



# **NATIONAL BANK OF CANADA**

## **SUPPLEMENTARY FINANCIAL INFORMATION**

### **FOURTH QUARTER 2007 REPORT**

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## FINANCIAL HIGHLIGHTS

	2007				2006				YTD		Full Year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005
Net income (\$000,000)	(\$175.2)	\$243.3	\$232.9	\$239.8	\$220.1	\$219.7	\$214.2	\$217.2	\$540.8	\$871.2	\$855.3
Earnings per share											
- basic	(\$1.14)	\$1.49	\$1.42	\$1.45	\$1.33	\$1.32	\$1.29	\$1.28	\$3.25	\$5.22	\$4.98
- diluted	(\$1.14)	\$1.48	\$1.40	\$1.43	\$1.31	\$1.30	\$1.26	\$1.26	\$3.22	\$5.13	\$4.90
Return on common shareholders' equity	-16.0%	20.6%	20.3%	20.7%	19.7%	20.2%	20.4%	19.9%	11.5%	20.1%	20.7%
Dividend per share	\$0.60	\$0.60	\$0.54	\$0.54	\$0.50	\$0.50	\$0.48	\$0.48	\$2.28	\$1.96	\$1.72

### Excluding specified items

Net income (\$000,000)	\$217.3	\$243.3	\$232.9	\$239.8	\$220.1	\$211.4	\$208.5	\$217.2	\$933.3	\$857.2	\$855.3
Earnings per share											
- basic	\$1.34	\$1.49	\$1.42	\$1.45	\$1.33	\$1.27	\$1.25	\$1.28	\$5.71	\$5.13	\$4.98
- diluted	\$1.34	\$1.48	\$1.40	\$1.43	\$1.31	\$1.25	\$1.23	\$1.26	\$5.65	\$5.05	\$4.90
Return on common shareholders' equity	18.4%	20.6%	20.3%	20.7%	19.7%	19.5%	19.9%	19.9%	20.0%	19.7%	20.7%
Dividend per share	\$0.60	\$0.60	\$0.54	\$0.54	\$0.50	\$0.50	\$0.48	\$0.48	\$2.28	\$1.96	\$1.72

Net interest margin Personal & Commercial Banking	2.71%	2.78%	2.80%	2.90%	2.91%	2.88%	2.84%	2.87%	2.80%	2.88%	2.96%
Productivity ratio (teb) <sup>(1)</sup>	65.41%	63.58%	63.48%	62.41%	64.11%	65.07%	64.32%	64.18%	63.71%	64.41%	64.65%
Effective tax rate (teb)	32.01%	31.99%	30.72%	32.86%	35.74%	32.09%	32.87%	33.47%	31.90%	33.54%	33.36%
Average loans and BA's (\$000,000)	\$51,120	\$50,791	\$50,197	\$49,518	\$49,613	\$49,822	\$49,509	\$48,629	\$50,408	\$49,392	\$45,926
Average assets (\$000,000)	\$125,465	\$129,075	\$129,817	\$119,917	\$109,412	\$106,680	\$105,389	\$103,591	\$126,038	\$106,275	\$90,902
Total Assets (\$000,000)	\$113,085	\$123,353	\$135,172	\$121,402	\$116,801	\$108,552	\$111,083	\$105,172	\$113,085	\$116,801	\$107,970
Average common shareholders' equity (\$000,000)	\$4,486	\$4,576	\$4,605	\$4,484	\$4,328	\$4,208	\$4,190	\$4,221	\$4,530	\$4,237	\$4,013
Number of common shares outstanding (000's)	157,806	157,858	159,418	161,367	161,512	161,918	161,882	164,313	157,806	161,512	165,335
Number of common shares (average) (000's)	157,790	159,209	160,588	161,681	161,969	161,927	162,598	164,903	159,811	162,851	166,382
Gross impaired loans (\$000,000)	249.2	232.4	236.2	239.5	233.9	214.3	242.2	259.2	249.2	233.9	260.0
Gross impaired loans/common equity-goodwill+reserves	6.57%	5.66%	5.64%	5.77%	5.91%	5.55%	6.42%	6.75%	6.57%	5.91%	6.83%
Impaired loans, net of specific and general allowances (\$000,000)	(178.9)	(198.1)	(197.5)	(196.0)	(192.6)	(209.6)	(197.1)	(194.6)	(178.9)	(192.6)	(190.7)
as a % of net loans and bankers' acceptances	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%	-0.4%	-0.4%
Book value	\$26.85	\$28.70	\$28.92	\$28.34	\$27.17	\$26.57	\$25.77	\$25.72	\$26.85	\$27.17	\$25.39
Capital ratios - BIS Tier 1											
Total	9.0%	9.4%	9.3%	9.9%	9.9%	9.4%	9.1%	9.5%	9.0%	9.9%	9.6%
Tangible Shareholders' equity / Risk weighted assets	12.4%	13.4%	13.3%	14.0%	14.0%	12.4%	12.2%	12.7%	12.4%	14.0%	12.8%
	6.77%	7.40%	7.15%	7.50%	7.33%	6.94%	7.06%	7.36%	6.77%	7.33%	7.37%

<sup>(1)</sup> Excluding specified items and revenues attributable to non controlling investors in the Innocap platform

## CONSOLIDATED STATEMENT OF INCOME

	2007				2006				YTD		Full Year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005

(unaudited)(thousands)(taxable equivalent basis)

Net Interest Income	336,185	325,975	271,920	319,841	365,961	431,656	318,586	297,736	1,253,921	1,413,939	1,531,055
Other Income	121,320	726,730	792,377	733,735	688,499	537,499	649,011	694,110	2,374,162	2,569,119	2,294,461
<b>Gross Revenues</b>	<b>457,505</b>	<b>1,052,705</b>	<b>1,064,297</b>	<b>1,053,576</b>	<b>1,054,460</b>	<b>969,155</b>	<b>967,597</b>	<b>991,846</b>	<b>3,628,083</b>	<b>3,983,058</b>	<b>3,825,516</b>
Provision for credit losses	29,154	22,215	23,408	28,365	22,785	15,649	21,665	17,217	103,142	77,316	32,673
Non-Interest Expenses	639,756	674,525	660,963	656,953	672,824	622,232	615,045	635,575	2,632,197	2,545,676	2,472,244
<i>Income Before Income Taxes</i>	<i>(211,405)</i>	<i>355,965</i>	<i>379,926</i>	<i>368,258</i>	<i>358,851</i>	<i>331,274</i>	<i>330,887</i>	<i>339,054</i>	<i>892,744</i>	<i>1,360,066</i>	<i>1,320,599</i>
Income taxes	(67,673)	113,870	116,710	121,014	128,261	106,297	108,763	113,497	283,921	456,818	440,707
<i>Income Before Non-Controlling Interest</i>	<i>(143,732)</i>	<i>242,095</i>	<i>263,216</i>	<i>247,244</i>	<i>230,590</i>	<i>224,977</i>	<i>222,124</i>	<i>225,557</i>	<i>608,823</i>	<i>903,248</i>	<i>879,892</i>
Non-Controlling Interest	31,442	(1,240)	30,346	7,469	10,461	5,293	7,943	8,383	68,017	32,080	24,602
<b>Net Income</b>	<b>\$ (175,174)</b>	<b>\$ 243,335</b>	<b>\$ 232,870</b>	<b>\$ 239,775</b>	<b>\$ 220,129</b>	<b>\$ 219,684</b>	<b>\$ 214,181</b>	<b>\$ 217,174</b>	<b>\$ 540,806</b>	<b>\$ 871,168</b>	<b>\$ 855,290</b>
Effective Tax Rate	32.0%	32.0%	30.7%	32.9%	35.7%	32.1%	32.9%	33.5%	31.8%	33.6%	33.4%
Dividends on preferred shares	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 21,400	\$ 21,400	\$ 26,571
Dividends on common shares	\$ 94,702	\$ 95,799	\$ 85,409	\$ 87,511	\$ 80,337	\$ 81,190	\$ 78,602	\$ 79,676	\$ 363,421	\$ 319,805	\$ 286,447
Number of common shares (avg.) (in thousands)	157,790	159,209	160,588	161,681	161,969	161,927	162,598	164,903	159,811	162,851	166,382

