63
Income before income taxes and non-controlling interest	332	309	90	87	214	208	(8)	(51)	628	553
Income taxes ⁽²⁾	110	111	30	30	72	76	(39)	(44)	173	173
Non-controlling interest	-	-	2	2	1	-	11	12	14	14
Net income (net loss)	222	198	58	55	141	132	20	(19)	441	366
Average assets	42,853	39,751	885	826	46,333	43,102	(5,557)	(5,516)	84,514	78,163

Personal and Commercial

The Personal and Commercial segment comprises the branch network, intermediary services, credit cards, insurance, commercial banking services and real estate.

Wealth Management

The Wealth Management segment comprises full-service retail brokerage, discount brokerage, mutual funds, trust services and portfolio management.

Financial Markets

The Financial Markets segment encompasses corporate financing and lending, treasury operations, including asset and liability management for the Bank, and corporate brokerage.

Other

The Other heading comprises securitization operations, gains on the sale of operations, certain non-recurring items and the unallocated portion of centralized services.

Taxable equivalent

(1) The accounting policies are the same as those described in the note on accounting policies (Note 1), with the exception of the net interest income, other income and income taxes of the operating segments, which are presented on a taxable

equivalent basis. Taxable equivalent basis is a calculation method that consists in grossing up certain tax-exempt income by the amount of income tax that otherwise would have been payable. For all of the operating segments, net

interest income was grossed up by \$23 million (\$18 million in 2004) and other income by \$15 million (\$13 million in 2004). An equal amount was added to income taxes. The impact of these adjustments is reversed under the "Other" heading.

(2) For the six months ended April 30, 2005, net interest income was grossed up by \$39 million (\$31 million in 2004)

and other income by \$16 million (\$11 million in 2004). An equivalent amount was added to income taxes.

The impact of these adjustments is reversed under the "Other" heading.

Economic Commentary

For a more detailed analysis and up-to-date information on the state of the global and local economy, we invite you to consult the following National Bank economic publications:

Economic and Financial Outlook: A complete survey of the economic outlook in North America and abroad, the provincial economies, and financial markets and sectors. Published twice a year.

Monthly Economic Monitor: An overview of recent economic developments in Canada, the United States and around the world, with an update of our economic forecast.

Economic Weekly: A weekly analysis of current economic issues along with the latest figures for selected indicators of foreign, North American and provincial economies, and commodity prices.

These publications are available on the Bank's website at www.nbc.ca. Under "Investor Relations" on the right-hand side of the screen click on "Corporate and Financial News" and then "Economic Analysis."

Bank News

National Bank Financial conference in Montreal on March 30, 2005:

National Bank Financial held its annual Canadian Financial Services Conference on March 30, 2005 in Montreal. In his address, Réal Raymond, President and Chief Executive Officer of the Bank, demonstrated how initiatives pursued by the Bank in recent years had not only fuelled its current growth, but also positioned it to benefit from longer-term secular industry trends, thereby ensuring its continued growth.

Presentation to investor community by National Bank Financial – Prospering in a Low Return Environment:

Louis Vachon, Chairman of National Bank Financial Group and Natcan Investment Management, and Kym Anthony, President and Chief Executive Officer of National Bank Financial Group, met with analysts and investors on April 6 in Toronto to give them more insight into National Bank Financial's activities and to explain how NBF intends to grow its business by closely managing risk and building closer ties with its clients.

"The SMEs of the National Bank" Program:

National Bank recently kicked off the 12th edition of its recognition program "The SMEs of the National Bank." A veritable celebration of excellence, this contest recognizes businesses in all regions of Quebec that have achieved prominence through their competence, drive and human resources management. The names of the provincial winners in each of the four categories – Small Business, SME, Agribusiness SME and Export SME – will be unveiled at a gala in October of this year.

The most admired financial institution in Quebec – again! According to Léger Marketing's 8th annual survey to rank the most admired companies in Quebec, National Bank continues to be the province's most admired deposit-taking and lending institution. It is the third consecutive year that the Bank has earned this honour. The survey results, which were published by *Commerce* magazine, also show that Quebecers' opinion of the Bank has improved by a substantial 7 points over last year.

Launch of the new Breathe Easy Option: Always in touch with the needs of its customers, National Bank has launched the Breathe Easy Option, a mortgage solution for people in need of a financial breather. With the Breathe Easy Option, customers who take out, renew or hold a five-year mortgage can benefit from a penalty-free payment holiday (principal and interest) for up to six months. The Breathe Easy Option is a perfect example of National Bank's ongoing drive to offer a wide range of financing methods and options responsive to the changing lives of its customers.

The Mira campaign in the branches: Last fall, the Quebec branches of the Bank raised a grand total of \$265,591 for the Mira Foundation. The money will be used to train guide and service dogs for the physically and visually disabled.

The Bank donates \$100,000 to the Fondation Hôtel-Dieu de St-Jérôme:

National Bank is proud to support the *Fondation Hôtel-Dieu de St-Jérôme* with a contribution of \$100,000. The money will go towards purchasing specialized equipment for the hospital's various departments, including ophthalmology, orthopedics, traumatology, cardiology and surgery.

Service agreement signed with the Association des chirurgiens-dentistes du Québec: On May 1, a new service agreement took effect that gives members of the *Association des chirurgiens-dentistes du Québec* access to a broad selection of attractively priced banking and financial services. This agreement was made possible thanks to The Financier, a financial services package designed by the Bank exclusively for professional associations. Many well-known professional associations currently enjoy the advantages of this package, which was introduced some 15 years ago.

National Bank joins forces with Tennis Canada: National Bank has teamed up with Tennis Canada to present the Rogers Cup tennis championships in Montreal until 2009. The Bank will also sponsor seven new regional tournaments and provide bursaries to young tennis hopefuls. In association with Tennis Québec, the Bank will participate in a province-wide tour of parks and will support the Tennis Plus program, which is aimed at promoting tennis in Quebec.

DBRS upgrades all National Bank ratings: Dominion Bond Rating Services (DBRS) has upgraded all credit ratings of National Bank. According to DBRS, the improvements in National Bank's earnings, asset quality, and financial risk profile are sustainable due to the successful execution of its business plan. The Bank is proud of the ratings assigned by DBRS, as they are a testament to the appropriateness of its business model and its ongoing efforts over the past few years.

Louis Vachon plays pivotal role in the Centre Normand-Léveillé fund-raising campaign: National Bank has donated \$150,000 to the *Fondation du Centre Normand-Léveillé* fund-raising campaign. Louis Vachon, Chairman of National Bank Financial Group and Natcan Investment Management, is honorary chairman of the campaign, which will run until 2008. The money raised during the campaign will be used to carry out renovations, consolidate existing activities and increase the centre's capacity.

