

Scotia Capital Financials Summit 2007

Louis Vachon, President and Chief Executive Officer

National Bank of Canada

Toronto, September 11, 2007



Performance Snapshot

Q3 2007 – YoY:

Adjusted
EPS up
18%

<i>(millions of dollars)</i>	Q3 07	Q3 06	Change	9M 07	9M 06	Change
Net income	243	220	10%	716	651	10%
Adjusted EPS ⁽¹⁾	\$1.48	\$1.25	18%	\$4.31	\$3.75	15%
ROE	20.6%	20.2%		20.6%	20.2%	

(1) Excluding the gain on the sale of National Bank Trust share ownership management business in Q2 2006 and the gain on MasterCard IPO in Q3 2006.

Commercial paper liquidity lines to third party asset-backed conduits	<ul style="list-style-type: none"> • None
Commercial paper liquidity lines to National Bank sponsored asset-backed conduit	<ul style="list-style-type: none"> • Backstop liquidity facilities – not significant • No exposure to U.S. subprime mortgages
U.S. subprime mortgage direct exposure	<ul style="list-style-type: none"> • None
U.S. subprime mortgage indirect exposure	<ul style="list-style-type: none"> • Minimal, held through \$2B ABCP acquired recently ⁽¹⁾
Leveraged buy out (LBO) underwriting commitments	<ul style="list-style-type: none"> • None
Hedge fund trading and lending exposure, including prime brokerage	<ul style="list-style-type: none"> • Transactions fully collateralized • No credit issues with counterparties

(1) As communicated in August 20, 2007 press release, National Bank acquired all the ABCP held in mutual funds and pooled funds of subsidiaries of the Bank, all the ABCP currently held by all its individual retail clients as well as certain other clients.
81.3% of holders of outstanding third party conduits of ABCP in Canada have indicated their support to the 60-day Standstill Period described in the Consortium framework agreement announced on August 16.

Montreal Proposal:

- Committee chaired by Purdy Crawford formed to oversee proposed structuring process of Third Party ABCP
- Regrouping more than twelve investors with broad Pan Canadian perspective:
 - NAV CANADA
 - PSP Investments
 - Credit Union Central of Canada
 - Canaccord Capital Corporation
 - National Bank Financial Group
 - Caisse de dépôt et de placement du Québec
 - Desjardins Group
 - Canada Post
 - CMHC
 - ATB Financial
 - Northwater Capital Management
 - Credit Union Central Alberta
- 81.3% of conduits holders supporting the agreement

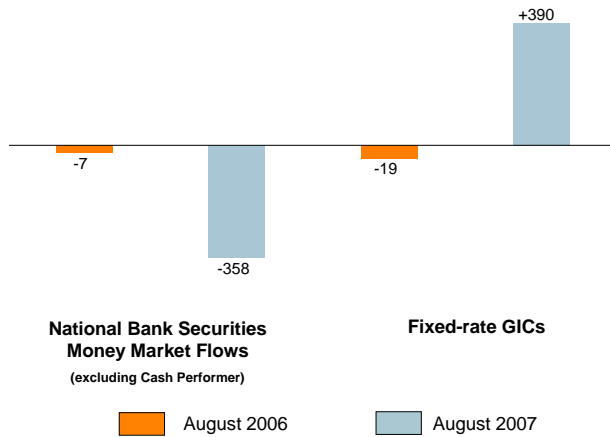
Re-intermediation of savings advantages the banks
National Bank net flows (millions of dollars)

Highlights:

- Altamira's Cash Performer flows mostly unchanged

Assets:

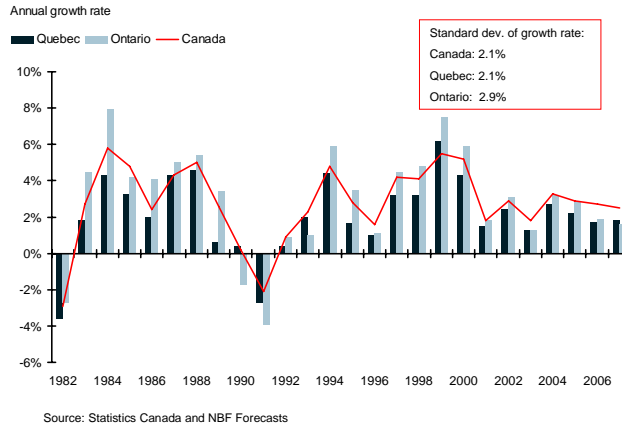
- \$Can : \$4.4G
- \$US: \$390M



- Sound conditions in Quebec and Canada
- Lower personal debt ratios and high saving needs in Quebec
- Key public investments yet to come in Quebec

