

ANALYST AND INVESTOR PRESENTATION Q2 2009 RESULTS CONFERENCE CALL

May 28, 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.

Q2 2009 HIGHLIGHTS



Net Income: \$241M (reported), up 46% vs. Q2 08
\$261M (adjusted), up 14% vs. Q2 08

EPS: \$1.41 (reported), up 41% vs. Q2 08
\$1.53 (adjusted), up 9 % vs. Q2 08

Provisions for credit losses at \$41M or 30 bps

ROE: 18.5% (reported)
19.4% (adjusted)

Tier 1 ratio: 10.3%
Dividend payout: 42%

Q2 2009 Results Conference Call – May 28, 2009 | 3

ABCP – as at April 30, 2009



TRIGGER RISK

- NO TRIGGER RISK BEFORE JULY 16, 2010... AND REMOTE RISK AFTERWARDS
- US spreads would have to widen by **more than 550 bps** from current levels

Indicative Distance to Triggers Post Moratorium

	CDX7 5yr	CDX7 7yr	CDX7 10yr	CDX5 10yr	iTraxx6 10yr
Trigger	779	746	675	753	481
Current Spread	226	204	166	198	140
Distance to Trigger Q2 09	553	542	509	555	341
Distance to Trigger Q1 09	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 85 bps)

CORPORATE DEFAULT

Corporate names (900)

	Q2 2009	Q1 2009
Defaulted	25	15
Above 1,000 basis points	53	83

Q2 2009 Results Conference Call – May 28, 2009 | 4

FINANCIAL REVIEW

Patricia Curadeau-Grou

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



PERFORMANCE SNAPSHOT



(millions of dollars)	Adjusted ⁽²⁾			Reported		
	Q2 09	Q2 08	Change	Q2 09	Q2 08	Change
Revenues⁽¹⁾	1 058	961	10%	1 030	873	18%
Expenses	653	627	4%	654	634	3%
Net Income	261	229	14%	241	165	46%
EPS	\$1.53	\$1.41	9%	\$1.41	\$1.00	41%
ROE	19.4%	20.2%		18.5%	14.3%	

Q2 2009 – YoY (adjusted)

- Revenues up 10%
- Operating leverage at 6%
- EPS growth at 9%

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

² Details on specified items, mainly economic hedge transactions, in Appendix 1

PERFORMANCE SNAPSHOT



(millions of dollars)	Adjusted ⁽²⁾			Reported		
	6M 09	6M 08	Change	6M 09	6M 08	Change
Revenues⁽¹⁾	2,086	1,939	8%	1,916	1,864	3%
Expenses	1,296	1,257	3%	1,299	1,266	3%
Net Income	514	466	11%	310	420	(26%)
EPS	\$3.04	\$2.87	6%	\$1.77	\$2.58	(31%)
ROE	19.3%	20.7%		11.5%	18.6%	

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

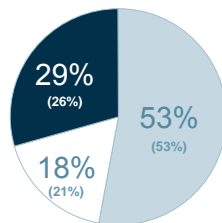
² Details on ABCP related specified items, in Appendix 1

Q2 2009 Results Conference Call – May 28, 2009 | 7

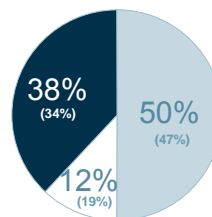
WELL-DIVERSIFIED BUSINESS MIX YTD 2009 vs. (YTD 2008)