(unaudited)(thousands)(taxable equivalent basis)

### Excluding specified items

Net Interest Income	357,385	325,975	271,920	319,841	365,961	431,656	318,586	297,736	1,275,121	1,413,939	1,531,055
Other Income	696,320	726,730	792,377	733,735	688,499	524,982	640,493	694,110	2,949,162	2,548,084	2,294,461
<b>Gross Revenues</b>	<b>1,053,705</b>	<b>1,052,705</b>	<b>1,064,297</b>	<b>1,053,576</b>	<b>1,054,460</b>	<b>956,638</b>	<b>959,079</b>	<b>991,846</b>	<b>4,224,283</b>	<b>3,962,023</b>	<b>3,825,516</b>
Provision for credit losses	29,154	22,215	23,408	28,365	22,785	15,649	21,665	17,217	103,142	77,316	32,673
Non-Interest Expenses	669,429	674,525	660,963	656,953	672,824	622,232	615,045	635,575	2,661,870	2,545,676	2,472,244
<i>Income Before Income Taxes</i>	<i>355,122</i>	<i>355,965</i>	<i>379,926</i>	<i>368,258</i>	<i>358,851</i>	<i>318,757</i>	<i>322,369</i>	<i>339,054</i>	<i>1,459,271</i>	<i>1,339,031</i>	<i>1,320,599</i>
Income taxes	106,342	113,870	116,710	121,014	128,261	102,110	105,914	113,497	457,936	449,782	440,707
<i>Income Before Non-Controlling Interest</i>	<i>248,780</i>	<i>242,095</i>	<i>263,216</i>	<i>247,244</i>	<i>230,590</i>	<i>216,647</i>	<i>216,455</i>	<i>225,557</i>	<i>1,001,335</i>	<i>889,249</i>	<i>879,892</i>
Non-Controlling Interest	31,442	(1,240)	30,346	7,469	10,461	5,293	7,943	8,383	68,017	32,080	24,602
<b>Net Income</b>	<b>\$ 217,338</b>	<b>\$ 243,335</b>	<b>\$ 232,870</b>	<b>\$ 239,775</b>	<b>\$ 220,129</b>	<b>\$ 211,354</b>	<b>\$ 208,512</b>	<b>\$ 217,174</b>	<b>\$ 933,318</b>	<b>\$ 857,169</b>	<b>\$ 855,290</b>
Effective Tax Rate	29.9%	32.0%	30.7%	32.9%	35.7%	32.0%	32.9%	33.5%	31.4%	33.6%	33.4%
Dividends on preferred shares	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 5,350	\$ 21,400	\$ 21,400	\$ 26,571
Dividends on common shares	\$ 94,702	\$ 95,799	\$ 85,409	\$ 87,511	\$ 80,337	\$ 81,190	\$ 78,602	\$ 79,676	\$ 363,421	\$ 319,805	\$ 286,447
Number of common shares (avg.) (in thousands)	157,790	159,209	160,588	161,681	161,969	161,927	162,598	164,903	159,811	162,851	166,382

### Tax equivalent adjustment

Net interest income	39,332	20,436	23,429	44,309	61,827	23,487	16,960	19,355	127,506	121,629	89,546
Other income	15,873	22,883	18,373	20,248	22,665	24,985	9,647	1,346	77,377	58,643	59,827
Income taxes	55,205	43,319	41,802	64,557	84,492	48,472	26,607	20,701	204,883	180,272	149,373

### Net income by sector of activities

#### Excluding specified items

Personal and Commercial Banking	111,332	122,138	109,680	122,946	115,682	121,664	103,893	105,829	466,096	447,068	
Wealth Management	37,533	38,652	42,893	44,745	30,599	35,223	39,126	37,213	163,823	142,161	
Financial Markets	92,834	96,176	94,478	86,951	77,481	66,703	71,573	91,038	370,439	306,795	
Other Segments	(24,360)	(13,631)	(14,180)	(14,868)	(3,633)	(12,236)	(6,080)	(16,906)	(67,039)	(38,855)	

## RESULTS OF OPERATIONS AS A PERCENTAGE OF AVERAGE ASSETS

2007				2006				YTD		Full Year
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005

(Taxable equivalent basis)

in % of average assets

**Excluding specified items**

Total revenues	3.33	3.24	3.36	3.49	3.82	3.56	3.73	3.80	3.35	3.73	4.24
Provision for credit losses	0.09	0.07	0.07	0.09	0.08	0.06	0.08	0.07	0.08	0.07	0.04
Non-interest expenses	2.12	2.07	2.09	2.17	2.44	2.31	2.39	2.43	2.11	2.40	2.75
Income taxes	0.34	0.35	0.37	0.40	0.47	0.38	0.41	0.43	0.36	0.42	0.48
Non-controlling interest	0.10	(0.00)	0.09	0.02	0.04	0.02	0.03	0.03	0.05	0.03	0.03
<b>Net income</b>	<b>0.68</b>	<b>0.75</b>	<b>0.74</b>	<b>0.79</b>	<b>0.80</b>	<b>0.79</b>	<b>0.82</b>	<b>0.83</b>	<b>0.75</b>	<b>0.81</b>	<b>0.94</b>
Average assets (\$000,000)	\$125,465	\$129,075	\$129,817	\$119,917	\$109,412	\$106,680	\$105,389	\$103,591	\$126,038	\$106,275	\$90,902
Average earning assets (\$000,000)	\$109,191	\$112,515	\$117,041	\$107,181	\$98,266	\$97,504	\$96,085	\$94,436	\$111,436	\$96,577	\$84,339

in % of Average Risk-Weighted Assets

**Excluding specified items**

Total revenues	8.32%	8.11%	8.65%	8.68%	8.72%	7.88%	8.32%	8.46%	7.24%	8.39%	8.66%
<b>Net income</b>	<b>1.72%</b>	<b>1.87%</b>	<b>1.89%</b>	<b>1.97%</b>	<b>1.82%</b>	<b>1.74%</b>	<b>1.81%</b>	<b>1.85%</b>	<b>1.08%</b>	<b>1.83%</b>	<b>1.94%</b>
Average Risk-Weighted Assets (\$000,000)	\$50,253	\$51,490	\$50,438	\$48,183	\$47,969	\$48,195	\$47,263	\$46,506	\$50,088	\$47,485	\$44,192

Prime rate	6.25%	6.06%	6.00%	6.00%	6.00%	5.94%	5.41%	4.92%	6.08%	5.57%	4.30%
B/A's 30 days	4.84%	4.42%	4.32%	4.32%	4.33%	4.25%	3.72%	3.23%	4.48%	3.88%	2.61%
Spread	1.41%	1.64%	1.68%	1.68%	1.67%	1.69%	1.69%	1.69%	1.60%	1.69%	1.69%

## NET INCOME BY SECTOR OF ACTIVITIES (EXCLUDING SPECIFIED ITEMS)

2007				2006				YTD	
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006

(in millions of dollars) (taxable equivalent basis)

