

Analyst and Investor Presentation

Q1 2006 Results Conference Call

Montreal, March 2, 2006

YOUR TRUSTED PARTNER | today and tomorrow

First Quarter 2006 - Highlights

Delivering another good quarter

- Revenues reached an all time high of \$1 billion
- Net income up at \$217M ⁽¹⁾
- Earnings per share at \$1.28, a 3% increase YoY⁽¹⁾
- ROE at 20%, exceeding financial target

Executing a balanced strategy with all sectors contributing to growth

Provision for credit losses remains at low level

Keeping a strong capital position at 9.5%

(1) Excluding gain on sale of investments in South America in Q1 2005

2006 Objectives

	2006 Objectives	Q1 06
Growth in earnings per share ⁽¹⁾	5% to 10%	3%
Return on common shareholders' equity	16% to 18%	20%
Tier 1 capital ratio	Equal or greater than 8.5%	9.5%
Dividend payout ratio ⁽²⁾	35% to 45%	37%

(1) 2006 objectives exclude gain on sale of investments in South America 2005 and reversal of general allowances in 2005

(2) Trailing 4 quarters

- All 2006 objectives were met or surpassed in the first quarter with the exception of EPS

- Q1 2005 delivered best ever EPS

First Quarter 2006 - Performance Snapshot

TEB

(millions of dollars)

	Q1 06	Q4 05 ⁽¹⁾	Q1 05 ⁽¹⁾	YoY %	QoQ %
Total revenues	\$1,000	\$966	\$962	4%	4%
Operating expenses	\$644	\$646	\$613	5%	0%
Contribution	\$356	\$320	\$349	2%	11%
Provision for credit losses	\$17	\$25	\$17	-	-32%
Operating income	\$339	\$295	\$332	2%	15%
Adjusted Net income	\$217	\$190	\$214	1%	14%
Net income	\$217	\$207	\$239	-9%	5%
Reported EPS	\$1.28	\$1.22	\$1.39	-8%	5%
Gain on sales of investment			(\$0.15)		
Reversal of general allow.		(\$0.10)			
Adjusted EPS	\$1.28	\$1.12	\$1.24	3%	14%

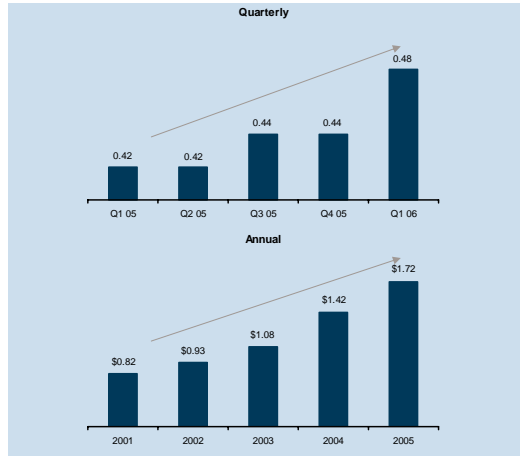
(1) Excluding gain on sale of investments in South America in Q1 2005 and reversal of general allowance in Q4 2005

Growth on top line and net income

- Top line and adjusted EPS showing steady growth YoY and QoQ

- Continued low level of loan loss provision

Dividend Per Share



Growth for shareholders

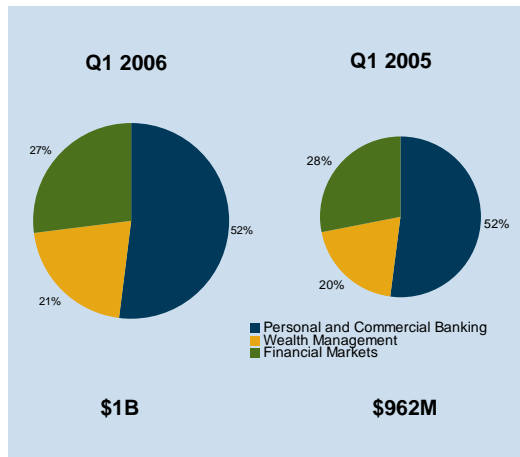
Quarterly dividend

- Up 9% from the previous quarter at \$0.48

Share Buy Back Program:

- 1.8M shares repurchased for total consideration of \$106M in Q1 2006

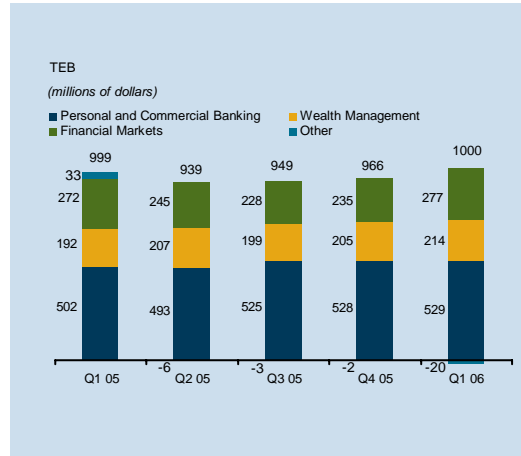
Revenues - Business Line Mix



Maintaining a balanced strategy

- All three sectors grew at a good pace

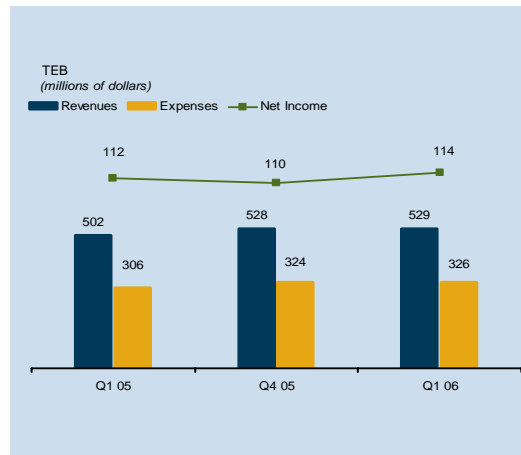
Revenues



Growth in all sectors

- Reaching the \$1B revenue mark
- Wealth Management continues its momentum bringing more diversity in the Bank's revenues

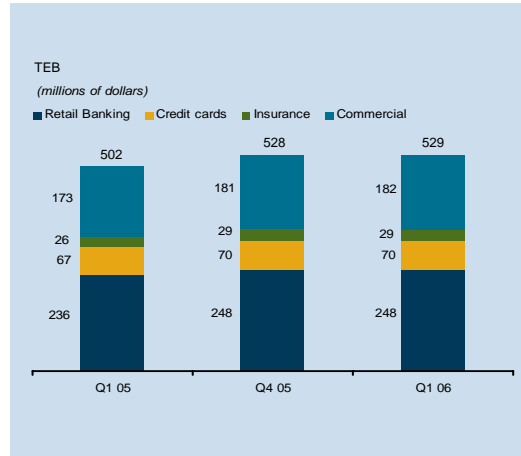
Personal and Commercial Banking – Highlights



Q1 2006 - YoY:

- Revenue increase driven by higher loan volumes as well as growth in insurance activities.
- Net income up 2%
- Efficiency ratio stood at 61.6%

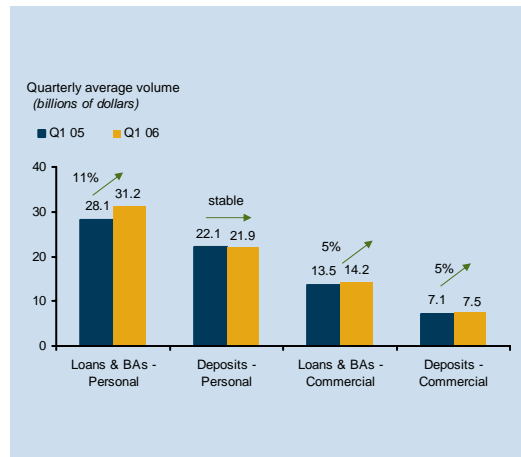
P&C Revenue Composition



Q1 2006 - YoY:

