

Analyst and Investor Presentation Q1 2007 Results Conference Call

Montreal, March 1st, 2007



a bank
like no
other



2007 - Highlights

**Best ever
quarterly
net income:
\$240M**

- Total revenues (TEB) increased by 6% (YoY)
- Record net income of \$240M, up 11% (YoY)
- Diluted EPS reached \$1.43, a 13% increase (YoY)
- ROE at 20.7%, exceeding financial targets

All sectors contributing to revenue growth
Strong performance in P&C and Wealth Management (YoY)
Solid credit quality with a 5.8% gross impaired loan ratio

	2007 Objectives	Q1 07
Growth in earnings per share	5% to 10%	13%
Return on common shareholders' equity	16% to 20%	20.7%
Tier 1 capital ratio	Equal or greater than 8.5%	9.9%
Dividend payout ratio ⁽¹⁾	40% to 50%	37%

(1) Trailing 4 quarters

2007 – YoY:

- Total revenue up 6%
- PCL at \$28M

EPS
up **13%**

TEB

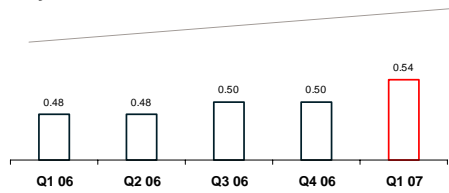
(millions of dollars)	Q1 07	Q4 06	Change	Q1 06	Change
Total revenues	\$1,054	\$1,054	0%	\$992	6%
Operating expenses	\$657	\$673	-2%	\$636	3%
Contribution	\$397	\$381	4%	\$356	12%
Provision for credit losses	\$28	\$22	27%	\$17	65%
Net income	\$240	\$220	9%	\$217	11%
Diluted EPS	\$1.43	\$1.31	9%	\$1.26	13%

Revenue Dividend per share

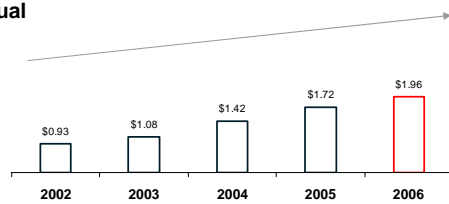
Growth for shareholders

- Quarterly dividend at \$0.54, up 13% (YoY)
- 717,000 shares repurchased in Q1 2007, for an amount totaling \$46M

Quarterly



Annual



Revenues

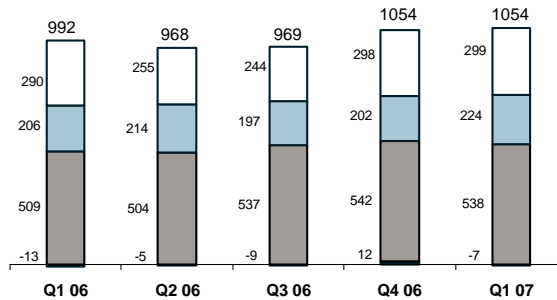
Q1 2007 – YoY:

- All business lines contributing to growth:
- P&C Banking: 6%
 - Wealth Management: 9%
 - Financial Markets: 3%

TEB

(millions of dollars)

- Other
- Personal and Commercial Banking
- Wealth Management
- Financial Markets



Loan Evolution

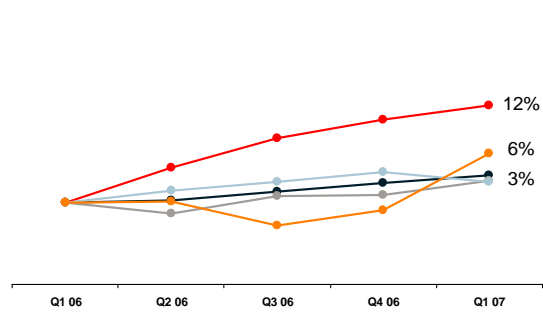
Highlights – YoY:

- 12% increase in consumer loans
- 6% increase in Corporate Banking
- Mortgage loans kept momentum at 3%
- Credit card receivables up 3%
- Commercial loans up 3%.