### Personal and Commercial Banking

Net interest income	343	346	330	346	346	338	318	328	1,365	1,330
Other income	202	202	188	192	196	199	186	181	784	762
Total Revenues	545	548	518	538	542	537	504	509	2,149	2,092
Operating expenses	340	331	317	310	334	329	315	317	1,298	1,295
Provision for credit losses	40	33	35	43	33	24	33	31	151	121
Earning before income taxes and non-controlling interest	165	184	166	185	175	184	156	161	700	676
Income taxes	54	62	56	62	59	63	52	55	234	229
Non-controlling interest	-	-	-	-	-	-	-	-	-	-
Net Income	111	122	110	123	116	121	104	106	466	447
Net interest margin	2.71%	2.78%	2.80%	2.90%	2.91%	2.88%	2.84%	2.87%	2.80%	2.88%
Expense ratio	62.4%	60.4%	61.2%	57.6%	61.6%	61.3%	62.5%	62.3%	60.4%	61.9%
Average loans and BA's	49,588	48,712	47,705	46,798	46,373	45,832	45,283	44,593	48,205	45,523
Average assets	50,214	49,299	48,273	47,364	47,094	46,540	46,001	45,336	48,792	46,245
Average deposits	30,478	30,086	29,471	29,551	28,937	28,795	28,031	28,216	29,900	28,498

### Wealth Management

Net interest income	33	31	32	34	33	32	32	31	130	128
Other income	175	184	195	190	169	165	182	175	744	691
Total Revenues	208	215	227	224	202	197	214	206	874	819
Operating expenses	151	157	161	156	155	144	154	148	625	601
Provision for credit losses	-	-	-	-	-	-	-	-	-	-
Earning before income taxes and non-controlling interest	57	58	66	68	47	53	60	58	249	218
Income taxes	18	19	22	21	15	17	20	18	80	70
Non-controlling interest	1	1	1	2	2	1	1	2	5	6
Net Income	38	38	43	45	30	35	39	38	164	142
Expense ratio	72.6%	73.0%	70.9%	69.6%	76.7%	73.1%	72.0%	71.8%	71.5%	73.4%
Average loans and BA's	120	124	144	132	132	132	161	147	130	143
Average assets	690	666	692	660	646	654	752	705	677	689
Average deposits	7,733	7,378	7,484	7,618	7,754	8,337	7,781	6,601	7,554	7,617

### Financial Markets

Net interest income	37	-	(43)	(3)	35	119	24	(6)	(9)	172
Other income	305	312	377	302	263	125	231	296	1,296	915
Total Revenues	342	312	334	299	298	244	255	290	1,287	1,087
Operating expenses	187	179	170	168	175	145	144	153	704	617
Provision for credit losses	-	-	-	-	1	1	1	1	-	4
Earning before income taxes and non-controlling interest	155	133	164	131	122	98	110	136	583	466
Income taxes	36	43	45	43	39	31	36	44	167	150
Non-controlling interest	26	(6)	24	1	5	-	2	2	45	9
Net Income	93	96	95	87	78	67	72	90	371	307
Expense ratio <sup>(1)</sup>	60.0%	55.9%	54.7%	56.4%	59.7%	59.5%	57.1%	53.0%	56.7%	57.3%
Average loans and BA's (Corporate banking only)	5,844	5,618	5,446	5,336	5,300	5,069	4,898	4,379	5,562	4,912
Average assets	88,072	90,929	92,746	83,802	73,742	69,426	68,270	65,550	88,855	69,255
Average deposits	34,860	35,729	34,220	32,973	30,003	29,523	28,815	25,203	34,447	28,382

<sup>(1)</sup> Excluding revenues attributable to non controlling investors in the Innocap platform

## NET INCOME BY SECTOR OF ACTIVITIES (EXCLUDING SPECIFIED ITEMS)

2007				2006				YTD	
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006

(in millions of dollars)

### Other Segments

Net interest income	(95)	(71)	(71)	(101)	(110)	(81)	(72)	(75)	(338)	(338)
Other income	(2)	6	14	29	38	11	32	41	47	122
Total Revenues	(97)	(65)	(57)	(72)	(72)	(70)	(40)	(34)	(291)	(216)
Operating expenses	(8)	8	13	22	9	4	2	18	35	33
Provision for credit losses	(11)	(11)	(12)	(14)	(12)	(9)	(12)	(15)	(48)	(48)
Earning before income taxes and non-controlling interest	(78)	(62)	(58)	(80)	(69)	(65)	(30)	(37)	(278)	(201)
Income taxes	(57)	(53)	(48)	(70)	(69)	(57)	(29)	(24)	(228)	(179)
Non-controlling interest	4	4	5	5	4	4	5	4	18	17
Net Income (net loss)	(25)	(13)	(15)	(15)	(4)	(12)	(6)	(17)	(68)	(39)
Average loans and BA's	(13,685)	(12,483)	(12,472)	(12,431)	(12,310)	(11,716)	(11,260)	(9,975)	(12,770)	(11,316)
Average assets	(13,511)	(11,819)	(11,894)	(11,909)	(12,070)	(9,940)	(9,634)	(8,000)	(12,286)	(9,914)
Average deposits	(104)	(498)	(422)	(409)	(577)	(271)	(223)	(149)	(358)	(306)

### Total

Net interest income	318	306	248	276	304	408	302	278	1,148	1,292
Other income	680	704	774	713	666	500	631	693	2,871	2,490
Total Revenues	998	1,010	1,022	989	970	908	933	971	4,019	3,782
Operating expenses	670	675	661	656	673	622	615	636	2,662	2,546
Provision for credit losses	29	22	23	29	22	16	22	17	103	77
Earning before income taxes and non-controlling interest	299	313	338	304	275	270	296	318	1,254	1,159
Income taxes	51	71	75	56	44	54	79	93	253	270
Non-controlling interest	31	(1)	30	8	11	5	8	8	68	32
Net Income	217	243	233	240	220	211	209	217	933	857
Expense ratio (teb) <sup>(1)</sup>	65.4%	63.6%	63.5%	62.4%	64.1%	65.1%	64.3%	64.2%	63.7%	64.4%
Average loans and BA's	51,120	50,791	50,197	49,518	49,613	49,822	49,509	48,629	50,408	49,392
Average assets	125,465	129,075	129,817	119,917	109,412	106,680	105,389	103,591	126,038	106,275
Average deposits	72,967	72,695	70,753	69,732	66,117	66,385	64,403	59,871	71,543	64,192

<sup>(1)</sup> Excluding revenues attributable to non controlling investors in the Innocap platform



## NET INCOME BY SECTOR OF ACTIVITIES

<b>Specified Items</b>	<b>Q4 2007</b>					<b>Q2 2006</b>			<b>Q3 3006</b>		
	Adjustment to ABCP			Altamira		Sale Shareholder activity	Gain MasterCard		Other	Total	
	Financial Markets	Other	Sub-total	Wealth Management	Total		Other	Other			
<i>(in millions of dollars)</i>											
Net interest income	(2)	(19)	(21)	-	(21)	-	-	-	-	-	-
Other income	(42)	(533)	(575)	-	(575)	8	13	-	-	21	21
Total Revenues	(44)	(552)	(596)	-	(596)	8	13	-	-	21	21
Operating expenses	(19)	(24)	(43)	13	(30)	-	-	-	-	-	-
Provision for credit losses	-	-	-	-	-	-	-	-	-	-	-
Earning before income taxes and non-controlling interest	(25)	(528)	(553)	(13)	(566)	8	13	-	-	21	21
Income taxes	(8)	(164)	(172)	(2)	(174)	3	4	-	-	7	7
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Net income	(17)	(364)	(381)	(11)	(392)	5	9	-	-	14	14

**Notes:** Net interest impact on ABCP represents funding cost.  
Adjustment for Altamira includes \$7 million of restructuring charge and \$6M of reduction in value of intangible.