Corporate governance section added to the Bank's website: A brand new section has been added to the Bank's website (www.nbc.ca). The section deals exclusively with corporate governance, a key component of Bank operations. A valuable source of information on the Bank's corporate governance structure and practices, it includes the names and biographies of the members of the Board and Executive Committee, a list of the different Board committees and their respective mandates, and much more.

Réal Raymond speaks to the Association des MBA: In a speech to the *Association des MBA du Québec* entitled "Confidence as a Management Lever", Réal Raymond, President and Chief Executive Officer of National Bank, explained how the Bank had earned the trust of its stakeholders and then used it as a management lever to help grow its business. Mr. Raymond showed how, by instituting an action plan, the Bank had won the trust and appreciation of its clients, employees, shareholders and the community by meeting their respective needs and expectations.

National Bank supports Défi sportif for third straight year: For a third consecutive year, National Bank threw its support behind *Défi sportif*, a major competition for athletes with physical, intellectual, hearing and visual disabilities. During the 22nd edition of *Défi sportif*, some 2,500 athletes from different countries came together for five days to demonstrate their skill and determination. The Bank is proud to encourage athletes in their quest for excellence.

www.nbc.ca



National Bank of Canada Information for Shareholders and Investors

Investor Relations

Financial analysts and investors who want to obtain financial information on the Bank are asked to contact the Investor Relations Department.

600 de La Gauchetière West, 7th Floor

Montreal, Quebec H3B 4L2

Telephone: (514) 394-0296

Fax: (514) 394-6196

E-mail: investorrelations@nbc.ca

Website: www.nbc.ca/investorrelations

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Montreal, Quebec H3B 4L2

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Website: www.nbc.ca

General inquiries: telnat@nbc.ca

Quarterly report publication dates for fiscal 2004-2005

Third quarter August 25, 2005

Fourth quarter December 8, 2005

DISCLOSURE OF 2nd QUARTER 2005 RESULTS

Conference call:

- A conference call for analysts and institutional investors will be held on **May 26, 2005 at 1:00 EDT.**
- Access by telephone in listen only mode: **(416) 405-9310** or **1-877-211-7911**
- A recording of the conference call can be heard until June 2, 2005 by calling **(416) 695-5800** or **1-800-408-3053**. The access code is **3152153**.

Webcast:

- The conference call will be webcast live at www.nbc.ca/investorrelations.
- A recording of the webcast will also be available on the Internet after the call.

Financial Documents

- The quarterly financial statements are available at all times on National Bank's website at www.nbc.ca/investorrelations.
- The Report to Shareholders, Supplementary Financial Information and a slide presentation will be available on the Investor Relations page of National Bank's website shortly before the start of the conference call.

Transfer Agent and Registrar

For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, shareholders are requested to contact the transfer agent, National Bank Trust Inc., at the address and telephone numbers below.

National Bank Trust Inc.

Share Ownership Management

1100 University, 9th Floor

Montreal, Quebec H3B 2G7

Telephone: (514) 871-7171

1-800-341-1419

Fax: (514) 871-7442

Email: clientele@tbn.bnc.ca

Direct Deposit Service for Dividends

Shareholders may have their dividend payments deposited directly via electronic funds transfer to an account at any financial institution that is a member of the Canadian Payments Association. To do so, simply contact the transfer agent, National Bank Trust Inc., in writing.

Dividend Reinvestment Plan

National Bank offers holders of its common or preferred shares a Dividend Reinvestment and Share Purchase Plan through which they can invest in shares without paying any commissions or administration fees. Participants may reinvest all cash dividends paid on their shares held or make optional cash payments of at least \$500 per payment, to a maximum of \$5,000 per quarter, to purchase shares. For more information, please contact the Registrar, National Bank Trust Inc., at 1-800-341-1419 or (514) 871-7171.

www.nbc.ca/investorrelations

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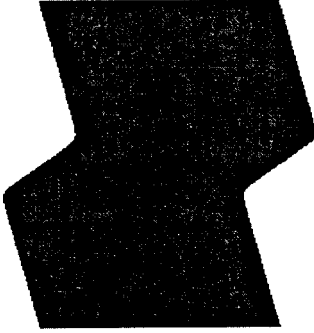
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NATIONAL BANK OF CANADA

SUPPLEMENTARY FINANCIAL INFORMATION

SECOND QUARTER 2005 REPORT

For more information:

Michel Labonté, Senior Vice-President Finance, Technology, and Corporate affairs, phone: (514) 394-8610, fax: (514) 394-6196

Jean Dagenais, Vice-President and Chief Accountant, phone: (514) 394-6233, fax: (514) 394-6196

Elaine Carr, Director Investor Relations, phone: (514) 394-0296, fax: (514) 394-6196

This document is also available via the Internet on the Bank's web site: www.nbc.ca

Index

Financial Highlights	page 1
Consolidated Statement Of Income	page 2
Results Of Operations As A Percentage Of Average Assets	page 3
Net Income By Sector Of Activities	page 4
Other Income And Trading Revenues	page 6
Non-Interest Expenses	page 7
Provision For Credit Losses	page 8
Condensed Consolidated Balance Sheet	page 9
Consolidated Statement Of Changes In Shareholders' Equity	page 10
Assets Under Administration / Management	page 11
Gross Impaired Loans	page 12
Net Impaired Loans	page 13
Selected Industry Exposure	page 14
Risk-Adjusted Capital Ratios	page 15
Financial Derivatives	page 16
Shareholders' Information	page 17
Global Trading Value At Risk	page 18