Volume growth

Q1 2006 = 100
(millions of dollars)

- Mortgage loans
- Pers. loans excl. indirect loans
- Credit card receivables
- Commercial loans (incl. energy)
- Corporate Banking



Personal and Commercial Banking – Quarterly

Q1 2007 – YoY:

Net income up 16%

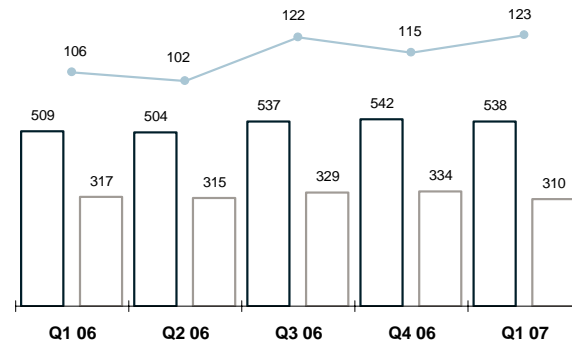
Driven by :

- 6% increase in revenues attributed to higher volume in P&C Banking
- Improved efficiency ratio at 57.6% from 62.3%

TEB

(millions of dollars)

- ▒ Revenues
- ▒ Expenses
- Net Income



P&C Revenue Composition

TEB

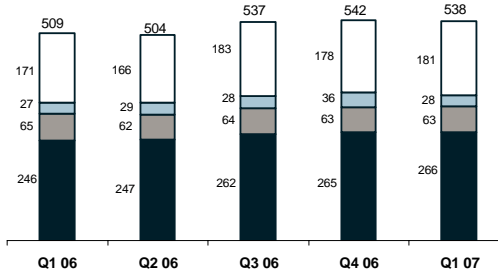
Q1 2007 - YoY:

Sectors contributing to growth:

- Retail Banking: 8%
- Insurance: 4%
- Commercial Banking: 6%

(millions of dollars)

■ Retail Banking ■ Credit cards ■ Insurance □ Commercial

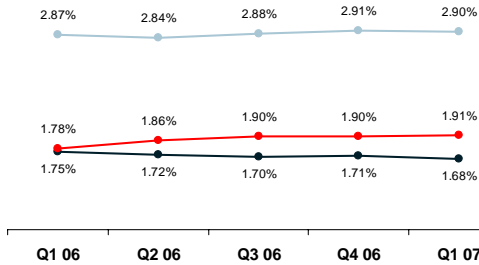


P&C Margin Evolution

Highlights - YoY:

- NIM Stable
- Loans NIM lower mainly due to credit card services

— P&C — Loans — Deposits



Q1 2007 – YoY:

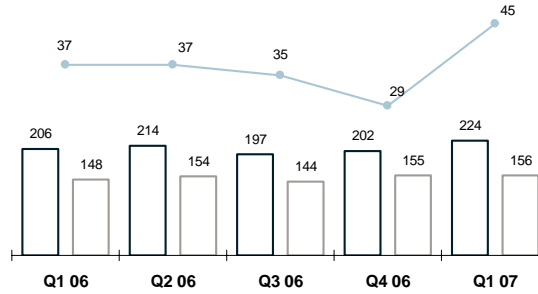
Net income up 22%

- Strong contribution from retail brokerage and mutuals funds

TEB

(millions of dollars)

Revenues Expenses Net Income



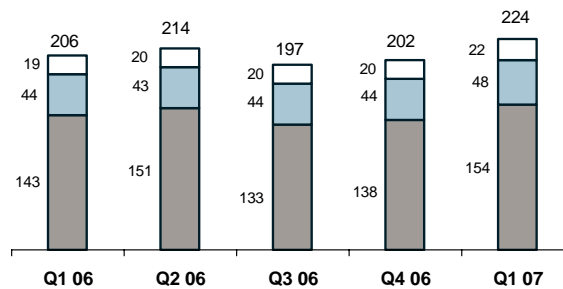
Q1 2007 – YoY:

- 8% growth in retail brokerage
- 9% growth in mutual funds
- 16% growth in private investment management

TEB

(millions of dollars)

Trust (Segregated and private inv. mgmt)
 Mutual funds incl. Natcan Invest. Mgmt
 Brokerage