	<b>2007</b>				<b>2006</b>				<b>YTD</b>	
	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>2007</b>	<b>2006</b>
<i>(in millions of dollars)</i>										
<b>Total</b>										
Net interest income	297	306	248	276	304	408	302	278	1,127	1,292
Other income	105	704	774	713	666	513	639	693	2,296	2,511
Total Revenues	402	1,010	1,022	989	970	921	941	971	3,423	3,803
Operating expenses	640	675	661	656	673	622	615	636	2,632	2,546
Provision for credit losses	29	22	23	29	22	16	22	17	103	77
Earning before income taxes and non-controlling interest	(267)	313	338	304	275	283	304	318	688	1,180
Income taxes	(123)	71	75	56	44	58	82	93	79	277
Non-controlling interest	31	(1)	30	8	11	5	8	8	68	32
Net Income	(175)	243	233	240	220	220	214	217	541	871
Expense ratio (teb) <sup>(1)</sup>	149.8%	63.6%	63.5%	62.4%	64.1%	64.2%	63.8%	64.2%	73.5%	64.1%
Average loans and BA's	51,120	50,791	50,197	49,518	49,613	49,822	49,509	48,629	50,408	49,392
Average assets	125,465	129,075	129,817	119,917	109,412	106,680	105,389	103,591	126,038	106,275
Average deposits	72,967	72,695	70,753	69,732	66,117	66,385	64,403	59,871	71,543	64,192

<sup>(1)</sup> Excluding revenues attributable to non controlling investors in the Innocap platform

## REVENUES (EXCLUDING SPECIFIED ITEMS)

2007				2006				YTD		Full Year
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005

(unaudited) (thousands) (taxable equivalent basis)

### Net Interest Income

<i>Interest Income</i>											
Loans	\$ 767,867	\$ 784,531	\$ 749,725	\$ 728,707	\$ 719,061	\$ 686,434	\$ 627,694	\$ 614,238	\$3,030,830	\$2,647,427	\$ 2,121,752
Securities	307,167	326,970	407,588	335,362	260,323	235,903	260,073	203,948	1,377,087	960,247	738,867
Deposits with regulated financial institutions	101,867	103,601	87,335	130,126	95,735	83,397	76,900	57,986	422,929	314,018	193,448
<b>Total Interest Income</b>	<b>1,176,901</b>	<b>1,215,102</b>	<b>1,244,648</b>	<b>1,194,195</b>	<b>1,075,119</b>	<b>1,005,734</b>	<b>964,667</b>	<b>876,172</b>	<b>4,830,846</b>	<b>3,921,692</b>	<b>3,054,067</b>
<i>Interest Expense</i>											
Deposits	675,974	662,076	636,100	658,821	558,224	433,319	446,585	438,586	2,632,971	1,876,714	1,109,063
Bank debentures	24,875	25,401	24,547	25,011	21,753	22,509	21,805	24,147	99,834	90,214	99,956
Other	157,998	222,086	335,510	234,831	191,008	141,737	194,651	135,058	950,425	662,454	403,539
<b>Total Interest Expense</b>	<b>858,847</b>	<b>909,563</b>	<b>996,157</b>	<b>918,663</b>	<b>770,985</b>	<b>597,565</b>	<b>663,041</b>	<b>597,791</b>	<b>3,683,230</b>	<b>2,629,382</b>	<b>1,612,558</b>
Tax equivalent adjustment	39,331	20,436	23,429	44,309	61,827	23,487	16,960	19,355	127,505	121,629	89,546
<b>Net Interest Income</b>	<b>357,385</b>	<b>325,975</b>	<b>271,920</b>	<b>319,841</b>	<b>365,961</b>	<b>431,656</b>	<b>318,586</b>	<b>297,736</b>	<b>1,275,121</b>	<b>1,413,939</b>	<b>1,531,055</b>

### Other Income

Deposits and payment service charges	\$ 54,207	\$ 54,480	\$ 52,177	\$ 52,582	\$ 53,275	\$ 52,909	\$ 51,986	\$ 49,641	\$ 213,446	\$ 207,811	\$ 200,486
Commissions on loans and bankers' acceptances	50,027	51,937	47,899	46,531	49,702	56,251	48,544	51,030	196,394	205,527	206,709
Insurance revenues	30,094	26,913	27,720	29,771	23,794	30,911	30,417	28,000	114,498	113,122	100,507
Securities brokerage commissions	59,972	66,580	71,356	68,864	61,782	58,750	69,876	66,244	266,772	256,652	253,919
Underwriting and advisory fees	75,589	98,854	107,988	98,214	105,835	80,134	94,408	92,356	380,645	372,733	427,843
Foreign exchange revenues	27,972	25,621	20,145	29,108	25,721	24,577	24,377	23,355	102,846	98,030	76,061
Card service revenues	3,025	11,494	9,839	9,521	6,860	9,359	9,280	8,849	33,879	34,348	42,358
Trust services	48,439	52,565	52,689	48,241	39,568	45,320	45,377	42,989	201,934	173,254	146,123
Mutual funds	39,302	40,611	37,644	37,136	33,774	34,452	33,610	33,917	154,693	135,753	127,885
Securitization	44,463	39,001	47,857	47,911	57,974	37,688	38,532	39,927	179,232	174,121	193,972
Profit & Loss on trading	155,639	119,357	202,106	151,428	110,710	(14,234)	111,596	167,405	628,530	375,477	251,342
Profit & Loss other than trading	32,743	43,100	21,085	28,798	49,750	47,588	28,323	41,816	125,726	167,477	91,544
Other	74,847	96,217	93,872	85,630	69,754	61,277	54,167	48,581	350,566	233,779	175,712
<b>Total</b>	<b>\$ 696,319</b>	<b>\$ 726,730</b>	<b>\$ 792,377</b>	<b>\$ 733,735</b>	<b>\$ 688,499</b>	<b>\$ 524,982</b>	<b>\$ 640,493</b>	<b>\$ 694,110</b>	<b>\$ 2,949,161</b>	<b>\$ 2,548,084</b>	<b>\$ 2,294,461</b>
As a % of total revenues	<b>152.2%</b>	<b>69.0%</b>	<b>74.5%</b>	<b>69.6%</b>	<b>65.3%</b>	<b>54.2%</b>	<b>66.2%</b>	<b>70.0%</b>	<b>81.3%</b>	<b>64.0%</b>	<b>60.0%</b>

(unaudited) (thousands)

### Trading revenues

Net Interest Income	\$ (4,121)	\$ (37,758)	\$ (63,833)	\$ (38,940)	\$ 7,490	\$ 80,804	\$ (25,893)	\$ (74,178)	\$ (144,652)	\$ (11,777)	\$ 107,488
Other Income	155,639	119,357	202,106	151,428	110,710	(14,234)	111,596	167,405	628,530	375,477	251,342
Non-controlling interest - Innocap	(30,317)	8,271	(23,084)	(1,006)	(4,972)	(461)	(2,862)	(1,535)	(46,136)	(9,830)	(1,351)
<b>Total</b>	<b>\$ 121,201</b>	<b>\$ 89,870</b>	<b>\$ 115,189</b>	<b>\$ 111,482</b>	<b>\$ 113,228</b>	<b>\$ 66,109</b>	<b>\$ 82,841</b>	<b>\$ 91,692</b>	<b>\$ 437,742</b>	<b>\$ 353,870</b>	<b>\$ 357,479</b>

### Trading revenues by product

<i>Financial Markets</i>											
Equity	61,558	56,260	93,154	86,785	89,785	52,839	54,618	68,792	297,757	266,034	242,556
Interest rate	58,896	20,841	19,632	5,602	11,926	12,245	13,736	13,393	104,971	51,300	70,762
Commodity and foreign exchange	(4,850)	10,268	140	15,716	4,823	1,114	11,661	6,776	21,274	24,374	27,987
Trading revenues - Financial Markets	115,604	87,369	112,926	108,103	106,534	66,198	80,015	88,961	424,002	341,708	341,305
Other	5,597	2,501	2,263	3,379	6,694	(89)	2,826	2,731	13,740	12,162	16,174
<b>Total Trading revenues</b>	<b>121,201</b>	<b>89,870</b>	<b>115,189</b>	<b>111,482</b>	<b>113,228</b>	<b>66,109</b>	<b>82,841</b>	<b>91,692</b>	<b>437,742</b>	<b>353,870</b>	<b>357,479</b>