FINANCIAL HIGHLIGHTS

	2005				2004				YTD				Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004	2003	2003
Net income (\$000,000)			\$202.2	\$238.8	\$192.0	\$167.0	\$180.1	\$185.6	\$441.1	\$365.7	\$724.7	\$623.7		
Earnings per share			\$1.17	\$1.39	\$1.11	\$0.95	\$1.01	\$1.03	\$2.56	\$2.04	\$4.10	\$3.37		
- basic			\$1.15	\$1.37	\$1.09	\$0.94	\$1.00	\$1.02	\$2.52	\$2.02	\$4.05	\$3.34		
- fully diluted														
Return on common shareholders' equity			19.9%	23.6%	19.7%	17.2%	19.0%	19.0%	21.8%	19.0%	18.8%	16.5%		
Dividend per share			\$0.42	\$0.42	\$0.38	\$0.38	\$0.33	\$0.33	\$0.84	\$0.66	\$1.42	\$1.08		
Net interest margin Personal & Commercial Bank			2.97%	3.03%	3.02%	3.05%	3.12%	3.17%	3.00%	3.14%	3.09%	3.23%		
Productivity ratio (teb) ⁽¹⁾			66.48%	61.36%	67.12%	66.21%	65.76%	62.66%	63.84%	64.17%	65.40%	65.24%		
Effective tax rate (teb)			33.25%	33.49%	36.52%	35.55%	36.19%	36.07%	33.37%	36.13%	36.10%	36.49%		
Average loans and BA's			\$44,715	\$43,642	\$42,676	\$42,523	\$40,018	\$39,000	\$44,170	\$39,503	\$41,060	\$39,324		
Average assets (\$000,000)			\$86,972	\$82,135	\$78,068	\$80,287	\$78,862	\$77,477	\$84,514	\$78,163	\$78,672	\$71,810		
Total Assets (\$000,000)			\$99,917	\$91,703	\$88,721	\$85,481	\$86,466	\$83,156	\$99,917	\$86,466	\$88,721	\$84,626		
Average common shareholders' equity			\$4,010	\$3,924	\$3,765	\$3,728	\$3,738	\$3,757	\$3,966	\$3,748	\$3,746	\$3,624		
Number of shares outstanding (000's)			165,744	168,050	167,430	168,058	169,730	173,569	165,744	169,730	167,430	174,620		
Gross impaired loans (\$000,000)			271.1	303.6	387.5	435.8	448.7	471.8	271.1	448.7	387.5	475.9		
Gross impaired loans/common equity-goodwill+reserves			7.43%	8.20%	10.88%	12.37%	12.59%	12.92%	7.43%	12.59%	10.88%	13.02%		
Net impaired loans (\$000,000)			(213.5)	(216.0)	(190.4)	(185.9)	(164.8)	(171.0)	(213.5)	(164.8)	(190.4)	(153.8)		
as a % of net loans and bankers' acceptances			-0.5%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%	-0.5%	-0.4%	-0.4%	-0.4%		
Book value			\$24.19	\$23.97	\$22.87	\$22.30	\$21.94	\$21.81	\$24.19	\$21.94	\$22.87	\$21.32		
Capital ratios - BIS														
Tier 1			9.5%	9.6%	9.6%	9.5%	9.6%	10.1%	9.5%	9.6%	9.6%	9.6%		
Total			13.3%	13.5%	13.0%	13.0%	13.2%	13.8%	13.3%	13.2%	13.0%	13.4%		
Tangible Shareholders' equity / Risk weighted assets			7.11%	7.13%	7.02%	6.78%	6.83%	7.17%	7.11%	6.83%	7.02%	6.78%		
Number of employees (full-time equivalent)			14,278	14,175	14,122	14,268	13,910	14,301	14,278	13,910	14,122	14,328		
Number of Branches			460	462	462	472	474	476	460	474	462	477		
Number of ATMS			770	768	770	767	815	816	770	815	770	817		

CONSOLIDATED STATEMENT OF INCOME

	2005				2004				YTD		Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2003
(unaudited)(thousands)(taxable equivalent basis)												
<i>Interest Income and Dividends</i>												
Loans				\$ 509,167	\$ 475,397	\$ 465,968	\$ 484,661	\$ 1,015,111	\$ 941,698	\$ 1,883,063	\$ 1,963,254	
Securities	182,186			178,835	155,684	152,154	138,068	361,021	280,707	588,545	525,908	
Deposits with regulated financial institutions	46,782			27,828	23,684	28,118	33,250	74,610	61,330	113,132	131,466	
Total Interest Income and Dividends	734,912			715,830	654,765	646,240	655,979	1,450,742	1,283,735	2,584,740	2,620,628	
<i>Interest Expense</i>												
Deposits				260,559	193,944	173,317	247,429	513,998	433,377	800,638	1,029,953	
Bank debentures	27,717			25,847	23,969	24,943	25,180	53,564	49,740	98,652	105,212	
Other	74,191			80,819	56,490	64,340	110,211	155,010	201,852	322,682	174,153	
Total Interest Expense	355,347			367,225	274,403	262,600	382,820	722,572	684,969	1,221,972	1,309,318	
Tax equivalent adjustment	23,393			15,970	16,386	14,528	13,304	39,363	30,870	61,784	41,739	
Net Interest Income	402,958			364,575	396,748	398,168	286,463	767,533	629,636	1,424,552	1,353,049	
Other Income (feb)	535,563			634,893	534,203	485,952	636,581	1,170,456	1,208,050	2,228,205	2,106,909	
Gross Revenues	938,521			999,468	930,951	884,120	923,044	1,937,989	1,837,686	3,652,757	3,459,958	
Provision for credit losses	1,207			17,139	(8,181)	30,049	44,007	18,346	63,615	85,483	177,752	
Non-Interest Expenses	623,951			613,294	624,609	585,119	578,084	1,237,245	1,179,306	2,389,034	2,257,348	
<i>Income Before Income Taxes</i>	<i>313,363</i>			<i>369,035</i>	<i>314,523</i>	<i>268,952</i>	<i>300,953</i>	<i>682,398</i>	<i>594,765</i>	<i>1,178,240</i>	<i>1,024,858</i>	
Income taxes	104,200			123,601	114,857	95,611	108,561	227,801	214,903	425,371	373,996	
<i>Income Before Non-Controlling Interest</i>	<i>209,163</i>			<i>245,434</i>	<i>199,666</i>	<i>173,341</i>	<i>192,392</i>	<i>454,597</i>	<i>379,862</i>	<i>752,869</i>	<i>650,862</i>	
Non-Controlling Interest	6,925			6,612	7,690	6,317	6,824	13,537	14,168	28,175	27,141	
Net Income before disc. oper. and goodwill charges	\$ 202,238			\$ 238,822	\$ 191,976	\$ 167,024	\$ 185,568	\$ 441,060	\$ 365,694	\$ 724,694	\$ 623,721	
Discontinued Operations												
Net Income before goodwill charges	\$ 202,238			\$ 238,822	\$ 191,976	\$ 167,024	\$ 185,568	\$ 441,060	\$ 365,694	\$ 724,694	\$ 623,721	
Goodwill charges												
Net Income	\$ 202,238			\$ 238,822	\$ 191,976	\$ 167,024	\$ 185,568	\$ 441,060	\$ 365,694	\$ 724,694	\$ 623,721	
Effective Tax Rate	33.3%			33.5%	36.5%	35.5%	36.2%	33.4%	36.1%	36.1%	36.5%	
Dividends on preferred shares	\$ 7,346			\$ 5,725	\$ 5,725	\$ 5,725	\$ 5,725	\$ 13,071	\$ 11,450	\$ 22,900	\$ 24,446	
Dividends on common shares	\$ 70,527			\$ 70,651	\$ 63,904	\$ 64,628	\$ 57,866	\$ 141,178	\$ 114,528	\$ 243,060	\$ 192,515	
Number of common shares (avg.) (in thousands)	167,327			167,693	167,671	169,332	174,669	167,513	173,361	170,924	177,751	
<i>Tax equivalent adjustment</i>												
Net interest income	23,393			15,970	16,386	14,528	13,304	39,363	30,870	61,784	41,739	
Other income	15,352			625	21,891	12,637	(1,955)	15,978	11,200	45,728	55,703	
Income taxes	38,745			16,595	38,277	27,165	11,349	55,340	42,070	107,512	97,442	

