

ANALYST AND INVESTOR PRESENTATION Q1 2009 RESULTS CONFERENCE CALL

February 26, 2009



CAUTION REGARDING FORWARD-LOOKING STATEMENTS



Caution Regarding Forward-Looking Statements

From time to time, National Bank of Canada (the "Bank") makes written and oral forward-looking statements, such as those contained in the "Major Economic Trends and Challenges" section and under the heading "Medium-term objectives" in the "Overview" section of the 2008 Annual Report, in the "Medium-term financial objectives" section of this Report to Shareholders, in other filings with Canadian securities regulators and in other communications, for the purpose of describing the economic environment in which the Bank will operate during fiscal 2009 and the objectives it has set for itself for that period. All such statements are made pursuant to the "safe harbour" provisions of Canadian and U.S. securities legislation. These forward-looking statements include, among others, statements with respect to the economy (particularly the Canadian and American economies), market changes, observations regarding the Bank's objectives and its strategies for achieving them, Bank projected financial returns and certain risks faced by the Bank. These forward-looking statements are typically identified by future or conditional verbs or words such as "outlook," "believe," "anticipate," "estimate," "project," "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. Assumptions about the performance of the Canadian and U.S. economies in 2009 and how that will affect the Bank's business are material factors considered in setting the Bank's strategic priorities and objectives, and in determining its financial targets, including provisions for credit losses. With the financial and credit crisis currently underway, fiscal 2009 could be characterized by an overall slowdown in the world economy, which could affect the United States, Canada's largest trading partner. The financial crisis may result in lower levels of activity on financial markets and a higher cost of funds for financial institutions. There is a strong possibility that personal and commercial bankruptcies could increase in coming quarters. In determining its expectation for economic growth, both broadly and in the financial services sector, the Bank primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. Tax laws in the countries in which the Bank operates, primarily Canada and the United States, are material factors it considers when establishing its sustainable effective tax rate. 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, the management of credit, market and liquidity risks; the strength of the Canadian and United States economies and the economies of the countries in which the Bank conducts business; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar; the effects of changes in monetary policy, including changes in interest rate policies of the Bank of Canada and the U.S. Federal Reserve; the effects of competition in the markets in which the Bank operates; the impact of changes in the laws and regulations regulating financial services and enforcement thereof (including banking, insurance and securities); judicial or regulatory judgments and legal proceedings; developments with respect to asset-backed commercial paper (ABCP) and liquidity in the ABCP market; the Bank's ability to obtain accurate and complete information from or on behalf of its clients or counterparties; the Bank's ability to successfully realign its organization, resources and processes; its ability to complete strategic acquisitions and integrate them successfully; changes in the accounting policies and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; the Bank's ability to recruit and retain key officers; operational risks, including risks related to the Bank's reliance on third parties to provide components of the Bank's business infrastructure as well as other factors that may affect future results, including changes in trade policies, timely development of new products and services, changes in estimates relating to reserves, change in tax laws, technological changes, unexpected changes in consumer spending and saving habits; natural disasters; the possible impact on the business from public health emergencies, conflicts, other international events and other developments, including those relating to the war on terrorism; and the Bank's success in anticipating and managing the foregoing risks. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found under "Risk Management" and "Factors That Could Affect Future Results" in the 2008 Annual Report. 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 also cautions readers not to place undue reliance on these forward-looking statements. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf. The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

Q1 2009 HIGHLIGHTS



Net Income: \$69M (reported)
\$253M (adjusted), up 7% vs. Q1 08

EPS: \$0.36 (reported)
\$1.51 (adjusted), up 3 % vs. Q1 08

Tier 1 ratio: 10%
Dividend payout: 43%

ABCP related specified items (net of tax) :

- Valuation adjustment \$98M - \$0.61 per share
- Credit facilities \$86M – \$0.54 per share

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ABCP VALUATION ADJUSTMENTS



Cumulative Charges Oct. 31, 2008
(as a % of notional amount)

\$739M (32%)

Charges in Q1 2009

Rating downgrade to "A"	\$72M
Face value settlement ⁽¹⁾	\$40M
Interest applied	(\$40M)
Value of B and C notes (unrated)	\$85M
Liquidity premium	\$33M
Successful restructuring	(\$20M)
Other	\$20M