**NON-INTEREST EXPENSES (EXCLUDING SPECIFIED ITEMS)**

2007				2006				YTD		Full Year
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005

(unaudited) (thousands)

**Non-Interest Expenses**

<b>Salaries and Staff benefits</b>											
Salaries	\$ 237,483	\$ 232,146	\$ 212,869	\$ 226,813	\$ 242,919	\$ 210,911	\$ 207,158	\$ 208,587	\$ 909,311	\$ 869,575	\$ 834,302
Commissions	91,531	104,243	111,558	101,603	96,806	87,959	97,411	110,469	408,935	392,645	417,064
Pension plan and other staff benefits	52,713	56,179	55,188	61,102	48,282	54,898	53,771	60,280	225,182	217,231	199,287
<b>Total Compensation</b>	<b>381,727</b>	<b>392,568</b>	<b>379,615</b>	<b>389,518</b>	<b>388,007</b>	<b>353,768</b>	<b>358,340</b>	<b>379,336</b>	<b>1,543,428</b>	<b>1,479,451</b>	<b>1,450,653</b>
<b>Occupancy and Technology</b>											
Rent	19,110	21,602	22,546	20,111	18,230	21,352	21,781	19,654	83,369	81,017	78,487
Taxes & insurance	3,845	3,641	4,137	3,998	3,937	4,186	4,163	4,130	15,621	16,416	16,465
Maintenance, lighting, heating	7,575	7,218	7,227	6,587	7,244	5,945	6,866	6,632	28,607	26,687	26,027
Technology	95,338	91,471	93,547	90,335	85,200	90,607	88,624	93,410	370,691	357,841	356,164
Depreciation	22,772	18,949	18,461	17,849	20,450	16,374	16,363	16,033	78,031	69,220	62,700
<b>Total Occupancy and Technology</b>	<b>148,640</b>	<b>142,881</b>	<b>145,918</b>	<b>138,880</b>	<b>135,061</b>	<b>138,464</b>	<b>137,797</b>	<b>139,859</b>	<b>576,319</b>	<b>551,181</b>	<b>539,843</b>
<b>Other Expenses</b>											
Professional fees	54,916	50,246	46,767	39,644	41,209	38,719	31,657	29,397	191,573	140,982	132,910
Taxes on capital & salaries	2,066	16,651	15,546	16,078	17,000	16,697	16,144	16,974	50,341	66,815	56,017
Travel & business development	27,899	20,590	27,214	21,878	27,874	23,135	27,325	21,930	97,581	100,264	99,201
Other	54,182	51,589	45,903	50,955	63,673	51,449	43,782	48,079	202,629	206,983	193,620
<b>Total Other Expenses</b>	<b>139,063</b>	<b>139,076</b>	<b>135,430</b>	<b>128,555</b>	<b>149,756</b>	<b>130,000</b>	<b>118,908</b>	<b>116,380</b>	<b>542,124</b>	<b>515,044</b>	<b>481,748</b>
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>\$ 669,430</b>	<b>\$ 674,525</b>	<b>\$ 660,963</b>	<b>\$ 656,953</b>	<b>\$ 672,824</b>	<b>\$ 622,232</b>	<b>\$ 615,045</b>	<b>\$ 635,575</b>	<b>\$ 2,661,871</b>	<b>\$ 2,545,676</b>	<b>\$ 2,472,244</b>

## PROVISION FOR CREDIT LOSSES

	2007				2006				YTD		Full Year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005
<i>(millions of dollars)</i>											
Retail	10	9	11	11	10	9	10	8	41	37	35
Credit card	16	16	17	17	16	15	16	16	66	63	58
Commercial	13	8	7	15	7	-	7	8	43	22	23
Corporate	-	-	-	-	1	1	1	1	-	4	7
Real estate	1	-	-	-	-	-	-	(2)	1	(2)	1
Other	-	-	-	(3)	(1)	-	-	-	(3)	(1)	(2)
Credit card securitization	(11)	(11)	(12)	(11)	(11)	(9)	(12)	(14)	(45)	(46)	(47)
General	-	-	-	-	-	-	-	-	-	-	(42)
<b>Total</b>	<b>29</b>	<b>22</b>	<b>23</b>	<b>29</b>	<b>22</b>	<b>16</b>	<b>22</b>	<b>17</b>	<b>103</b>	<b>77</b>	<b>33</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

	2007				2006				End Of Year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005
<i>(unaudited)(millions of dollars)</i>									
<b>Assets</b>									
Cash and deposits with financial institutions	\$ 3,328	\$ 9,462	\$ 9,670	\$ 10,816	\$ 10,879	\$ 9,286	\$ 9,693	\$ 9,484	\$ 10,314
Securities	39,270	43,805	47,971	43,564	38,678	35,420	36,510	30,072	33,052
Securities purchased under reverse repurchase agreements	5,966	8,296	13,146	9,812	7,592	5,954	7,549	7,980	7,023
Loans									
Residential mortgages	15,894	15,999	15,140	14,945	15,384	15,596	15,046	15,509	15,675
Personal and credit cards	13,104	12,727	12,062	11,565	11,303	10,980	10,703	10,138	9,778
Business and government	18,962	19,071	21,797	17,991	20,258	19,527	20,099	19,500	18,616
<b>Total Loans</b>	<b>47,960</b>	<b>47,797</b>	<b>48,999</b>	<b>44,501</b>	<b>46,945</b>	<b>46,103</b>	<b>45,848</b>	<b>45,147</b>	<b>44,069</b>
Customers' liability under bankers' acceptances	4,085	3,954	4,001	4,162	3,725	3,598	3,677	3,468	3,242
Other assets	12,476	10,039	11,385	8,547	8,982	8,191	7,806	9,021	10,270
<b>Total Assets</b>	<b>\$113,085</b>	<b>\$123,353</b>	<b>\$135,172</b>	<b>\$121,402</b>	<b>\$116,801</b>	<b>\$108,552</b>	<b>\$111,083</b>	<b>\$105,172</b>	<b>\$ 107,970</b>
<b>Liabilities</b>									
<b>Deposits</b>									
Personal	\$ 30,215	\$ 29,666	\$ 29,751	\$ 29,628	\$ 29,092	\$ 29,100	\$ 28,185	\$ 27,017	\$ 26,385
Business and government	34,022	33,408	34,653	30,838	34,223	29,322	30,930	29,641	29,878
Deposit-taking institutions	6,561	8,206	11,238	10,699	8,602	9,594	10,918	8,177	5,956
<b>Total Deposits</b>	<b>70,798</b>	<b>71,280</b>	<b>75,642</b>	<b>71,165</b>	<b>71,917</b>	<b>68,016</b>	<b>70,033</b>	<b>64,835</b>	<b>62,219</b>
<b>Others</b>									
Acceptances	4,085	3,954	4,001	4,162	3,725	3,598	3,677	3,468	3,242
Other liabilities	31,960	41,307	48,582	39,160	34,922	30,637	31,202	30,643	36,810
Subordinated debentures	1,605	1,882	1,935	1,942	1,449	1,599	1,599	1,600	1,102
<b>Total Others</b>	<b>37,650</b>	<b>47,143</b>	<b>54,518</b>	<b>45,264</b>	<b>40,096</b>	<b>35,834</b>	<b>36,478</b>	<b>35,711</b>	<b>41,154</b>
<b>Shareholders' equity</b>									
Preferred shares	400	400	400	400	400	400	400	400	400
Common shares	1,575	1,567	1,576	1,583	1,566	1,563	1,558	1,573	1,565
Contributed surplus	32	33	29	24	21	19	17	15	13
Retained earnings	2,793	3,070	3,021	3,003	2,801	2,720	2,597	2,638	2,619
Accumulated other comprehensive income (loss)	(163)	(140)	(14)	(37)	-	-	-	-	-
<b>Total Shareholders' equity</b>	<b>4,637</b>	<b>4,930</b>	<b>5,012</b>	<b>4,973</b>	<b>4,788</b>	<b>4,702</b>	<b>4,572</b>	<b>4,626</b>	<b>4,597</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$113,085</b>	<b>\$123,353</b>	<b>\$135,172</b>	<b>\$121,402</b>	<b>\$116,801</b>	<b>\$108,552</b>	<b>\$111,083</b>	<b>\$105,172</b>	<b>\$ 107,970</b>
Mortgage securitization	\$ 6,624	\$ 6,076	\$ 6,286	\$ 6,262	\$ 5,761	\$ 5,313	\$ 5,507	\$ 4,937	\$ 4,581
Mortgage loans sold to third parties	\$ 450	\$ 487	\$ 533	\$ 573	\$ 529	\$ 566	\$ 614	\$ 652	\$ 551
Credit card securitization	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Direct loans securitization	\$ -	\$ -	\$ 42	\$ 78	\$ 126	\$ 150	\$ 182	\$ 218	\$ 222
Mutual funds	\$ 12,955	\$ 13,532	\$ 13,391	\$ 12,781	\$ 11,907	\$ 11,438	\$ 11,786	\$ 11,657	\$ 11,157
Securities - excess of market value over book	\$ 148	\$ 206	\$ 230	\$ 162	\$ 126	\$ (28)	\$ 33	\$ 53	\$ 74
Equity Securities - excess of market value over book	\$ 161	\$ 252	\$ 234	\$ 174	\$ 129	\$ 10	\$ 80	\$ 82	\$ 66
Number of shares outstanding (000's)	157,806	157,858	159,418	161,367	161,512	161,918	161,882	164,313	165,335
Domestic Gap < 1 year	(984)	(1,477)	(927)	(1,239)	(1,113)	982	(1,844)	124	(243)
> 1 year	988	1,484	924	1,234	1,122	(991)	1,840	2,664	3,053