RESULTS OF OPERATIONS AS A PERCENTAGE OF AVERAGE ASSETS

	2005				2004				YTD			Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004	2003

(Taxable equivalent basis)
in % of average assets

Total revenues			4.43	4.83	4.74	4.38	4.72	4.74	4.62	4.73	4.64	4.82
Provision for credit losses			0.01	0.08	(0.04)	0.15	0.10	0.23	0.04	0.16	0.11	0.25
Non-interest expenses			2.94	2.96	3.18	2.90	3.10	2.97	2.95	3.03	3.04	3.14
Income taxes			0.49	0.60	0.59	0.47	0.55	0.56	0.54	0.55	0.54	0.52
Non-controlling interest			0.03	0.03	0.04	0.03	0.04	0.04	0.03	0.04	0.04	0.04
Net income			0.95	1.15	0.98	0.83	0.93	0.95	1.05	0.94	0.92	0.87
Average assets (\$000,000)			\$86,972	\$82,135	\$78,068	\$80,287	\$78,862	\$77,477	\$84,514	\$78,163	\$78,672	\$71,810
Average earning assets (\$000,000)			\$81,137	\$75,346	\$71,243	\$72,198	\$69,229	\$69,077	\$78,210	\$69,152	\$70,447	\$64,499

in % of Average Risk-Weighted Assets

Net interest income (teb)			3.78%	3.43%	3.86%	3.91%	3.54%	2.94%	3.61%	3.24%	3.57%	3.48%
Net income			1.90%	2.25%	1.87%	1.64%	1.86%	1.90%	2.07%	1.88%	1.82%	1.59%
Average Risk-Weighted Assets (\$000,000)			\$43,725	\$42,168	\$40,841	\$40,536	\$39,416	\$38,799	\$42,934	\$39,104	\$39,901	\$39,301

Prime rate			4.25%	4.25%	3.93%	3.75%	4.04%	4.47%	4.25%	4.26%	4.05%	4.69%
B/A's 30 days			2.57%	2.56%	2.21%	2.05%	2.33%	2.75%	2.57%	2.54%	2.34%	2.97%
Spread			1.68%	1.69%	1.72%	1.70%	1.71%	1.72%	1.68%	1.71%	1.71%	1.72%

NET INCOME BY SECTOR OF ACTIVITIES

	2005				2004				YTD		Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004

(in millions of dollars) (taxable equivalent basis)

Personal and Commercial Banking

Net interest income			314	324	316	314	307	314	638	621	1,251	
Other income			180	179	192	179	172	171	359	343	714	
Total income			494	503	508	493	479	485	997	964	1,965	
Operating expenses			308	304	316	312	298	292	612	590	1,218	
Provision for credit losses			26	27	40	32	36	29	53	65	137	
Earning before income taxes			160	172	152	149	145	164	332	309	610	
Income taxes			52	58	54	53	52	59	110	111	218	
Non-controlling interest			-	-	-	-	-	-	-	-	-	
Net income			108	114	98	96	93	105	222	198	392	
Net interest margin			2.97%	3.03%	3.02%	3.05%	3.12%	3.17%	3.00%	3.14%	3.09%	
Expense ratio			62.3%	60.4%	62.2%	63.3%	62.2%	60.2%	61.4%	61.2%	62.0%	
Average loans and BA's			42,627	41,651	40,871	40,182	39,290	38,634	42,131	38,958	39,747	
Average assets			43,340	42,382	41,597	40,929	40,065	39,443	42,853	39,751	40,511	

Wealth Management

Net interest income			25	23	24	24	24	22	48	46	94	
Other income			182	172	156	148	181	164	354	345	649	
Total income			207	195	180	172	205	186	402	391	743	
Operating expenses			159	153	141	136	155	149	312	304	581	
Provision for credit losses			-	-	-	-	-	-	-	-	-	
Earning before income taxes			48	42	39	36	50	37	90	87	162	
Income taxes			16	14	15	13	17	13	30	30	58	
Non-controlling interest			1	1	1	1	1	1	2	2	4	
Net income			31	27	23	22	32	23	58	55	100	
Expense ratio			76.8%	78.5%	78.3%	79.1%	75.6%	80.1%	77.6%	77.7%	78.2%	
Average loans and BA's			348	316	320	325	335	318	332	326	324	
Average assets			915	855	840	844	850	802	885	826	834	

Financial Markets

Net interest income			107	62	110	98	54	(6)	169	48	256	
Other income			142	213	136	123	194	275	355	469	728	
Total income			249	275	246	221	248	269	524	517	984	
Operating expenses			151	155	147	128	136	132	306	268	543	
Provision for credit losses			2	2	(2)	12	17	24	4	41	51	
Earning before income taxes			96	118	101	81	95	113	214	208	390	
Income taxes			32	40	38	31	36	40	72	76	145	
Non-controlling interest			1	-	-	-	-	-	1	-	-	
Net income			63	78	63	50	59	73	141	132	245	
Expense ratio			60.6%	56.4%	59.8%	57.9%	54.8%	49.1%	58.4%	51.8%	55.2%	
Average loans and BA's			8,966	8,501	8,206	8,540	7,942	7,463	8,730	7,700	8,038	
Average assets			48,432	44,302	40,313	42,967	43,535	42,678	46,333	43,102	42,367	

NET INCOME BY SECTOR OF ACTIVITIES

(in millions of dollars)

	2005				2004				YTD		Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004
Other Segments												
Net interest income			(67)	(60)	(70)	(52)	(60)	(56)	(127)	(116)	(238)	
Other income			17	70	28	24	12	27	87	39	91	
Total Income			(50)	10	(42)	(28)	(48)	(29)	(40)	(77)	(147)	
Operating expenses			6	1	19	10	13	4	7	17	46	
Provision for credit losses			(27)	(12)	(46)	(13)	(34)	(9)	(39)	(43)	(102)	
Earning before income taxes			(29)	21	(15)	(25)	(27)	(24)	(8)	(51)	(91)	
Income taxes			(34)	(5)	(30)	(29)	(29)	(15)	(39)	(44)	(103)	
Non-controlling interest			5	6	7	5	6	6	11	12	24	
Net Income			-	20	8	(1)	(4)	(15)	20	(19)	(12)	
Average loans and BA's			(7,226)	(6,826)	(6,721)	(6,524)	(7,549)	(7,415)	(7,023)	(7,481)	(7,050)	
Average assets			(5,715)	(5,404)	(4,682)	(4,453)	(5,588)	(5,446)	(5,557)	(5,516)	(5,039)	