Charges related to holding ABCP \$190M

Cumulative Charges Jan. 31, 2009
(as a % of notional amount)

\$929M (40%)

⁽¹⁾ Total interest received or accrued	\$99M
Applied for face value settlement	(\$40M)
Interest income	\$59M

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OVERVIEW - ABCP RESTRUCTURING

Prevent the forced liquidation of assets

Greatly reduce margin call risk

Isolate “ineligible” assets and provide transparency on underlying risks

Restructure liabilities to match the maturity profile of the assets

ABCP NOTES - VALUATION OUTLOOK

Fair value option selected

Potential unfavorable impact from:

- Spread widening in credit derivative or traditional asset markets
- Realized losses in credit derivatives
- Realized losses in traditional assets
- Ratings downgrade of new notes

Potential favorable impact from:

- Recovery or stability in credit market
- Low credit defaults
- Tighter spreads

**NO TRIGGER RISK BEFORE JULY 16, 2010
... AND A REMOTE RISK AFTERWARDS**

- US spreads would have to widen by **more than 440 bps** from current levels

Indicative Distance to Triggers Post Moratorium

	CDX7 5yr	CDX7 7yr	CDX7 10yr	CDX5 10yr	iTraxx6 10yr
Trigger	753	734	673	751	475
Current Spread	310	265	215	250	200
Distance to Trigger	443	469	458	501	275

Note: assuming no change in realized losses in the credit indices

- Triggers could also be breached if realized losses in the credit indices exceeded 12% (currently at 46 bps)
- Historical default analysis would suggest this risk is very low

THE RESTRUCTURING PROVIDES A CUSHION

15 corporate credits have defaulted out of approximately 900 names

83 names are above 1,000 basis points

Existing write downs on MAV 1 & 2 notes would cover significant additional defaults (nearly 10 times the current level of defaults in our scenario analysis)

As of February 20, 2009

FINANCIAL REVIEW

Patricia Curadeau-Grou

Chief Financial Officer
Executive Vice-President
Finance, Risk and Treasury



PERFORMANCE SNAPSHOT



<i>(millions of dollars)</i>	Adjusted			Reported		
	Q1 09	Q1 08	Change	Q1 09	Q1 08	Change
Revenues ¹	1,029	978	5%	886	991	(11%)
Expenses	643	630	2%	645	632	2%
Net Income	253	237	7%	69	255	
EPS	\$1.51	\$1.46	3%	\$0.36	\$1.58	
ROE	19.3%	21.3%		4.6%	22.9%	

Q1 2009 – YoY

- Adjusted EPS up 3%
- Specified items net of tax²
 - ABCP
 - Valuation : \$98M
 - Credit facilities : \$86M

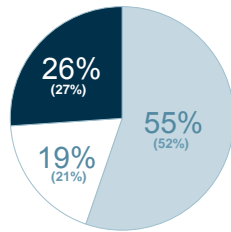
¹ Adjusted for gains or losses attributable to third party investors using the Innocap platform

² Details on specific items in Appendix 1

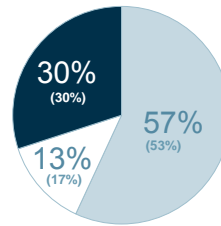
WELL-DIVERSIFIED BUSINESS MIX Q1 2009 vs. (Q1 2008)



REVENUES¹



NET INCOME



■ Personal and Commercial Banking
 ■ Wealth Management
 ■ Financial Markets

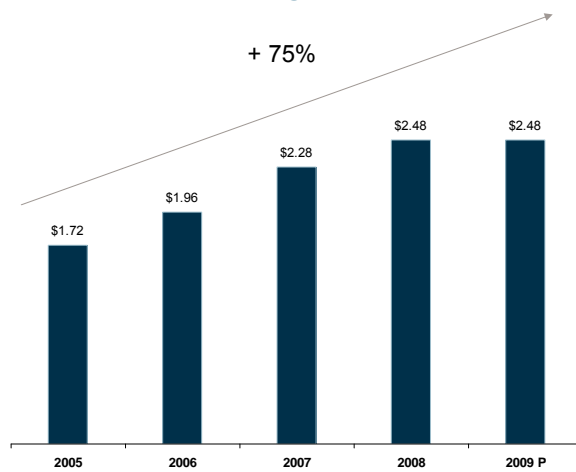
¹Adjusted for gains or losses attributable to third party investors using the Innocap platform