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	2007				2006				YTD		Full Year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005
<i>(unaudited)(millions of dollars)</i>											
Opening balance	4,930	5,012	4,973	4,788	4,702	4,572	4,626	4,597	4,788	4,597	4,204
Net income	(175)	243	233	240	220	220	214	217	541	871	855
Issuance of common shares	10	9	16	23	9	5	11	25	58	50	58
Issuance of preferred shares	-	-	-	-	-	-	-	-	-	-	200
Repurchase of common shares											
Repurchase of common shares	(2)	(18)	(22)	(7)	(5)	-	(26)	(17)	(49)	(48)	(39)
Premium paid on common shares purchased for cancellation	(13)	(93)	(121)	(39)	(29)	-	(142)	(90)	(266)	(261)	(185)
Repurchase of preferred shares	-	-	-	-	-	-	-	-	-	-	(175)
Dividends											
Common shares	(95)	(96)	(85)	(88)	(80)	(82)	(78)	(80)	(364)	(320)	(286)
Preferred shares	(5)	(5)	(6)	(5)	(5)	(5)	(6)	(5)	(21)	(21)	(26)
Initial adoption of AcG-15	-	-	-	-	-	-	-	-	-	-	1
Impact of initial adoption on retained earnings of new accounting standards on financial instruments	1	-	(1)	2	-	-	-	-	2	-	-
Stock options expense	2	3	6	5	5	2	3	2	16	12	6
Stock options exercised	(2)	-	-	(3)	(3)	-	(1)	-	(5)	(4)	-
Impact of shares acquired / sold for trading purposes	-	-	(1)	1	(1)	-	-	-	-	(1)	1
Other adjustments, net of income taxes	9	1	(3)	1	(15)	(5)	(1)	-	8	(21)	(1)
Unrealized foreign exchange gains (losses), net of income taxes	-	-	-	-	(10)	(5)	(28)	(23)	-	(66)	(16)
Reclassification of unrealized foreign CTA to AOCI	-	-	-	92	-	-	-	-	92	-	-
Impact of initial adoption of financial instruments standards	-	-	(4)	(67)	-	-	-	-	(71)	-	-
Other comprehensive income (loss), net of income taxes	(23)	(126)	27	30	-	-	-	-	(92)	-	-
Closing balance	4,637	4,930	5,012	4,973	4,788	4,702	4,572	4,626	4,637	4,788	4,597
Shareholders' equity											
Preferred shares	400	400	400	400	400	400	400	400	400	400	400
Common shares	1,575	1,567	1,576	1,583	1,566	1,563	1,558	1,573	1,575	1,566	1,565
Contributed surplus	32	33	29	24	21	19	17	15	32	21	13
Unrealized foreign currency translation adjustment	-	-	-	-	(92)	(82)	(77)	(49)	-	(92)	(26)
Retained earnings	2,793	3,070	3,021	3,003	2,893	2,802	2,674	2,687	2,793	2,893	2,645
Accumulated other comprehensive income (loss)	(163)	(140)	(14)	(37)	-	-	-	-	(163)	-	-
Closing balance	4,637	4,930	5,012	4,973	4,788	4,702	4,572	4,626	4,637	4,788	4,597

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2007				YTD
	Q4	Q3	Q2	Q1	2007
<i>(unaudited)(millions of dollars)</i>					
<b>Net income</b>	<b>(175)</b>	<b>243</b>	<b>233</b>	<b>240</b>	<b>541</b>
<b>Other comprehensive income (loss), net of income taxes</b>					
Net unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	(195)	(80)	(103)	79	(299)
Impact of hedging net foreign currency translation gains or losses	159	40	59	(47)	211
<b>Net change in unrealized foreign currency translation gains and losses, net of hedging activities</b>	<b>(36)</b>	<b>(40)</b>	<b>(44)</b>	<b>32</b>	<b>(88)</b>
Net unrealized gains (losses) on available for sale financial assets	(18)	(20)	71	18	51
Reclassification to net income of (gains) losses on available for sale financial assets	10	(25)	5	(1)	(11)
<b>Net change in unrealized gains and losses on available for sale financial assets</b>	<b>(8)</b>	<b>(45)</b>	<b>76</b>	<b>17</b>	<b>40</b>
Net gains (losses) on derivatives designated as cash flow hedges	15	(43)	(6)	(20)	(54)
Reclassification to net income of (gains) losses on derivatives designated as cash flow hedges	5	2	2	1	10
<b>Net change in gains and losses on derivatives designated as cash flow hedges</b>	<b>20</b>	<b>(41)</b>	<b>(4)</b>	<b>(19)</b>	<b>(44)</b>
<b>Total other comprehensive income (loss), net of income taxes</b>	<b>(24)</b>	<b>(126)</b>	<b>28</b>	<b>30</b>	<b>(92)</b>
<b>COMPREHENSIVE INCOME</b>	<b>(199)</b>	<b>117</b>	<b>261</b>	<b>270</b>	<b>449</b>

## ASSETS UNDER ADMINISTRATION / MANAGEMENT

	National Bank Trust Inc.	National Bank Financial & Cie.	National Bank Securities Inc.	Altamira	Natcan Investment Management Inc.	National Bank Direct Brokerage	Bank excluding subsidiaries	Total	
								2007	2006

(millions of dollars)

as at October 31, 2007

<b>Assets under administration</b>									
Institutional	45,325	13,638	-	-	-	-	-	58,963	58,966
Personal	-	98,611	-	-	-	10,381	-	108,992	98,772
Mutual funds	11,696	-	8,524	4,431	-	-	-	24,651	24,893
Mortgage loans sold to third parties	-	-	-	-	-	-	6,624	6,624	5,761
<b>Total assets under administration</b>	<b>57,021</b>	<b>112,249</b>	<b>8,524</b>	<b>4,431</b>	<b>-</b>	<b>10,381</b>	<b>6,624</b>	<b>199,230</b>	<b>188,392</b>
<b>Assets under management</b>									
Personal	6,280	-	-	-	-	-	-	6,280	5,420
Managed portfolios	-	3,747	-	-	13,672	-	-	17,419	18,737
Mutual funds	-	-	-	-	16,099	-	-	16,099	16,200
<b>Total assets under management</b>	<b>6,280</b>	<b>3,747</b>	<b>-</b>	<b>-</b>	<b>29,771</b>	<b>-</b>	<b>-</b>	<b>39,798</b>	<b>40,357</b>
<b>Total assets under administration / management</b>	<b>63,301</b>	<b>115,996</b>	<b>8,524</b>	<b>4,431</b>	<b>29,771</b>	<b>10,381</b>	<b>6,624</b>	<b>239,028</b>	<b>228,749</b>