	2005				2004				YTD		Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004
Total												
Net interest income			379	349	380	384	325	274	728	599	1,363	
Other income			521	634	512	474	559	637	1,155	1,196	2,182	
Total Income			900	983	892	858	884	911	1,883	1,795	3,545	
Operating expenses			624	613	623	586	602	577	1,237	1,179	2,388	
Provision for credit losses			1	17	(8)	31	19	44	18	63	86	
Earning before income taxes			275	353	277	241	263	290	628	553	1,071	
Income taxes			66	107	77	68	76	97	173	173	318	
Non-controlling interest			7	7	8	6	7	7	14	14	28	
Net Income			202	239	192	167	180	186	441	366	725	
Expense ratio (feb)			66.5%	61.4%	67.1%	66.2%	65.8%	62.7%	63.8%	64.2%	65.4%	
Average loans and BA's			44,715	43,642	42,676	42,523	40,018	39,000	44,170	39,503	41,060	
Average assets			86,972	82,135	78,068	80,287	78,862	77,477	84,514	78,163	78,672	

OTHER INCOME AND TRADING REVENUES

	2005				2004				YTD				2004	2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004		
<i>(unaudited) (thousands) (taxable equivalent basis)</i>														
Other Income														
Deposits and payment service charges			\$ 48,904	\$ 48,972	\$ 49,781	\$ 50,541	\$ 50,196	\$ 49,490	\$ 97,876	\$ 99,686	\$ 200,008	\$ 192,215		
Commissions on loans and bankers' acceptances			72,301	74,504	80,982	75,117	70,466	96,460	146,805	166,926	323,005	280,337		
Capital market fees			189,590	168,436	139,028	152,359	178,124	163,495	358,026	341,619	633,006	544,145		
Foreign exchange revenues			18,283	18,093	16,813	17,331	18,168	19,314	36,376	37,482	71,626	66,177		
Card service revenues			16,502	14,937	12,214	13,451	12,000	11,633	31,439	23,633	49,298	49,022		
Trust services			35,696	32,083	32,237	29,575	30,042	27,908	67,779	57,950	119,762	105,150		
Mutual funds			32,958	32,850	30,953	31,986	31,560	29,625	65,808	61,185	124,124	104,969		
Securitization			46,696	47,942	40,953	44,904	43,224	50,973	94,638	94,197	180,054	203,759		
Profit & Loss on trading			17,226	83,934	5,680	13,212	58,134	156,673	101,160	214,807	233,699	380,687		
Profit & Loss other than trading			16,400	77,095	54,636	12,754	38,491	(4,198)	93,495	34,293	101,683	7,908		
Other			41,007	36,047	70,946	44,722	41,064	35,208	77,054	76,272	191,940	172,540		
Total			\$ 535,563	\$ 634,893	\$ 534,203	\$ 485,952	\$ 571,469	\$ 636,581	\$ 1,170,456	\$ 1,208,050	\$ 2,228,205	\$ 2,106,909		
As a % of total revenues			57.1%	63.5%	57.4%	55.0%	62.5%	69.0%	60.4%	65.7%	61.0%	60.9%		

<i>(unaudited) (thousands)</i>													
Trading revenues													
Net interest income			\$ 57,324	\$ (1,688)	\$ 60,926	\$ 39,855	\$ 7,042	\$ (70,264)	\$ 55,636	\$ (63,222)	\$ 37,559	\$ (41,212)	
Other income			17,226	83,934	5,680	13,212	58,134	156,673	101,160	214,807	233,699	380,687	
Total			\$ 74,550	\$ 82,246	\$ 66,606	\$ 53,067	\$ 65,176	\$ 86,409	\$ 156,796	\$ 151,565	\$ 271,258	\$ 339,475	

NON-INTEREST EXPENSES

	2005				2004				YTD	2004	2003	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<i>(unaudited) (thousands)</i>												
Non-Interest Expenses												
Salaries and Staff benefits			\$ 195,482	\$ 198,402	\$ 206,706	\$ 191,902	\$ 184,332	\$ 197,192	\$ 393,884	\$ 381,524	\$ 780,132	\$ 775,962
Salaries			111,474	115,387	100,053	84,923	112,694	98,078	226,861	210,772	395,748	329,411
Commissions			50,144	53,801	35,871	48,243	49,224	50,024	103,945	99,248	183,362	181,677
Pension plan and other staff benefits			357,100	367,590	342,630	325,068	346,250	345,294	724,690	691,544	1,359,242	1,287,050
Total Compensation												
Premises, Equipment & Furniture			19,829	19,546	32,927	24,273	24,400	23,020	39,375	47,420	104,620	98,687
Rent			4,324	4,198	4,249	4,484	3,937	4,386	8,522	8,323	17,056	17,289
Taxes & insurance			6,775	5,930	6,807	6,254	6,992	6,345	12,705	13,337	26,398	26,057
Maintenance, lighting, heating			93,264	83,654	96,370	80,357	84,268	73,226	176,918	157,494	334,221	312,556
Rental & maintenance of computers			15,173	15,437	15,834	11,952	12,629	11,897	30,610	24,526	52,312	49,595
Depreciation			139,365	128,765	156,187	127,320	132,226	118,874	268,130	251,100	534,607	504,184
Total Premises, Equipment & Furniture												
Other Expenses												
Professional fees			31,760	25,167	19,680	40,605	33,198	24,269	56,927	57,467	117,752	111,918
Taxes on capital & salaries			16,363	16,737	19,312	15,222	15,467	14,594	33,100	30,061	64,595	60,454
Travel & business development			28,636	26,449	46,049	26,378	27,122	24,069	55,085	51,191	123,618	108,563
Other			50,727	48,586	40,751	50,526	46,959	50,984	99,313	97,943	189,220	184,879
Total Other Expenses			127,486	116,939	125,792	132,731	122,746	113,916	244,425	236,662	495,185	465,814
TOTAL NON-INTEREST EXPENSES			\$ 623,951	\$ 613,294	\$ 624,609	\$ 585,119	\$ 601,222	\$ 578,084	\$ 1,237,245	\$ 1,179,306	\$ 2,389,034	\$ 2,257,048

PROVISION FOR CREDIT LOSSES

	2005				2004				YTD			Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004	2003
<i>(millions of dollars)</i>													
RETAIL			8	8	7	7	8	6	16	14		28	40
CREDIT CARD			14	14	13	15	12	12	28	27		52	47
COMMERCIAL			4	5	12	13	11	24	9	24		57	61
CORPORATE			2	2	12	17	24	4	4	41		51	63
REAL ESTATE													
CANADA			-	-	-	-	-	-	-	-		-	7
USA			-	-	-	-	-	-	-	-		-	-
Total Real Estate			-	-	-	-	-	-	-	-		-	7
OTHER			-	(2)	-	-	-	-	(2)	-		-	(1)
CREDIT CARD SECURITIZATION			(10)	(10)	(13)	(14)	(9)	(23)	(20)	(23)		(47)	(40)
GENERAL			(17)	-	-	(20)	-	(20)	(17)	(20)		(55)	-
Total			1	17	31	19	44	18	63	86		177	177
As a % of loans and BA's								0.08%	0.29%	0.19%		0.42%	0.42%