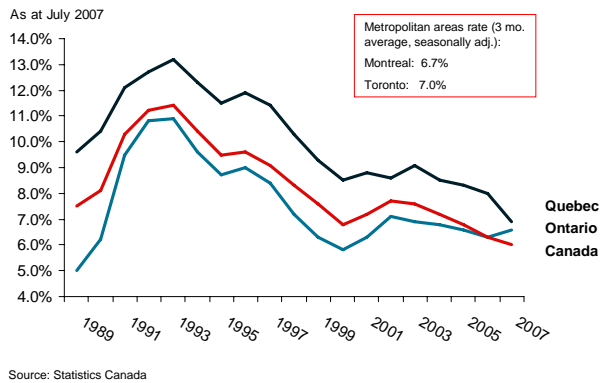
GDP/GPP Growth

- Lower growth volatility in Quebec



Jobless Rate

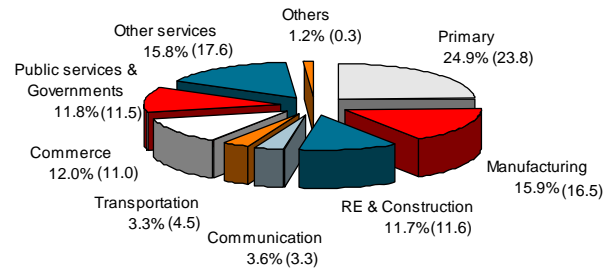
- Quebec closed the gap with Ontario



- Canadian businesses post solid balance sheets
- Industry diversification matters more than geography

Loans & BAs as at June 30, 2007

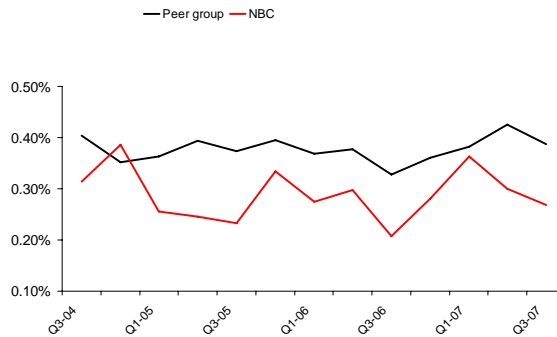
(June 30, 2006)



- Quality credit underwriting

Most comparable peers benchmarking

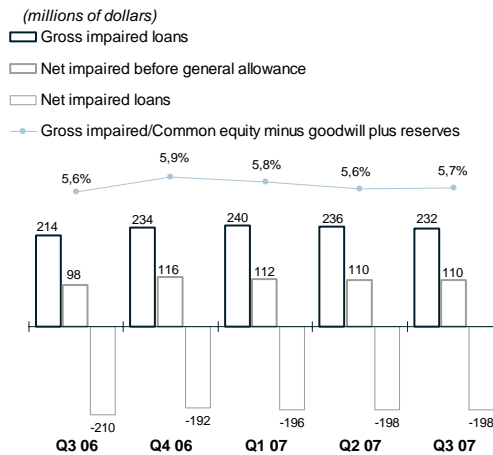
As a percentage of loans and BAs



Peer group: BMO, CIBC, RBC, TD

Impaired Loans

- Sound risk management continues to provide stable results



Vision and Strategy

Three priorities:

- One client, one bank
- Number one in Wealth Management in Quebec
- Continued expansion outside Quebec

One client, one bank**Key differentiator:**

Leveraging our clients' relationships with the right bundle of products and services

Initiatives:

- Technological
- Organizational
- Cultural

Maximizing franchise value

One example of a premium opportunity: Increase the number of products per commercial client from current level of 2.1