CAPITAL MANAGEMENT Dividend



ANNUAL

+ 75%



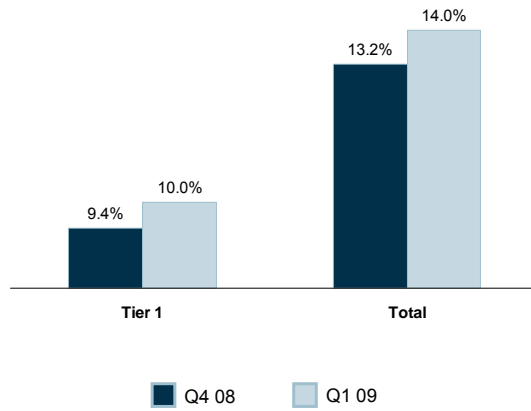
GIVEN CURRENT MARKET CONDITIONS

- Quarterly dividend stands at \$0.62
- No share buyback
- Dividend payout (trailing 4 quarters) of 43%

CAPITAL MANAGEMENT Q1 2009



CAPITAL RATIO



CONSERVATIVE CAPITAL MANAGEMENT

Preferred share issuance :

- Series 24 for \$170M
- Series 26 for \$145M

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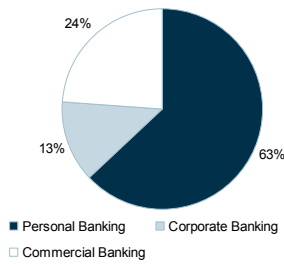
RISK MANAGEMENT



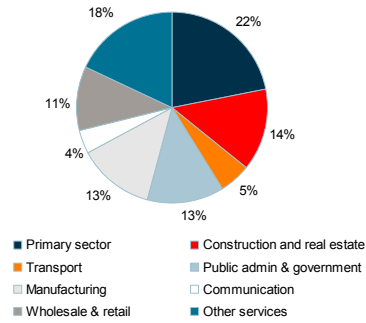
GLOBAL PORTFOLIO COMPOSITION As at January 31, 2009



PER BUSINESS SEGMENT



PER INDUSTRY (Corporate & Commercial)

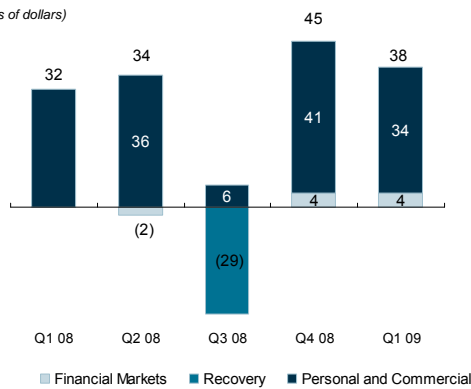


RISK PROVISIONING



SPECIFIC PROVISION FOR CREDIT LOSSES (excluding specified items)

(millions of dollars)



RISK PROVISIONING Q1 2009

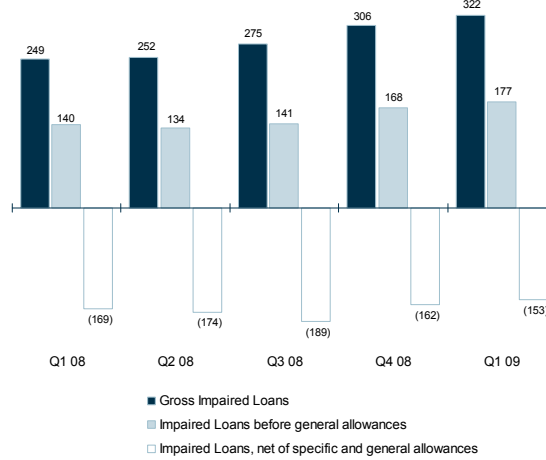
\$38M or 27 bps

2009 PCL TARGET

35 bps to 40 bps

IMPAIRED LOANS

(millions of dollars)



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IMPAIRED LOAN FORMATION

(millions of dollars)