CONDENSED CONSOLIDATED BALANCE SHEET

	2005				2004				End of Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2004	2003
<i>(unaudited) (millions of dollars)</i>										
Assets										
Cash resources			\$ 9,297	\$ 7,036	\$ 5,777	\$ 6,969	\$ 9,454	\$ 8,284	\$ 5,777	\$ 7,047
Securities			31,162	27,720	28,007	24,641	24,184	23,491	28,007	26,179
Securities purchased under reverse repurchase agreements			6,843	5,566	4,496	4,451	4,234	4,411	4,496	3,955
Loans										
Residential mortgages			15,445	15,450	15,498	15,168	14,486	14,011	15,498	13,973
Personal and credit cards			8,671	8,191	7,808	7,130	6,845	6,243	7,808	6,084
Business and government			19,430	18,653	18,192	18,790	18,664	17,558	18,192	18,324
Total Loans			43,546	42,294	41,498	41,088	39,995	37,812	41,498	38,381
Customers' liability under bankers' acceptances			2,902	2,725	3,076	3,038	3,165	3,160	3,076	3,334
Other assets			6,167	6,362	5,867	5,294	5,434	5,998	5,867	5,730
Total Assets			\$ 99,917	\$ 91,703	\$ 88,721	\$ 85,481	\$ 86,466	\$ 83,156	\$ 88,721	\$ 84,626
Liabilities										
Deposits										
Personal			\$ 24,281	\$ 24,089	\$ 23,675	\$ 23,888	\$ 24,048	\$ 23,853	\$ 23,675	\$ 23,512
Business and government			28,539	25,520	24,299	23,847	23,172	21,637	24,299	22,700
Deposit-taking institutions			8,926	7,051	5,458	6,533	7,436	6,093	5,458	5,251
Total Deposits			61,746	56,660	53,432	54,268	54,656	51,583	53,432	51,463
Others										
Acceptances			2,902	2,725	3,076	3,038	3,165	3,160	3,076	3,334
Other liabilities			28,914	26,151	26,601	22,579	23,058	22,780	26,601	24,216
Subordinated debentures			1,770	1,764	1,408	1,474	1,488	1,473	1,408	1,516
Total Others			33,586	30,640	31,085	27,091	27,711	27,413	31,085	29,066
Shareholders' equity										
Preferred shares			575	375	375	375	375	375	375	375
Common shares			1,552	1,563	1,545	1,544	1,556	1,583	1,545	1,583
Contributed surplus			10	8	7	6	4	3	7	2
Retained earnings			2,448	2,457	2,277	2,197	2,164	2,199	2,277	2,137
Total Shareholders' equity			4,585	4,403	4,204	4,122	4,099	4,160	4,204	4,097
Total Liabilities & Shareholders' Equity			\$ 99,917	\$ 91,703	\$ 88,721	\$ 85,481	\$ 86,466	\$ 83,156	\$ 88,721	\$ 84,626
Mortgage securitization			\$ 4,210	\$ 4,020	\$ 3,813	\$ 3,863	\$ 3,942	\$ 4,149	\$ 3,813	\$ 4,086
Mortgage loans sold to third parties			\$ 364	\$ 292	\$ 220	\$ 205	\$ 194	\$ 149	\$ 220	\$ 131
Credit card securitization			\$ 1,200	\$ 900	\$ 900	\$ 1,100	\$ 1,100	\$ 1,100	\$ 900	\$ 1,100
Consumer loans securitization			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114	\$ -	\$ 145
Direct loans securitization			\$ 338	\$ 464	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515
Mutual funds			\$ 10,646	\$ 10,545	\$ 10,564	\$ 10,632	\$ 10,505	\$ 10,266	\$ 10,564	\$ 9,574
Securities - excess of market value over book			\$ 57	\$ 158	\$ 123	\$ 60	\$ 133	\$ 208	\$ 123	\$ 128
Number of shares outstanding (000's)			165,744	168,050	167,430	168,058	169,730	173,569	167,430	174,620
Domestic Gap < 1 year			1,206	537	268	890	575	952	268	400
> 1 year			1,684	2,297	2,426	2,038	2,272	2,075	2,426	2,674

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	2005				2004				YTD			Full Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005	2004	2004	2004	2003
<i>(unaudited) (millions of dollars)</i>													
Opening balance			4,403	4,204	4,122	4,099	4,160	4,097	4,204	4,097	4,097	4,097	3,901
Issuance (redemption) of common shares		(10)	18	1	1	(12)	(27)	-	8	(27)	(38)	(56)	200
Issuance of preferred shares		200	-	-	-	-	-	-	200	-	-	-	(125)
Redemption of preferred shares, Series 10, 11 et 12		-	-	-	-	-	-	-	-	-	-	-	624
Net income		202	239	192	167	167	180	186	441	366	725	(243)	(193)
Dividends on common shares		(71)	(70)	(64)	(64)	(64)	(57)	(58)	(141)	(115)	(243)	(23)	(25)
Dividends on preferred shares		(7)	(6)	(6)	(6)	(6)	(5)	(6)	(13)	(11)	(23)	(23)	(25)
Initial adoption of AcG-15		3	3	-	-	-	-	-	6	-	-	-	-
Share issuance expenses, net of income taxes		(8)	-	-	-	-	-	-	(8)	-	-	-	(4)
Unrealized foreign exchange gains (losses), net of income taxes		(5)	14	(10)	(2)	(2)	1	(5)	9	(4)	(16)	(11)	(11)
Stock options expense		2	1	1	2	2	1	1	3	2	5	2	2
Impact of shares acquired / sold for trading purposes		(1)	-	-	-	-	-	-	-	-	-	-	-
Premium paid on common shares purchased for cancellation		(123)	-	(32)	(62)	(62)	(154)	(55)	(123)	(209)	(303)	(216)	(216)
Closing balance		4,585	4,403	4,204	4,122	4,099	4,099	4,160	4,586	4,099	4,204	4,097	4,097
Shareholders' equity													
Preferred shares		575	375	375	375	375	375	375	575	375	375	375	375
Common shares		1,552	1,563	1,545	1,544	1,544	1,556	1,583	1,552	1,556	1,545	1,583	1,583
Contributed surplus		10	8	7	6	6	4	3	10	4	7	2	2
Unrealized foreign currency translation adjustment		(1)	4	(10)	-	-	2	1	(1)	2	(10)	6	6
Retained earnings		2,449	2,453	2,287	2,197	2,197	2,162	2,198	2,449	2,162	2,287	2,131	2,131
Closing balance		4,585	4,403	4,204	4,122	4,099	4,099	4,160	4,585	4,099	4,204	4,097	4,097