REVENUES¹



NET INCOME

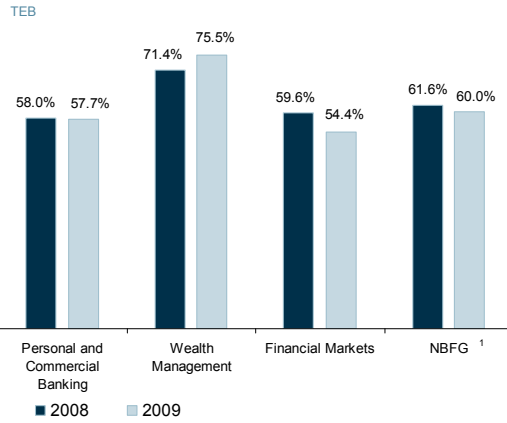


Personal and Commercial Banking
 Wealth Management
 Financial Markets

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

Q2 2009 Results Conference Call – May 28, 2009 | 8

BUSINESS LINE EFFICIENCY RATIO

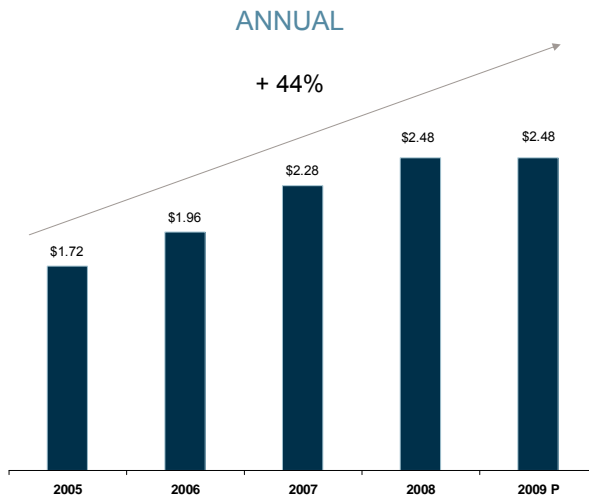


YTD 2009 – YoY

- Efficiency ratio improved by 160 bps

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

CAPITAL MANAGEMENT Dividend



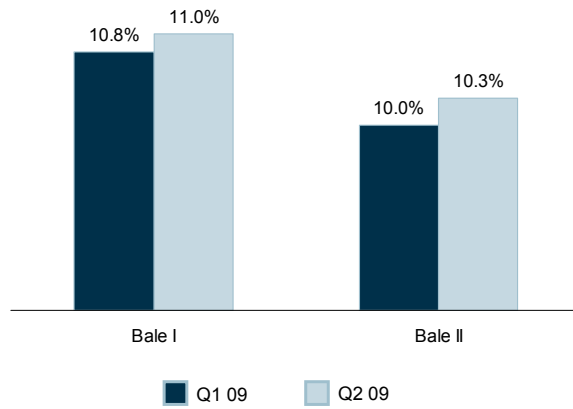
GIVEN CURRENT MARKET CONDITIONS

- Quarterly dividend stands at \$0.62
- No share buyback
- Dividend payout (trailing 4 quarters) of 42%

CAPITAL MANAGEMENT Q2 2009



CAPITAL RATIO – Tier 1



Q2 2009 – QoQ

- Risk-weighted assets at \$56.7B

Q2 2009 Results Conference Call – May 28, 2009 | 11

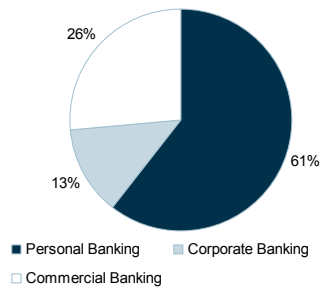
RISK MANAGEMENT



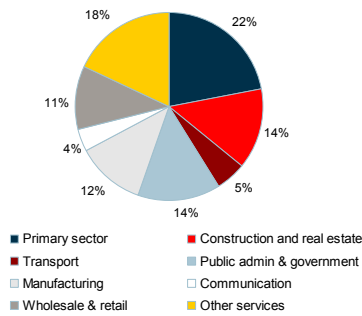
GLOBAL PORTFOLIO COMPOSITION As at April 30, 2009



PER BUSINESS SEGMENT



PER INDUSTRY (Corporate & Commercial)

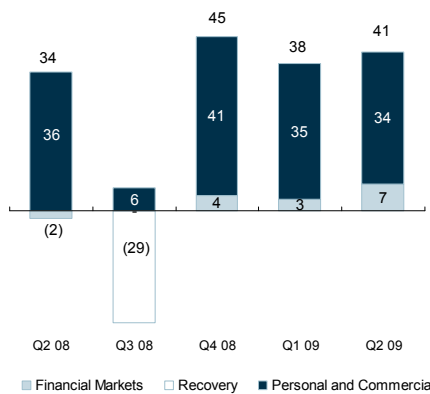


RISK PROVISIONING



(millions of dollars)

SPECIFIC PROVISION FOR CREDIT LOSSES (excluding specified items)



RISK PROVISIONING Q2 2009

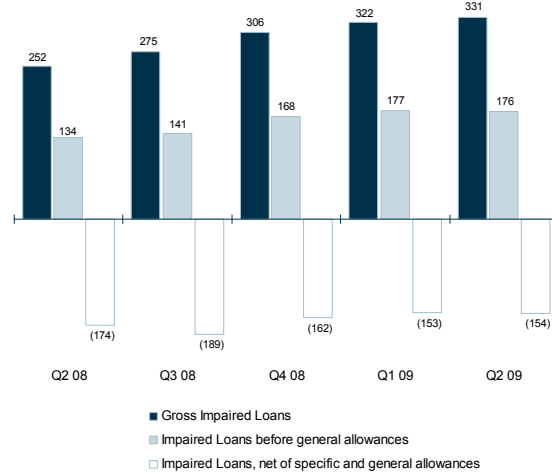
Q2 : \$41M or 30 bps
YTD : \$79M or 29 bps

2009 PCL TARGET

35 bps to 40 bps

IMPAIRED LOANS

(millions of dollars)



Q2 2009 Results Conference Call – May 28, 2009 | 15

IMPAIRED LOAN FORMATION

(millions of dollars)

	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09
Personal & Commercial Banking	44	38	31	23	22
Corporate Banking	(18)	0	39	17	10
Total	26	38	70	40	32