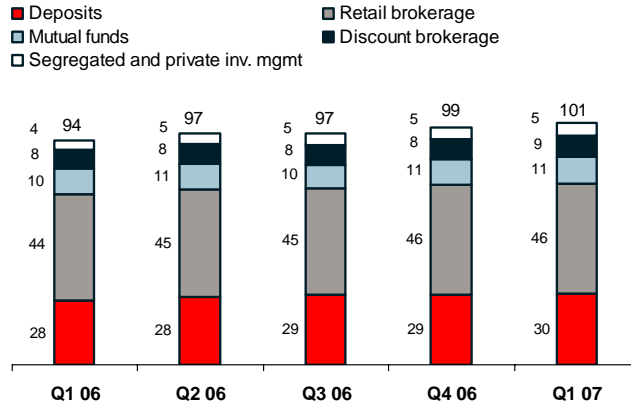
Retail Assets Under Management Composition

Q1 2007 – YoY:

Overall, up 7%

- Growth in all sub-sectors:
 - Deposit: 7%
 - Mutual funds: 10%
 - Discount brokerage: 13%
 - Retail brokerage: 5%
 - Segregated and private inv. mgmt: 25%

(billions of dollars)



Financial Markets – Quarterly

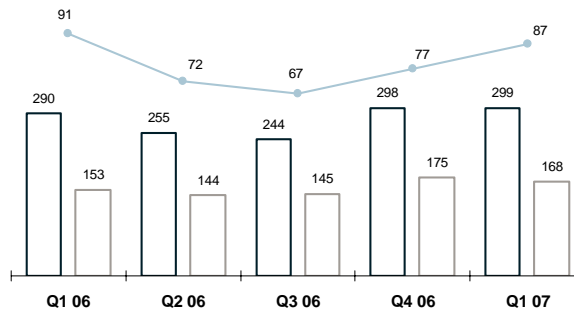
Q1 2007 – YoY:

- Revenues up 3% from Q1 2006 strong results

TEB

(millions of dollars)

Revenues Expenses Net Income



Financial Markets Revenue Composition

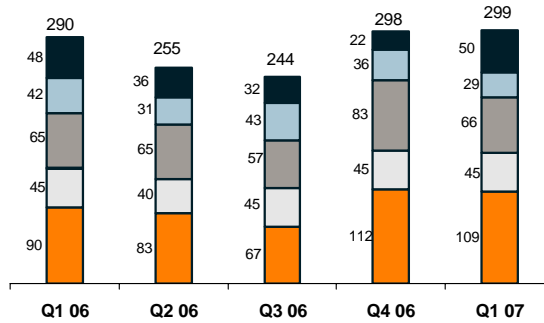
TEB

(millions of dollars)

Q1 2007 – YoY:

- Trading up 21 %, offsetting lower investment gains

■ Trading ■ Corp. Banking ■ Capital Markets ■ Inv. gains ■ Other



Trading Revenue Breakdown

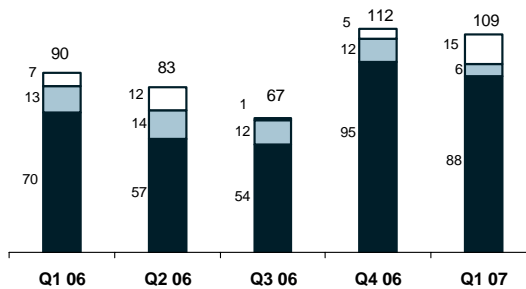
TEB

(millions of dollars)

Q1 2007 – YoY:

- Equity trading increased by 26 %
- Equity unrealized gains went up from \$82M to \$167M

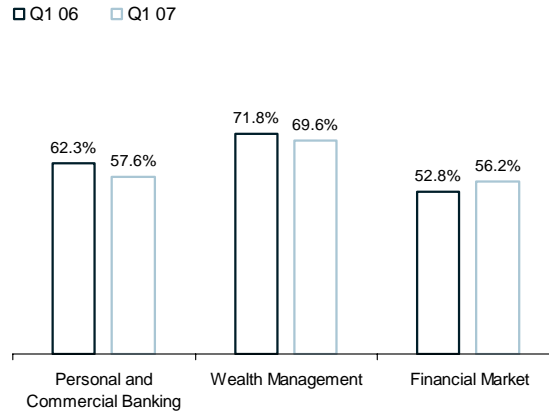
■ Commodities and precious metals & Foreign exchange contracts
 ■ Fixed income and money markets
 ■ Equity