	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Personal & Commercial Banking	(3)	(18)	-	39	23
Corporate Banking	46	44	38	31	17
Total	43	26	38	70	40

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

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BUSINESS SEGMENT REVIEW

Jean Dagenais
Senior Vice-President - Finance,
Taxation and Investor Relations

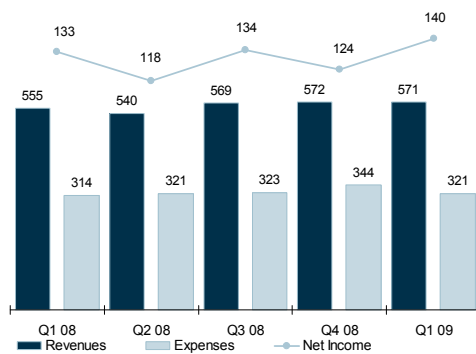


PERSONAL AND COMMERCIAL BANKING Quarterly Results



(millions of dollars)

TEB



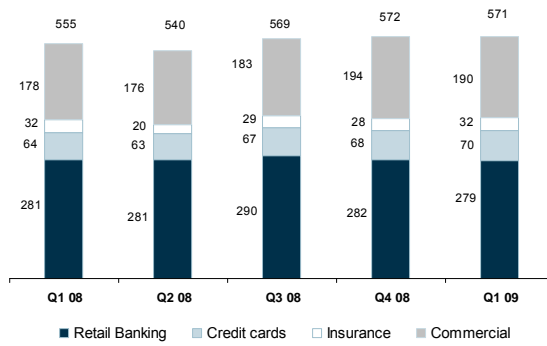
Q1 2009 – YoY

- Net income up 5%
- Revenues up 3% due to strong volume growth in personal loans and deposits partly offset by lower margin on deposits
- Good cost control
- Efficiency ratio improved by 40 bps to 56.2%

PERSONAL AND COMMERCIAL BANKING Revenue Breakdown



(millions of dollars)
TEB



Q1 2009 – YoY

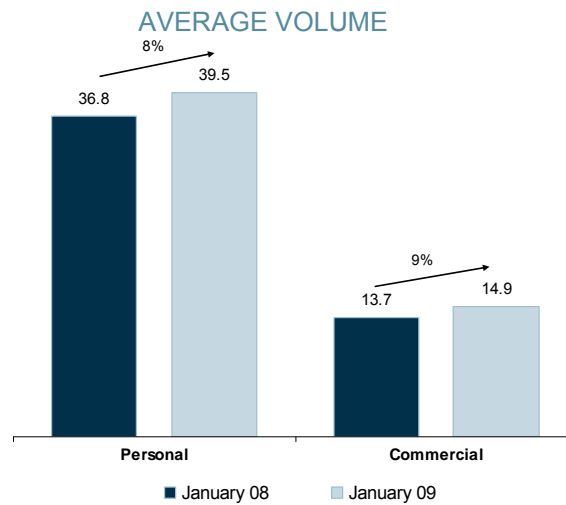
- Retail Banking: revenues stable, good volume growth offset by lower spreads on deposits
- Commercial Banking: Up 7% due to solid volume growth and other revenues
- Credit cards margin improved revenues

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PERSONAL AND COMMERCIAL BANKING Loans & BAs Evolution

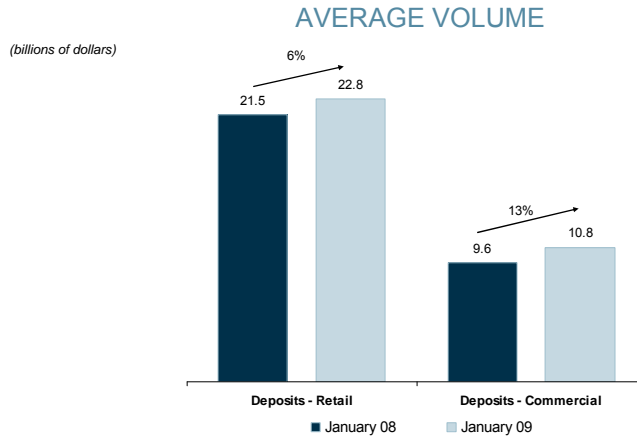


(billions of dollars)