ASSETS UNDER ADMINISTRATION / MANAGEMENT

	National Bank Trust Inc.	National Bank Financial & Cie.	National Bank Securities Inc.	Altamira	Natcan Investment Management Inc.	National Bank Discount Brokerage	Bank excluding subsidiaries	Total
<i>(millions of dollars)</i>								
as at April 30, 2005								
Assets under administration								
Institutional	45,952	7,582	-	-	-	-	-	53,534
Personal	-	79,918	-	-	-	8,394	-	88,312
Mutual funds	9,648	-	6,935	3,711	-	-	-	20,294
Mortgage loans sold to third parties	-	-	-	-	-	-	4,574	4,574
Total assets under administration	55,600	87,500	6,935	3,711	-	8,394	4,574	134,652
Assets under management								
Personal	3,727	-	-	-	-	-	-	3,727
Managed portfolios	-	2,161	-	-	14,955	-	-	17,116
Mutual funds	-	-	-	-	13,897	-	-	13,897
Total assets under management	3,727	2,161	-	-	28,852	-	-	34,740
Total assets under administration / management	59,327	89,661	6,935	3,711	28,852	8,394	4,574	166,682

Total
2004 **2005**

	National Bank Trust Inc.	National Bank Financial & Cie.	National Bank Securities Inc.	Altamira	Natcan Investment Management Inc.	National Bank Discount Brokerage	Bank excluding subsidiaries	Total
<i>(millions of dollars)</i>								
as at April 30, 2004								
Assets under administration								
Institutional	29,622	5,344	-	-	-	-	-	34,966
Personal	-	70,272	-	-	-	7,775	-	78,047
Mutual funds	6,998	-	6,225	4,280	-	-	-	17,503
Mortgage loans sold to third parties	-	-	-	-	-	-	4,136	4,136
Total assets under administration	36,620	75,616	6,225	4,280	-	7,775	4,136	134,652
Assets under management								
Personal	2,825	-	-	-	-	-	-	2,825
Managed portfolios	-	1,883	-	-	13,329	-	-	15,212
Mutual funds	-	-	-	-	13,993	-	-	13,993
Total assets under management	2,825	1,883	-	-	27,322	-	-	32,030
Total assets under administration / management	39,445	77,499	6,225	4,280	27,322	7,775	4,136	137,634

Total
2004 **2005**

GROSS IMPAIRED LOANS



	2005				2004				End of Year 2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
(\$ millions)									
RETAIL			38.1	35.0	34.7	31.6	35.0	33.3	34.0
COMMERCIAL			144.0	166.7	205.9	215.7	208.3	214.9	214.2
CORPORATE			68.8	81.5	121.4	162.9	169.7	175.0	163.3
REAL ESTATE			16.4	16.4	21.5	21.3	21.3	34.3	38.8
-Canada			-	-	-	-	-	-	-
-United States			16.4	16.4	21.5	21.3	21.3	34.3	38.8
Total Real Estate			16.4	16.4	21.5	21.3	21.3	34.3	38.8
TREASURY			3.7	3.6	3.6	3.9	4.0	3.9	3.9
OTHER			0.1	0.4	0.4	0.4	0.4	0.4	0.3
GENERAL ALLOWANCE			-	-	-	-	-	-	-
PRIVATE RISKS			271.1	303.6	387.5	435.8	438.7	461.8	454.5
DESIGNATED COUNTRIES			-	-	-	-	10.0	10.0	21.4
TOTAL			271.1	303.6	387.5	435.8	448.7	471.8	475.9
AS A % OF LOANS AND ACCEPTANCES			0.6%	0.7%	0.9%	1.0%	1.0%	1.2%	1.1%

	2005				2004				Full Year		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2004	2005	2003
Opening balance			304	388	436	449	472	476	388	476	503
Write-off			(34)	(72)	(35)	(25)	(51)	(21)	(106)	(132)	(198)
Formation			1	(12)	(13)	12	28	17	(11)	44	171
Closing balance			271	304	388	436	449	472	271	388	476

NET IMPAIRED LOANS

	2005				2004				End of year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2003
(\$ millions)									
RETAIL			18.4	15.4	16.1	13.9	15.9	13.7	15.3
COMMERCIAL			57.3	69.7	82.0	107.9	109.8	101.4	98.8
CORPORATE			30.6	36.6	48.8	63.7	79.7	94.7	107.5
REAL ESTATE			11.0	10.0	10.4	10.9	10.8	20.2	24.7
-Canada									
-United States									
Total Real Estate			11.0	10.0	10.4	10.9	10.8	20.2	24.7
TREASURY			2.2	2.3	2.3	2.5	2.5	2.4	2.3
OTHER			-	-	-	0.2	0.1	-	(0.1)
GENERAL ALLOWANCE			(333.0)	(350.0)	(350.0)	(385.0)	(385.0)	(405.0)	(405.0)
PRIVATE RISKS			(213.5)	(216.0)	(190.4)	(185.9)	(166.2)	(172.6)	(156.5)
DESIGNATED COUNTRIES			-	-	-	-	1.4	1.6	2.7
TOTAL			(213.5)	(216.0)	(190.4)	(185.9)	(164.8)	(171.0)	(153.8)
AS A % OF LOANS AND ACCEPTANCES			-0.5%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%

SELECTED INDUSTRY EXPOSURE



	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

Outstanding (millions of dollars)

Real Estate

Total			\$657.6	\$632.6	\$629.5	\$616.2	\$527.1	\$563.5
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Aerospace

Aircraft manufacturing			\$92	\$93	\$84	\$154	\$127	\$125
Air Transportation			\$102	\$101	\$94	\$66	\$74	\$72
Services			\$59	\$49	\$65	\$62	\$64	\$87
Total			\$253	\$243	\$243	\$282	\$265	\$284

Telecom

Cable			\$49	\$33	\$49	\$74	\$85	\$94
Wireless and Wireline			\$43	\$41	\$64	\$53	\$53	\$56
Total			\$92	\$74	\$113	\$127	\$138	\$150

Electric Power and Power Generation

Regulated Utilities			\$101	\$185	\$232	\$65	\$29	\$28
Generation Projects with PPA's			\$120	\$124	\$86	\$130	\$128	\$124
Other Generation Projects			\$22	\$16	\$35	\$67	\$14	\$12
Total			\$243	\$325	\$353	\$262	\$171	\$164

RISK-ADJUSTED CAPITAL RATIOS


	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

(millions of dollars)