Number one in Wealth Management in Quebec**Advantages in Quebec:**

- Strong brand recognition
- #1 Commercial bank - close to entrepreneurs
- #1 Retail broker
- Product capabilities

Initiatives:

- Enhance cross-selling (One client, one bank)
- Measure of success: profitability + market share

Business strength:

- 40% of NBF retail revenues now fee-based (from 20% in 2003)

Continued expansion outside Quebec

- Centres of Excellence with specific focus in selected markets:
 - Wealth Management
 - Capital Markets
- Geographic clusters
- Joint ventures and partnerships:
 - Investors Group / MD
 - Cornnet
 - Innocap / BNPP

An experienced and diversified executive team working together to deliver on the Bank's priorities.

Office of the President

Louis Vachon, President & CEO

Michel Tremblay
Chief Operating Officer,
P&C Banking and Wealth Mgmt

Patricia Curadeau-Grou
Executive VP,
Finance, Risk and Treasury

John Cieslak,
Senior VP
Technology, Business Intelligence and Organizational Performance

Ricardo Pascoe
Co-President and Co-CEO
National Bank Financial Group

Luc Paiement
Co-President and Co-CEO
National Bank Financial Group

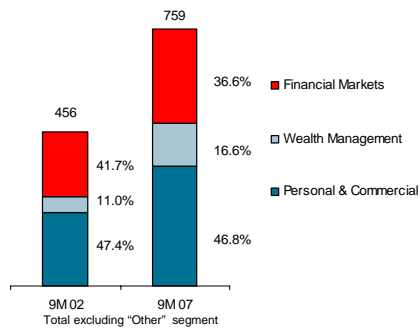
Gisèle Desrochers
Senior VP, Human Resources and Corporate Affairs

2002-2007 :

- Lower relative contribution of Financial Markets to net income
- Expanded role of Wealth Management activities

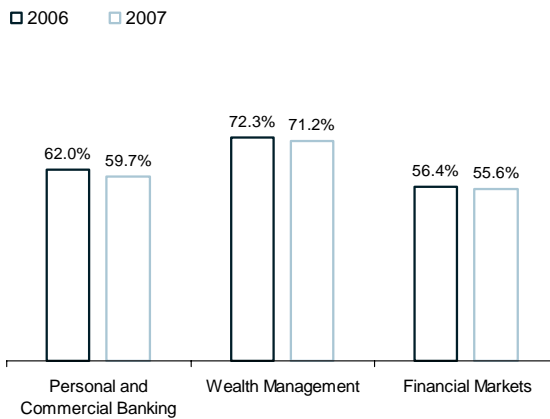
Net Income Breakdown

(millions of dollars)



Highlights

- Continuous improvement of the efficiency ratio

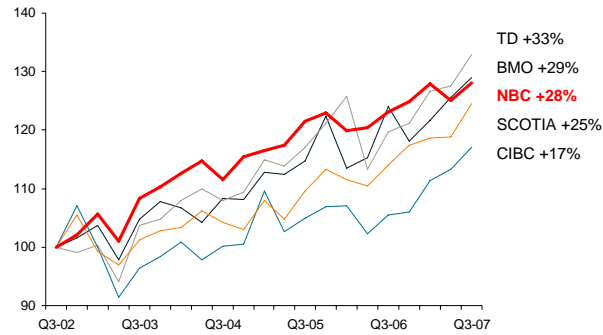


Most comparable peers benchmarking

P&C and WM, basis 2002 = 100

Balance

- Sustained growth over time
- Low volatility



Highlights:

- Personal loan growth was 9.4% excl. mortgage center
- Strong focus on credit cards and SME growth pace acceleration