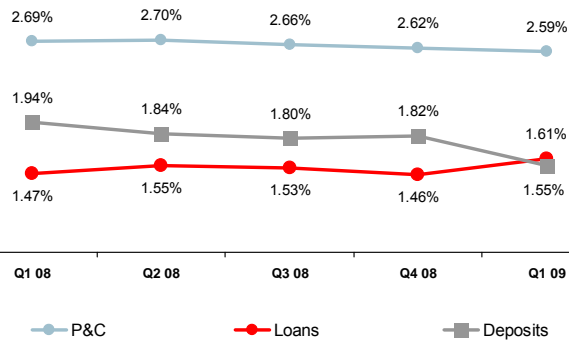
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PERSONAL AND COMMERCIAL BANKING Deposits



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PERSONAL AND COMMERCIAL BANKING Margin Evolution



Q1 2009 - YoY

- Deposits margin affected by the yield curve
- Higher net margin on loans due to prime / BA's on variable loans

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Good volume growth in Personal and Commercial banking

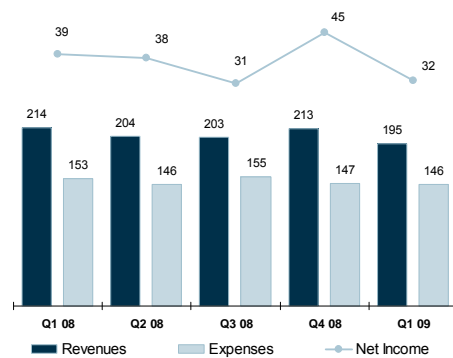
Good cost controls improved efficiency ratio by 40 bps

Successful launch of a new retail infrastructure plan

- Close to \$80M in investments from 2009 to 2011
- 14 net new branches, including 4 outside Quebec
- More than 150 out of 448 branches revamped or relocated
- 2009 target is in line with 24 out of 39 projects already initiated

WEALTH MANAGEMENT Quarterly Results¹

(millions of dollars)
TEB



Q1 2009 – YoY

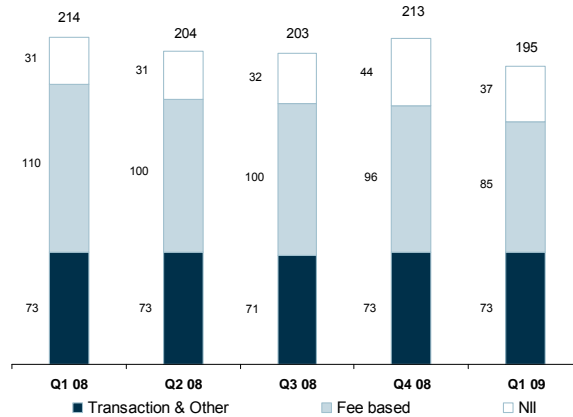
- Revenues down due to fee-based client assets mainly related to market decline

¹ Excluding specified items

WEALTH MANAGEMENT Revenue Breakdown



(millions of dollars)
TEB



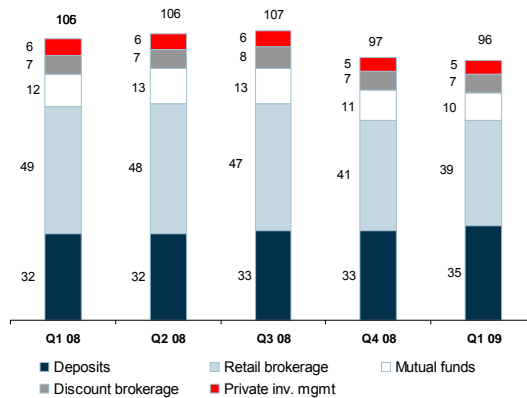
Q1 2009 – YoY

- Nil up 20% related to higher cash position from clients
- Fee-based revenues down 22% due to market decline
- Transaction and other: relative stability in brokerage transactions in a difficult market conditions

WEALTH MANAGEMENT Retail Assets Under Management and Deposits



(millions of dollars)



Q1 2009 – YoY

- Sectors affected by market decline

WEALTH MANAGEMENT Summary



HSBC full brokerage service division will become a Cornet client

Natcan funds: well-ranked by Morningstar

Centralization and integration of the different units in Wealth Management is proceeding as planned.