- All sectors up 5% except insurance at 11%

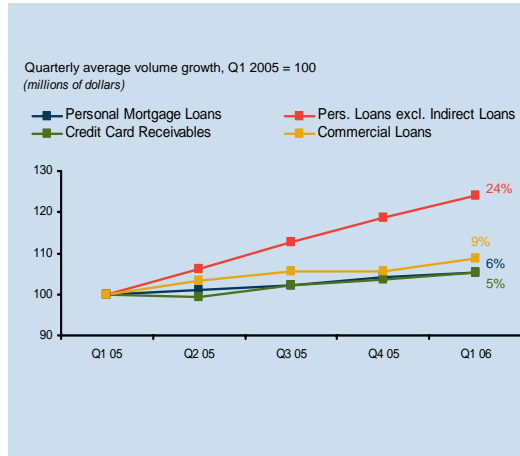
P&C Volume Evolution



Strong Volume Growth

- 11% increase in Personal loans
- 5% increase in commercial loans and deposits

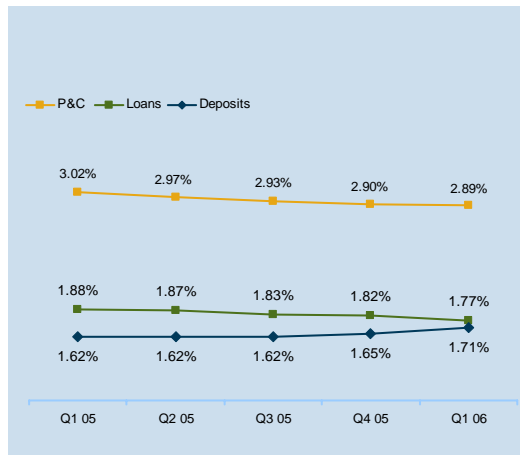
P&C Loan Evolution



Highlights - YoY:

- 24% increase in the consumer loans
- Mortgage loans keep 2005 momentum (up 6%)
- 9% increase in commercial loans

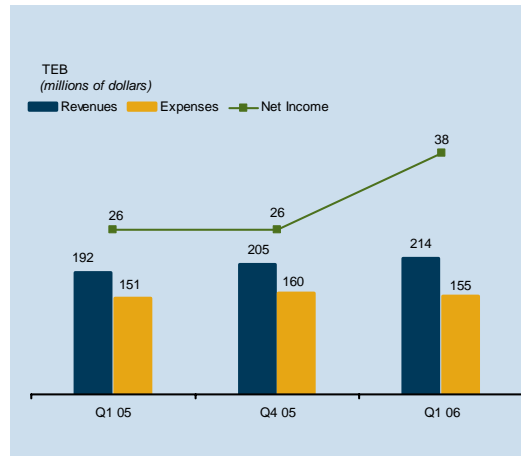
P&C Margin Evolution



Highlights:

- Higher deposit margins due to rising interest environment
- Lower loan margins caused by decline in mortgage margins and shift in product mix

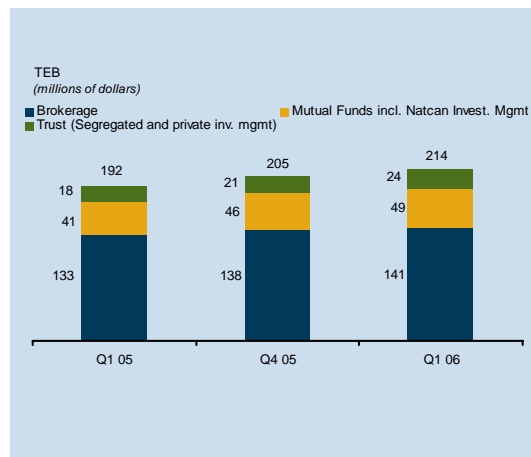
Wealth Management – Highlights



Q1 2006 - YoY:

- 11% increase in revenues due mainly to higher contribution from retail brokerage
- 46% increase in net income
- Improved efficiency ratio due largely to greater efficiency in retail brokerage

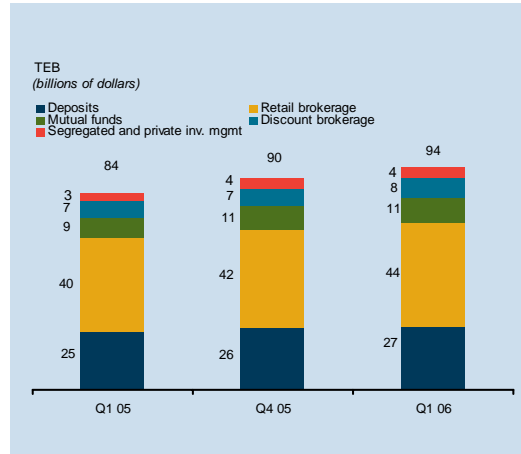
Wealth Management Revenue Composition



Q1 2006 - YoY:

- Overall, 11% increase
- All sub-sectors show solid growth
 - 6% in brokerage activity
 - 19% in mutual funds
 - 33% in segregated and private inv. management