Total	
2006	2005

as at October 31, 2006

<b>Assets under administration</b>									
Institutional	47,502	11,464	-	-	-	-	-	58,966	68,029
Personal	-	89,069	-	-	-	9,703	-	98,772	87,551
Mutual funds	12,986	-	8,070	3,837	-	-	-	24,893	23,010
Mortgage loans sold to third parties	-	-	-	-	-	-	5,761	5,761	5,132
<b>Total assets under administration</b>	<b>60,488</b>	<b>100,533</b>	<b>8,070</b>	<b>3,837</b>	<b>-</b>	<b>9,703</b>	<b>5,761</b>	<b>188,392</b>	<b>183,722</b>
<b>Assets under management</b>									
Personal	5,420	-	-	-	-	-	-	5,420	4,358
Managed portfolios	-	3,366	-	-	15,371	-	-	18,737	18,117
Mutual funds	-	-	-	-	16,200	-	-	16,200	14,935
<b>Total assets under management</b>	<b>5,420</b>	<b>3,366</b>	<b>-</b>	<b>-</b>	<b>31,571</b>	<b>-</b>	<b>-</b>	<b>40,357</b>	<b>37,410</b>
<b>Total assets under administration / management</b>	<b>65,908</b>	<b>103,899</b>	<b>8,070</b>	<b>3,837</b>	<b>31,571</b>	<b>9,703</b>	<b>5,761</b>	<b>228,749</b>	<b>221,132</b>

## **IMPAIRED LOANS**

2007				2006				End of
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Year
2005								

(\$ millions)

### **Gross Impaired Loans**

Retail	53.6	49.3	56.3	50.3	48.7	46.7	45.0	41.9	45.1
Commercial	136.1	126.6	123.0	130.7	126.6	106.4	136.7	147.5	133.3
Corporate	53.6	54.4	54.7	56.2	56.4	57.9	57.2	63.0	65.1
Real estate	3.7	-	-	-	-	-	-	3.4	13.0
Treasury	2.2	2.1	2.2	2.3	2.2	3.3	3.3	3.4	3.5
Other	-	-	-	-	-	-	-	-	-
<b>Total Gross Impaired Loans</b>	<b>249.2</b>	<b>232.4</b>	<b>236.2</b>	<b>239.5</b>	<b>233.9</b>	<b>214.3</b>	<b>242.2</b>	<b>259.2</b>	<b>260.0</b>
<b>As a % of loans and acceptances</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>

### **Net Impaired Loans**

Retail	39.2	34.6	35.4	30.5	30.4	27.3	25.6	22.5	24.9
Commercial	65.5	53.3	54.3	58.6	62.6	44.9	60.1	63.7	55.1
Corporate	19.4	20.0	18.7	20.7	20.3	24.1	23.2	25.1	27.5
Real estate	2.9	-	-	-	-	-	-	-	7.6
Treasury	2.1	2.0	2.1	2.2	2.1	2.1	2.0	2.1	2.2
General allowance	(308.0)	(308.0)	(308.0)	(308.0)	(308.0)	(308.0)	(308.0)	(308.0)	(308.0)
<b>Total Impaired Loans, net of specific and general allowances</b>	<b>(178.9)</b>	<b>(198.1)</b>	<b>(197.5)</b>	<b>(196.0)</b>	<b>(192.6)</b>	<b>(209.6)</b>	<b>(197.1)</b>	<b>(194.6)</b>	<b>(190.7)</b>
<b>As a % of loans and acceptances</b>	<b>-0.3%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>

## FORMATION OF GROSS IMPAIRED LOANS & ALLOWANCE FOR CREDIT LOSSES

2007				2006				YTD		Full Year
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005

(\$ millions)

### Formation of Gross Impaired Loans

Opening balance	232	236	239	234	214	242	259	260	234	260	388
Write-off	(28)	(22)	(21)	(17)	(20)	(30)	(36)	(16)	(88)	(102)	(156)
Formation	45	18	18	22	40	2	19	15	103	76	27
Closing balance	249	232	236	239	234	214	242	259	249	234	260

### Allowance for Credit Losses

Allowances at beginning	430	434	435	426	424	439	454	451	426	451	578
Provision for credit losses	29	22	23	29	22	16	22	17	103	77	33
Write-offs	(44)	(38)	(38)	(34)	(37)	(45)	(52)	(32)	(154)	(166)	(215)
Recoveries	13	12	14	14	17	14	15	18	53	64	55
Allowances at end	428	430	434	435	426	424	439	454	428	426	451

## RISK-ADJUSTED CAPITAL RATIOS

	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(millions of dollars)</i>								
<b>Tier I capital</b>								
Common shareholders' equity	\$4,220	\$4,526	\$4,521	\$4,550	\$4,388	\$4,302	\$4,172	\$4,226
Non-cum. preferred shares, permanent	400	400	400	400	400	400	400	400
Non-controlling interest	18	20	17	10	9	8	118	137
Innovative instruments	508	545	558	578	562	565	336	342
Less: goodwill	703	680	683	684	683	686	662	662
Less: Trading in short positions of own shares (gross)	1	3	4	3	2	-	4	6
<b>Total Tier I</b>	<b>\$4,442</b>	<b>\$4,808</b>	<b>\$4,809</b>	<b>\$4,851</b>	<b>\$4,674</b>	<b>\$4,589</b>	<b>\$4,360</b>	<b>\$4,437</b>
<b>Tier II capital</b>								
Subordinated debentures (1)	1,641	1,947	1,948	1,949	1,949	1,599	1,599	1,600
General allowance for credit risk	308	308	308	308	308	308	308	308
Unrealized gains on available-for-sale equity securities	80	104	121	49	-	-	-	-
<b>Total Tier II</b>	<b>\$2,029</b>	<b>\$2,359</b>	<b>\$2,377</b>	<b>\$2,306</b>	<b>\$2,257</b>	<b>\$1,907</b>	<b>\$1,907</b>	<b>\$1,908</b>
Other deductions	355	320	311	312	324	450	422	415
<b>TOTAL CAPITAL</b>	<b>\$6,116</b>	<b>\$6,847</b>	<b>\$6,875</b>	<b>\$6,845</b>	<b>\$6,607</b>	<b>\$6,046</b>	<b>\$5,845</b>	<b>\$5,930</b>
<b>Risk-adjusted balance sheet items</b>								
Cash resources	\$488	\$1,790	\$1,837	\$2,066	\$2,077	\$1,761	\$1,893	\$1,651
Securities	3,050	2,119	2,567	2,465	2,083	2,828	2,033	2,030
Mortgage loans	6,205	6,311	5,943	5,734	5,647	5,787	5,470	5,282
Other loans	22,626	23,020	24,892	21,437	22,035	22,855	23,367	23,049
Other assets	5,371	6,080	5,183	6,106	5,549	5,514	5,363	5,275
<b>Total Risk-adjusted balance sheet items</b>	<b>\$37,740</b>	<b>\$39,320</b>	<b>\$40,422</b>	<b>\$37,808</b>	<b>\$37,391</b>	<b>\$38,745</b>	<b>\$38,126</b>	<b>\$37,287</b>
<b>Risk-adjusted off-balance sheet items</b>								
Letters of guarantee and documentary credit	1,107	1,078	1,176	1,110	1,096	1,156	1,059	1,082
Commitments to extend credit	5,174	4,693	4,770	5,240	5,085	5,009	4,767	4,794
Interest rate contracts	96	126	106	112	122	110	95	105
Foreign exchange contracts	428	312	250	320	234	217	218	249
Equity contracts	1,155	845	687	603	480	413	319	388
Commodity contracts	68	33	18	12	19	88	48	65
<b>Total Risk-adjusted off-balance sheet items</b>	<b>\$8,028</b>	<b>\$7,087</b>	<b>\$7,007</b>	<b>\$7,397</b>	<b>\$7,036</b>	<b>\$6,993</b>	<b>\$6,506</b>	<b>\$6,683</b>
<i>Risk-adjusted market risk items</i>	\$3,568	\$4,763	\$4,380	\$3,862	\$2,871	\$2,902	\$3,117	\$2,806
<b>TOTAL RISK-ADJUSTED ASSETS</b>	<b>\$49,336</b>	<b>\$51,170</b>	<b>\$51,809</b>	<b>\$49,067</b>	<b>\$47,298</b>	<b>\$48,640</b>	<b>\$47,749</b>	<b>\$46,776</b>
<b>Risk-adjusted ratios</b>								
Tier I	9.0%	9.4%	9.3%	9.9%	9.9%	9.4%	9.1%	9.5%
Total	12.4%	13.4%	13.3%	14.0%	14.0%	12.4%	12.2%	12.7%