Business Line Expense Ratio

Q1 2007 – YoY:

- Productivity improved in P&C and Wealth Management sectors



Global Portfolio Composition

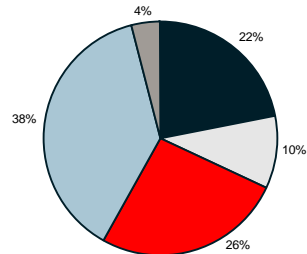
Highlights:

- Retail Banking represents 64% of total portfolio

Outstanding

As at January 31, 2007

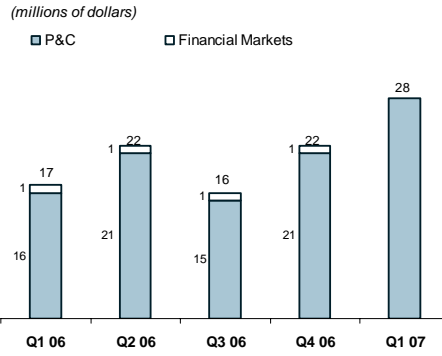
- Personal loans
- Corporate Banking
- Commercial Banking
- Mortgages
- Credit cards



Risk Provisioning

Highlights – YoY:

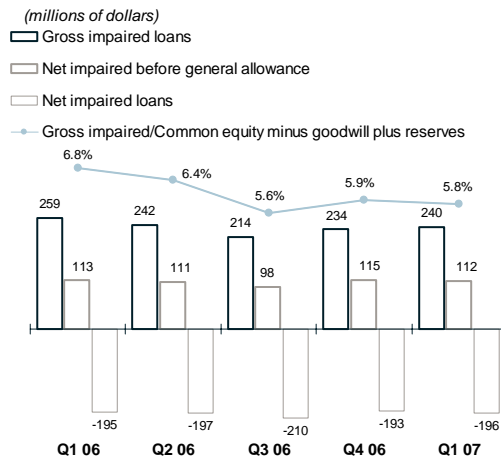
- Continuous favorable credit environment
- PCL at \$28M



Impaired Loans

Highlights:

- Ratio at 5.8%
- Net impaired loans similar to Q4 2006



Impaired Loan Formation

(millions of dollars)

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Personal & Commercial	17	18	-1	41	22
Corporate	-2	1	3	(1)	0
Total	15	19	2	40	22

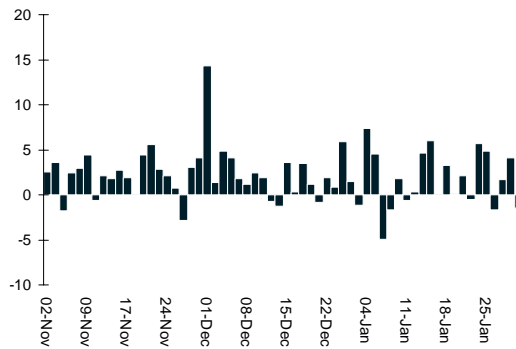
Formations include new accounts, disbursements, principal repayments and exchange rate fluctuation

Daily Trading P/L – Q1 2007

Highlights:

- Stability and profitability

(millions of Cdn dollars)
Excludes underwriting



- Record quarterly net income
- Overall good results with excellent credit quality

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By their very nature, such forward-looking statements require us to make assumptions and involve inherent risks and uncertainties, both general and specific. There is significant risk that express or implied projections contained in such statements will not materialize or will not be accurate. A number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Such differences may be caused by factors, many of which are beyond the Bank's control, which include, but are not limited to, changes in Canadian and/or global economic and financial conditions (particularly fluctuations in interest rates, currencies and other financial instruments), liquidity, market trends, regulatory developments and competition in geographic areas where the Bank operates, technological changes, consolidation in the Canadian financial services sector, the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism and the Bank's anticipation of and success in managing the risks implied by the foregoing. The Bank cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The Bank therefore cautions readers not to place undue reliance on these forward-looking statements. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Bank.

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