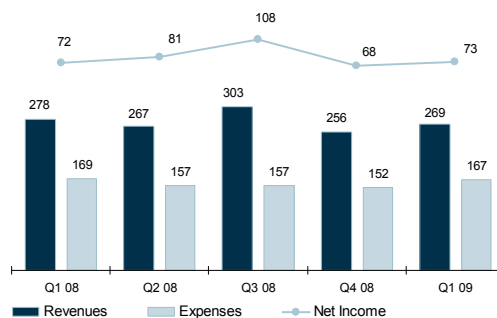
Top line synergies from One Client, one Bank are starting to show good growth potential

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FINANCIAL MARKETS Quarterly Results¹



(millions of dollars)
TEB



Q1 2009 – YoY

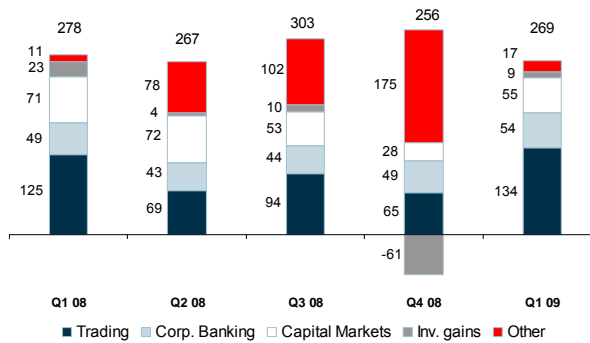
- Good contribution from client interfacing activities and corporate banking

¹ Excluding specified items and adjusted for gains or losses attributable to third party investors using the Innocap platform

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FINANCIAL MARKETS Revenue Breakdown ⁽¹⁾

(millions of dollars)
TEB



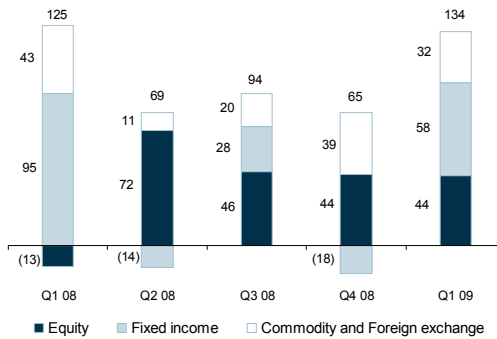
Q1 2009 – YoY

- Revenues remain stable

⁽¹⁾Excluding specified items and adjusted for gains or losses attributable to third party investors using the Innocap platform

FINANCIAL MARKETS Trading Revenue Breakdown ⁽¹⁾

(millions of dollars)
TEB



Q1 2009 – YoY

- Very good performance mostly from client interfacing activities

⁽¹⁾Excluding specified items and adjusted for gains or losses attributable to third party investors using the Innocap platform

FINANCIAL MARKETS Summary



Very good performance in a volatile markets

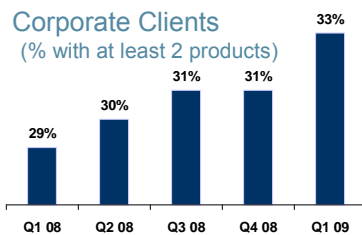
Record quarter in trading due mostly from client
interfacing activities

Good re-intermediation in Corporate Banking

One Client, one Bank

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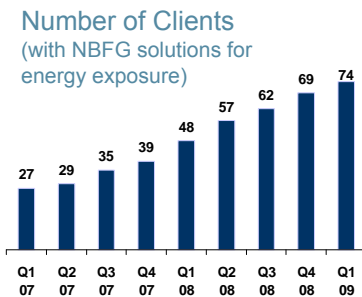
FINANCIAL MARKETS - ONE CLIENT, ONE BANK