(1) Taking into account the issuance of \$500 million of subordinated debentures on November 2, 2006 for the fourth quarter 2006.

## FINANCIAL DERIVATIVES

	2007				2006				End of Year
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2005
<i>(millions of dollars)</i>									
<b>Foreign exchange related contracts</b>									
Swaps	32,542	37,299	36,931	43,093	43,164	46,248	41,495	47,796	51,143
Options - purchased	7,345	9,289	9,895	10,191	9,094	8,820	6,885	6,537	7,463
Options - sold	7,063	13,121	13,397	13,463	11,651	13,082	9,031	7,318	6,862
Futures	6,395	9,040	13,494	10,375	7,304	6,636	3,886	6,829	6,788
<b>Total Notional Amount</b>	<b>53,345</b>	<b>68,749</b>	<b>73,717</b>	<b>77,122</b>	<b>71,213</b>	<b>74,786</b>	<b>61,297</b>	<b>68,480</b>	<b>72,256</b>
Replacement cost (1)	1,094	528	383	410	287	325	414	504	338
Future credit risk	649	664	612	736	685	542	543	549	513
Credit equivalent (2)	1,744	1,192	995	1,147	972	868	957	1,053	852
Risk-weighted equivalent	428	312	250	320	234	217	218	249	220
<b>Interest rate related contracts</b>									
Swaps	126,792	120,725	111,831	114,713	118,597	127,579	113,989	109,122	123,134
Options - purchased	33,425	59,674	95,369	80,729	116,255	77,385	72,863	76,552	86,008
Options - sold	34,111	80,460	100,575	71,467	111,357	87,304	76,949	76,786	67,882
Futures	6,909	6,573	8,679	14,200	9,732	5,780	2,293	11,000	9,082
<b>Total Notional Amount</b>	<b>201,237</b>	<b>267,432</b>	<b>316,454</b>	<b>281,109</b>	<b>355,941</b>	<b>298,048</b>	<b>266,094</b>	<b>273,460</b>	<b>286,106</b>
Replacement cost (1)	193	251	162	190	243	258	224	266	328
Future credit risk	398	367	334	329	346	361	313	312	296
Credit equivalent (2)	591	618	496	519	589	619	537	578	625
Risk-weighted equivalent	96	126	106	112	122	110	95	105	110
<b>Financial futures</b>									
<b>Total Notional Amount</b>	<b>36,697</b>	<b>54,019</b>	<b>68,360</b>	<b>69,469</b>	<b>31,017</b>	<b>35,323</b>	<b>37,284</b>	<b>44,472</b>	<b>14,981</b>
<b>Equity and commodity contracts</b>									
<b>Total Notional Amount</b>	<b>60,569</b>	<b>50,640</b>	<b>43,148</b>	<b>41,463</b>	<b>36,798</b>	<b>25,254</b>	<b>15,894</b>	<b>26,980</b>	<b>29,593</b>
Replacement cost (1)	1,487	1,046	1,053	769	671	605	636	684	653
Future credit risk	2,233	1,655	1,503	1,430	1,224	1,060	453	734	810
Credit equivalent (2)	3,719	2,701	2,556	2,199	1,895	1,665	1,088	1,418	1,463
Risk-weighted equivalent	1,223	878	705	615	499	501	367	453	418
<b>Total derivatives</b>									
<b>Total Notional Amount</b>	<b>351,848</b>	<b>440,840</b>	<b>501,679</b>	<b>469,163</b>	<b>494,969</b>	<b>433,411</b>	<b>380,569</b>	<b>413,392</b>	<b>402,936</b>
Replacement cost (1)	2,774	1,825	1,598	1,369	1,201	1,188	1,274	1,454	1,319
Future credit risk	3,280	2,686	2,449	2,495	2,255	1,963	1,309	1,595	1,619
Credit equivalent (2)	6,054	4,511	4,047	3,865	3,456	3,152	2,582	3,049	2,940
Risk-weighted equivalent	1,747	1,316	1,061	1,047	855	828	680	807	748

(1) Gross positive replacement cost after permissible netting

(2) Taking into account permissible netting

## SHAREHOLDERS' INFORMATION

2007				2006			
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

### Credit Rating

Moody's (Long Term Debt Senior)	Aa2	Aa2	Aa2	A1	A1	A1	A1	A1
Standard & Poor's/CBRS (Long Term Debt)	A	A	A	A	A	A	A	A
DBRS (Senior Debt)	AA (low)	AA (low)	AA (low)	AA (low)	AA (low)	A (high)	A (high)	A (high)
Fitch (Long-Term)	A+	A+	A+	A+	A+	A+	A+	A+

### Stock Trading Range and Other Information

High	\$ 60.28	\$ 66.14	\$ 65.87	\$ 66.59	\$ 62.86	\$ 62.69	\$ 65.60	\$ 63.90
Low	\$ 50.50	\$ 60.61	\$ 61.96	\$ 61.36	\$ 58.26	\$ 56.14	\$ 61.35	\$ 58.35
Close	\$ 54.65	\$ 60.93	\$ 61.96	\$ 64.29	\$ 61.25	\$ 58.55	\$ 62.34	\$ 61.75
Number of registered shareholders	24,780	24,935	25,147	25,316	25,531	25,644	25,845	26,049

### Valuation

Market Capitalization (in millions of \$)	\$ 8,624	\$ 9,618	\$ 9,878	\$ 10,374	\$ 9,893	\$ 9,480	\$ 10,092	\$ 10,146
P/E Ratio (Trailing 4 Quarters)	16.97	10.71	11.22	11.93	11.73	11.46	12.49	12.68
Market price/Book value	2.04	2.12	2.14	2.27	2.25	2.20	2.42	2.40
Dividend payout (trailing 4 quarters)	70.81%	38.31%	37.68%	37.48%	37.55%	37.18%	36.87%	36.55%
Dividend yield (annualized)	4.39%	3.94%	3.49%	3.36%	3.27%	3.42%	3.08%	3.11%

### Other Information

Number of employees (full-time equivalent)	14,484	14,710	14,387	14,406	14,381	14,573	14,375	14,444
Number of Branches	447	448	450	450	451	453	455	455
Number of ATM'S	835	815	811	807	801	800	802	797

The Common Shares of the Bank as well as the First Preferred 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
<b>Common Shares</b>	<b>NA</b>	<b>National Bk</b>
First Preferred Shares		
Series 15	NA.PR.K	Natl Bk 15
Series 16	NA.PR.L	Natl Bk 16