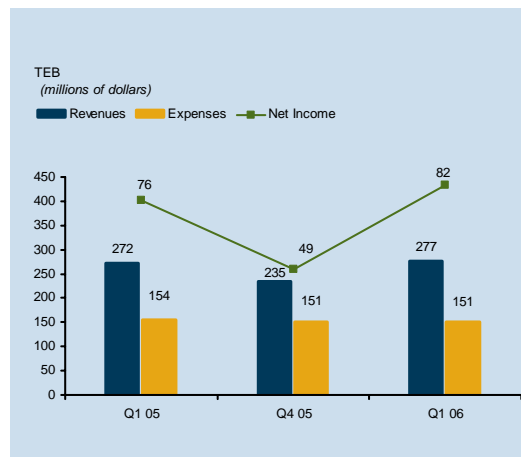
Retail Assets Under Management Composition



Q1 2006 - YoY:

- Overall, 12% increase
- Growth in all sub-sectors:
 - **8% Deposit**
 - **10% Retail brokerage**
 - **22% Mutual funds**
 - **14% Discount brokerage**
 - **33% Segregated and private inv. mgmt**

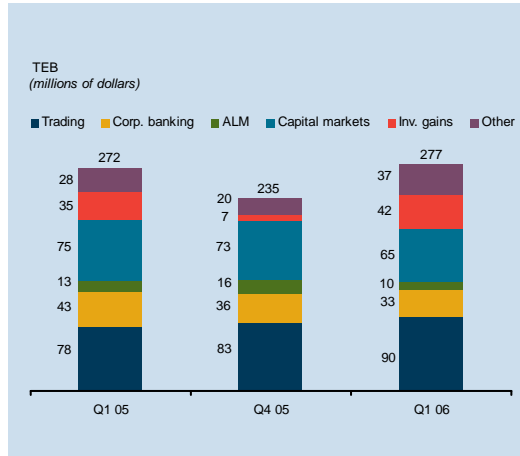
Financial Markets – Highlights



Q1 2006 - YoY:

- Good performance in Financial Markets with lower efficiency ratio largely caused by revenue mix
- Net income up 8%
- Revenue reaching new record at \$277M
- Solid performance in investment gains for the quarter as for the same quarter last year

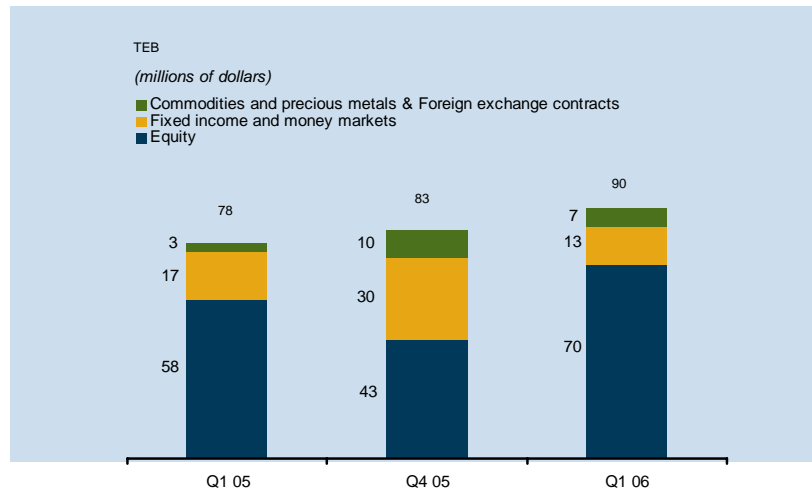
Financial Markets Revenue Composition



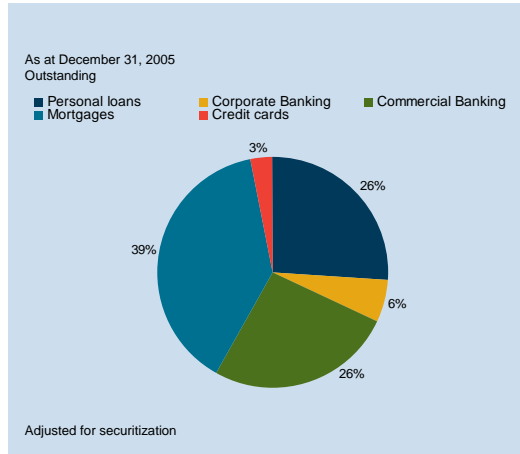
Q1 2006 - YoY:

- The Financial Markets' diversified business mix continues to support the revenue growth
- Equity portfolio has \$82M of unrealized gain compared to \$66M in previous quarter

Trading Revenue Breakdown



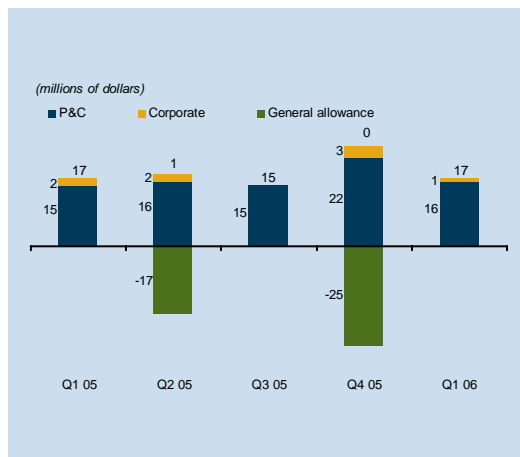
Global Portfolio Composition



Highlights:

- Stable overall mix with retail banking representing 68% of portfolio
- Close to 82% of retail portfolio is secured

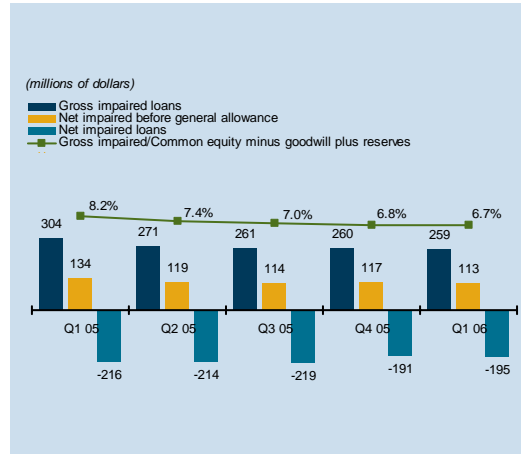
Risk Provisioning



Highlights - YoY:

- Still in the low range
- P&C fairly stable since 2005

Impaired Loans



Highlights - YoY:

- 15% decrease in the gross impaired loans
- Best ever ratio at 6.7%

Impaired Loan Formation

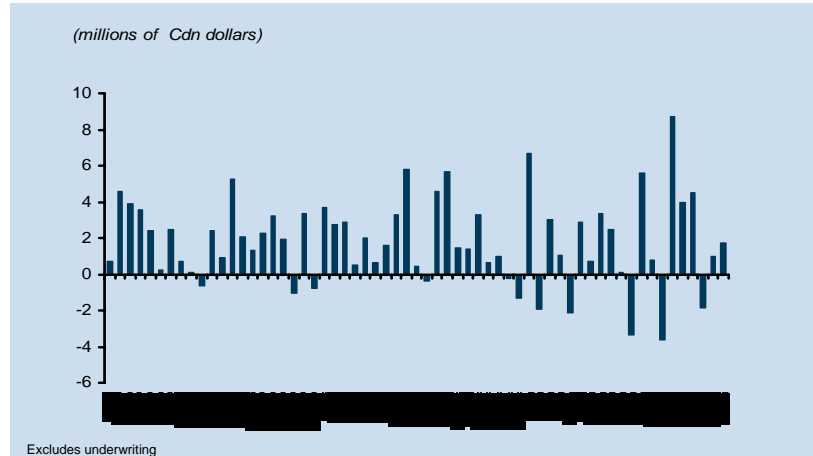
(millions of dollars)

	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06
Personal & Commercial *	2	4	7	33	17
Corporate	(14)	(3)	(4)	2	(2)
Total	(12)	1	3	35	15

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

* Includes Real Estate

Daily Trading P/L – Q1 2006



Summary

Another good quarter

- Balanced contribution from all three sectors
- Provision for credit losses at \$17M
- Pursuing our strategy built around orientations aligned with the Bank's competencies and competitive advantages

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, National Bank of Canada makes written and oral forward-looking statements, included in this Investor Presentation, 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 harbor" 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.

This presentation may not be reproduced in whole or in part, or further distributed or published or referred to in any manner whatsoever nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express consent of National Bank.