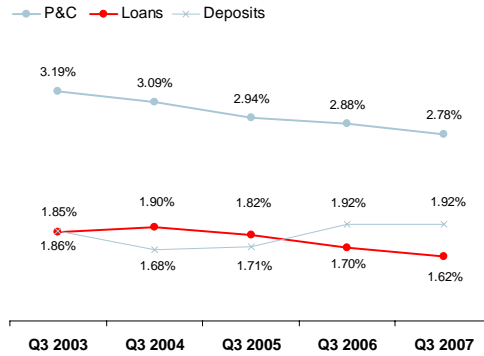
	Q3 2007	Q3 2006	Growth
Personal loans			
Residential mortgages	22,439	21,377	5%
Excluding mortgage center			7%
Consumer loans	10,735	9,238	16%
All-in-One (via branches)			18%
Credit card receivables	<u>1,781</u>	<u>1,741</u>	2%
	34,955	32,356	8%
Commercial loans			
SME loans	14,102	13,751	3%
Term loans			9%
Real Estate			1%
Others			2%
Corporate loans	<u>5,589</u>	<u>5,073</u>	10%
	<u>19,691</u>	<u>18,824</u>	5%
Total loans and BAs	54,646	51,180	7%

Note: including securitized assets

P&C Margin Evolution

Highlights:

- Tighter margins in Quebec



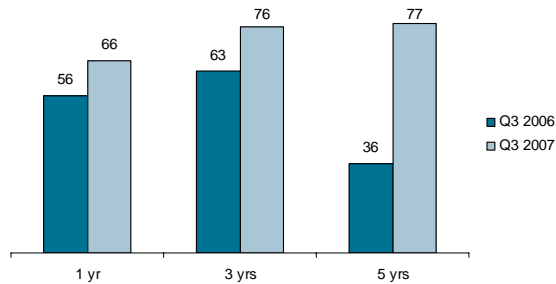
Wealth Management

Altamira's fund performance

Percentage of assets in 1st & 2nd Quartile

Momentum:

- Significant fund performance improvement
- Meritage Portfolios assets now top \$545M (launched Oct 06)



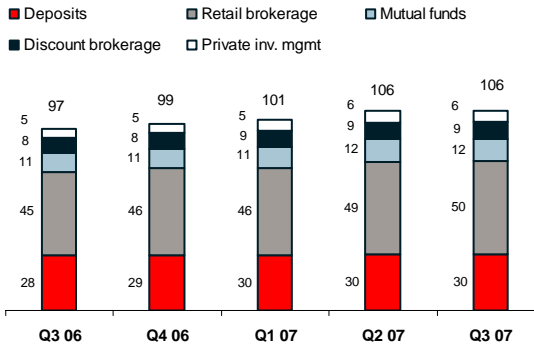
Retail Assets Under Management Composition

TEB

Highlights:

- Solid retail assets growth
- Re-intermediation of savings
- Off-balance sheet growth 13% YoY
 - Private investment management 18%
 - Mutual funds 17%
 - Retail brokerage: 12%
 - Disc. brokerage: 9%

(billions of dollars)

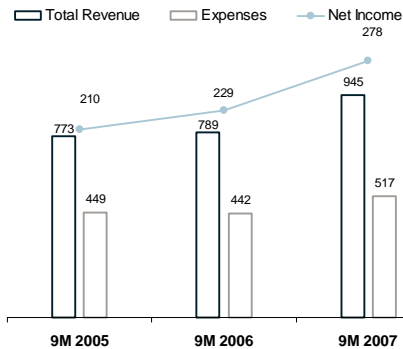


Financial Markets

Highlights:

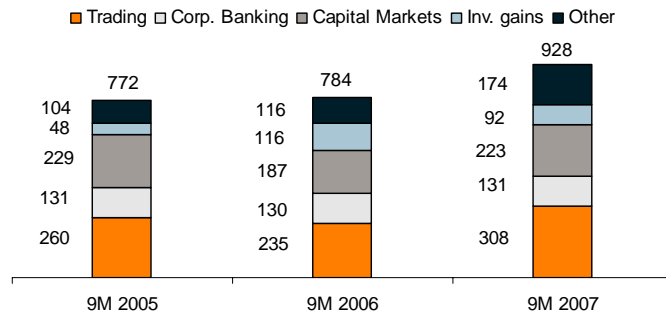
- Constant contributor to revenue and earnings growth
- Net income up 21% YTD

TEB (millions of dollars)



Financial Markets Revenue Composition

TEB
(millions of dollars)



Key Takeaways

- Strong franchise
- Risk management: strong portfolio quality
- Growing P&C earnings is top priority

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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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