Up to 33%

Q1 2009 – YoY

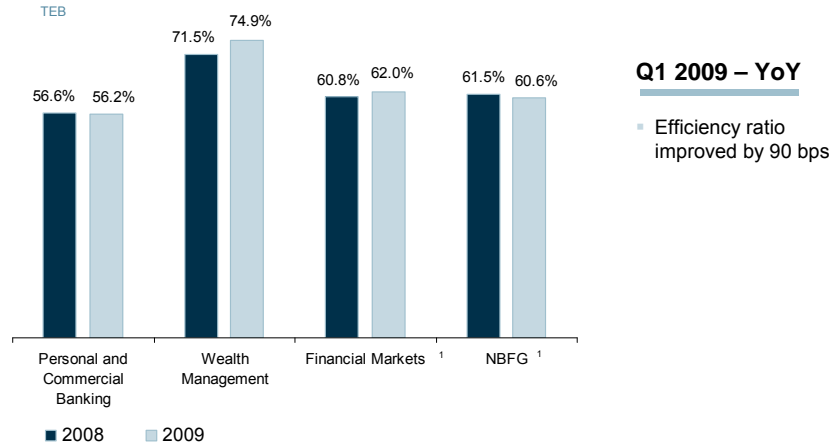
- A third of corporate clients use at least two products
- More corporate clients use NBF solutions to hedge their energy exposures.
- Sales of risk management products to corporate clients more than doubled since Q1 2008



Up 174%

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BUSINESS LINE EFFICIENCY RATIO



¹ Adjusted for gains or losses attributable to third parties using the Innocap platform

KEY TAKEAWAYS

Successful restructuring of ABCP

Solid Q1 2009 results in P&C Banking
Good cost control and credit quality of portfolios

Sound capital position with Tier 1 at 10%

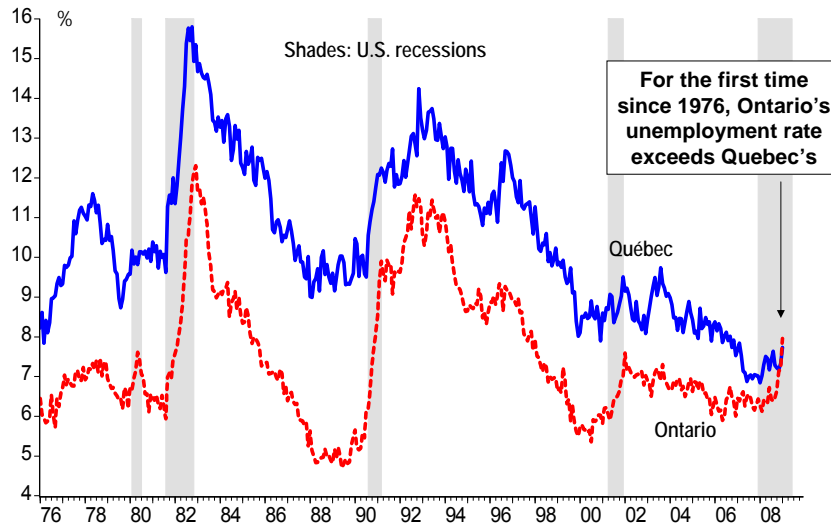
One client, one Bank deployment in line

APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

(millions of dollars)	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Gain on the sale of the Bank's subsidiary in Nassau	32	-	-	-	-
Gain on available for sale securities (Revenues \$88 M)	-	-	86	-	-
Projects radiations	-	-	-	(54)	-
Restructuration charge	-	-	-	(66)	-
Income taxes	-	-	(29)	40	-
Net Income	32	-	57	(80)	-
EPS	0.20	-	0.36	(0.50)	-
ABCP specified items					
Financing cost	(19)	(15)	(15)	(14)	49
Economic hedge transactions	-	(73)	15	57	(2)
Charges related to holding ABCP	-	-	(12)	(152)	(190)
Revenues	(19)	(88)	(12)	(109)	(143)
Provision for credit losses	-	-	23	4	126
other expenses	2	7	2	4	2
Income before income taxes	(21)	(95)	(37)	(117)	(271)
Income taxes	(7)	(31)	(13)	(39)	(87)
Net Income	(14)	(64)	(24)	(78)	(184)
EPS	(0.08)	(0.41)	(0.15)	(0.49)	(1.15)
Total EPS Items	0.12	(0.41)	0.21	(0.99)	(1.15)

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APPENDIX 2 | UNEMPLOYMENT RATE - Quebec vs. Ontario



NBFG Economic Research

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Investor Relations

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

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