Tier I capital

Common shareholders' equity			\$4,010	\$4,028	\$3,829	\$3,747	\$3,724	\$3,785
Non-cum. preferred shares, permanent			400	375	375	375	375	375
Non-controlling interest			49	48	5	3	4	3
Innovative instruments			378	372	365	399	412	397
Less: goodwill			662	662	662	662	662	662
Total Tier I			\$4,175	\$4,161	\$3,912	\$3,862	\$3,852	\$3,898
Tier II capital								
Bank debentures			1,707	\$1,702	\$1,408	\$1,440	\$1,453	\$1,439
General provision			333	350	350	357	351	337
Total Tier II			\$2,040	\$2,052	\$1,758	\$1,797	\$1,804	\$1,776
Other deductions			353	360	351	335	359	366
TOTAL CAPITAL			\$5,862	\$5,853	\$5,319	\$5,324	\$5,297	\$5,308
Risk-adjusted balance sheet items								
Cash resources			\$1,820	\$1,376	\$1,070	\$1,285	\$1,689	\$1,585
Securities			2,246	2,179	2,317	2,327	2,262	2,396
Mortgage loans			5,565	5,625	5,420	5,480	5,106	4,846
Other loans			20,404	19,840	19,199	19,206	19,019	17,842
Other assets			4,721	5,275	4,876	5,073	5,176	4,904
Total Risk-adjusted balance sheet items			\$34,756	\$34,295	\$32,882	\$33,371	\$33,252	\$31,573
Risk-adjusted off-balance sheet items								
Commitments to extend credit			979	\$941	\$874	\$909	\$816	\$697
L/G, L/C and trans.-related contingent			4,697	4,798	4,431	4,330	4,003	4,090
Commitments to extend credit			126	112	129	148	168	139
Interest rate contract			287	207	166	128	181	198
Foreign exchange contract			241	206	188	169	118	106
Equity-linked contract			64	105	121	64	105	66
Commodity								
Total Risk-adjusted off-balance sheet items			\$6,394	\$6,369	\$5,909	\$5,748	\$5,391	\$5,296
Risk-adjusted market risk items								
			\$2,787	\$2,849	\$2,032	\$1,740	\$1,571	\$1,750
TOTAL RISK-ADJUSTED ASSETS			\$43,937	\$43,513	\$40,823	\$40,859	\$40,214	\$38,619
Risk-adjusted ratios								
Tier I			9.5%	9.6%	9.6%	9.5%	9.6%	10.1%
Total			13.3%	13.5%	13.0%	13.0%	13.2%	13.8%

FINANCIAL DERIVATIVES

	2005				2004				End of Year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2003	2003
<i>(millions of dollars)</i>										
FOREIGN EXCHANGE RELATED CONTRACTS										
Swaps			50,733	27,605	29,559	27,838	30,970	37,042	42,889	
Options - purchased			9,506	6,655	5,544	5,069	5,989	7,889	9,619	
Options - sold			8,872	6,206	5,285	5,073	6,403	7,295	9,687	
Futures			7,989	5,606	6,306	5,572	7,098	6,519	6,748	
Total Notional Amount			77,100	46,072	46,694	43,550	50,459	58,745	68,943	
Replacement cost (1)			549	511	480	306	420	555	550	
Future credit risk			574	462	295	322	371	416	454	
Credit equivalent (2)			1,123	972	775	628	790	972	1,005	
Risk-weighted equivalent			287	207	166	129	181	198	230	
INTEREST RATE RELATED CONTRACTS										
Swaps			112,025	116,536	116,760	111,791	98,267	97,951	88,477	
Options - purchased			52,055	58,938	34,905	49,262	59,316	30,559	38,705	
Options - sold			40,014	24,342	34,568	64,284	78,201	26,567	47,161	
Futures			17,436	6,651	7,033	12,766	13,153	17,106	7,486	
Total Notional Amount			221,530	206,467	193,266	238,102	248,938	172,183	181,829	
Replacement cost (1)			470	514	501	565	681	563	392	
Future credit risk			300	690	203	202	205	170	184	
Credit equivalent (2)			770	1,205	704	766	886	733	576	
Risk-weighted equivalent			126	112	129	148	168	139	100	
FINANCIAL FUTURES										
Total Notional Amount			44,351	35,741	34,139	29,309	19,873	19,028	23,981	
EQUITY AND COMMODITY CONTRACTS										
Total Notional Amount			24,499	18,408	17,664	12,267	8,957	7,412	10,530	
Replacement cost (1)			602	514	543	430	488	394	431	
Future credit risk			824	690	694	576	368	323	468	
Credit equivalent (2)			1,426	1,205	1,237	1,006	856	717	899	
Risk-weighted equivalent			305	311	309	233	223	171	256	
TOTAL DERIVATIVES										
Total Notional Amount			367,480	306,688	291,762	323,227	328,227	257,368	285,283	
Replacement cost (1)			1,621	1,539	1,524	1,300	1,588	1,512	1,373	
Future credit risk			1,698	1,842	1,193	1,100	943	909	1,106	
Credit equivalent (2)			3,319	3,382	2,717	2,400	2,532	2,422	2,480	
Risk-weighted equivalent			718	630	604	509	572	508	586	

(1) Gross positive replacement cost after permissible netting

(2) Taken into account permissible netting

SHAREHOLDERS' INFORMATION

		2005				2004			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

Credit Rating

	2005 Q4	2005 Q3	2005 Q2	2005 Q1	2004 Q4	2004 Q3	2004 Q2	2004 Q1
Moody's (Long Term Debt Senior)			A1	A1	A1	A1	A1	A1
Standard & Poor's/CBRS (Long Term Debt)			A	A	A	A	A	A
DBRS (Senior Debt)			A (high)	A	A	A	A	A
Fitch (Long-Term)			A+	A+	A+	A+	A+	A+

Stock Trading Range and Other Information

High	\$ 55.24	\$ 49.75	\$ 48.78	\$ 45.50	\$ 47.93	\$ 45.00
Low	\$ 48.72	\$ 46.39	\$ 42.31	\$ 42.72	\$ 43.27	\$ 40.17
Close	\$ 52.41	\$ 49.19	\$ 48.78	\$ 44.76	\$ 44.48	\$ 43.85
Number of registered shareholders	26,542	26,785	26,961	27,105	27,322	27,641

Valuation

Market Capitalization (in millions of \$)	\$ 8,687	\$ 8,266	\$ 8,167	\$ 7,522	\$ 7,550	\$ 7,611
P/E Ratio (Trailing 4 Quarters)	11.34	11.03	11.90	11.60	11.71	12.46
Market price/Book value	2.17	2.05	2.13	2.01	2.03	2.01
Dividend payout (trailing 4 quarters)	34.63%	33.86%	34.63%	34.20%	32.11%	32.67%
Dividend yield (annualized)	3.21%	3.42%	3.12%	3.40%	2.97%	3.01%

The Common Shares of the Bank as well as the First Preferred Series 13, Series 15 and Series 16 are listed on the TSX. The ticker symbols and newspaper abbreviations for the Bank's shares listed are as follows:

	Ticker Symbol	Newspaper Abbreviations Toronto
Common Shares	NA	National Bk
First Preferred Shares Series 13	NA.PR.J	Natl Bk 13
Series 15	NA.PR.K	Natl Bk 15
Series 16	NA.PR.L	Natl Bk 16

1D VaR for Trading Global (CAD) - Q2 2005