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

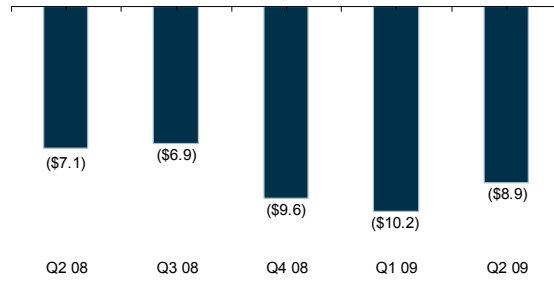
Q2 2009 Results Conference Call – May 28, 2009 | 16

SOUND MARKET RISK MANAGEMENT



(millions of dollars)

GLOBAL TRADING VAR



Q2 2009 Results Conference Call – May 28, 2009 | 17

BUSINESS SEGMENT REVIEW

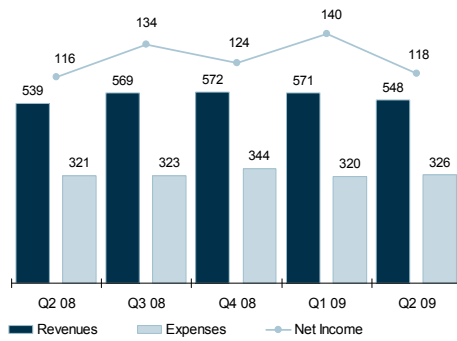
Jean Dagenais
Senior Vice-President - Finance,
Taxation and Investor Relations



PERSONAL AND COMMERCIAL BANKING Quarterly Results



(millions of dollars)
TEB



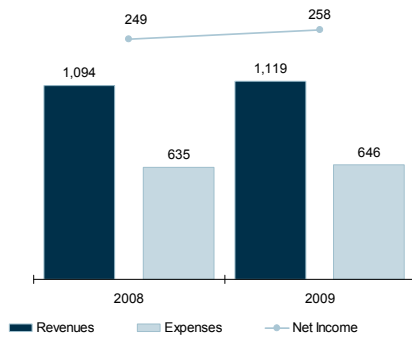
Q2 2009 – YoY

- Net income up 2%
- Revenues up 2% due to strong volume growth in personal loans and deposits offset by lower margins on deposits
- Efficiency ratio improved by 10 bps to 59.5%

PERSONAL AND COMMERCIAL BANKING YTD



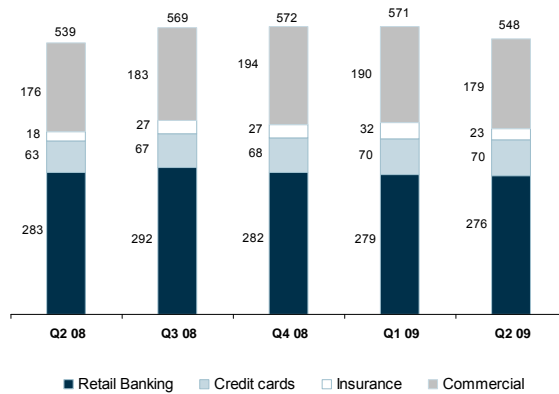
(millions of dollars)
TEB



PERSONAL AND COMMERCIAL BANKING Revenues Breakdown



(millions of dollars)
TEB



Q2 2009 – YoY

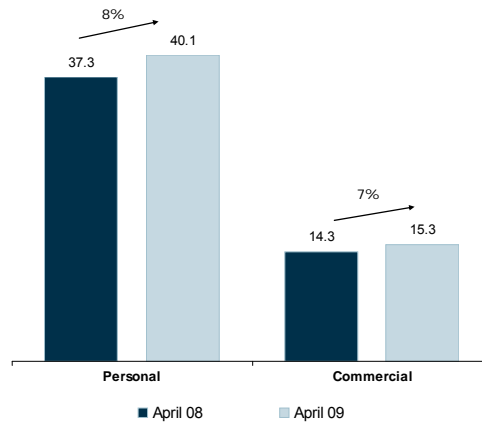
- Credit cards margins improved revenues
- Commercial Banking: Up 2% due to solid volume growth and other revenues
- Retail Banking: revenues down 3% due to low spread on deposit partly offset by good volume growth.

PERSONAL AND COMMERCIAL BANKING Loans & BAs Evolution



(billions of dollars)

AVERAGE VOLUME

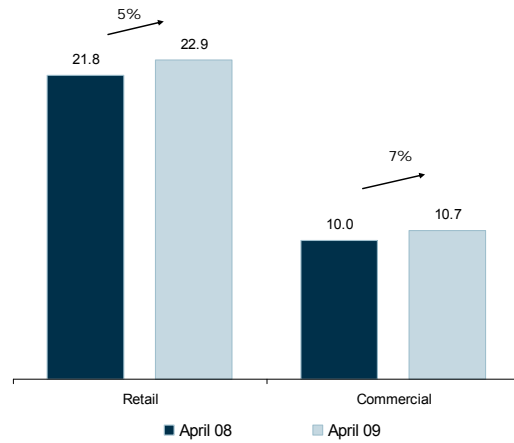


PERSONAL AND COMMERCIAL BANKING Deposits



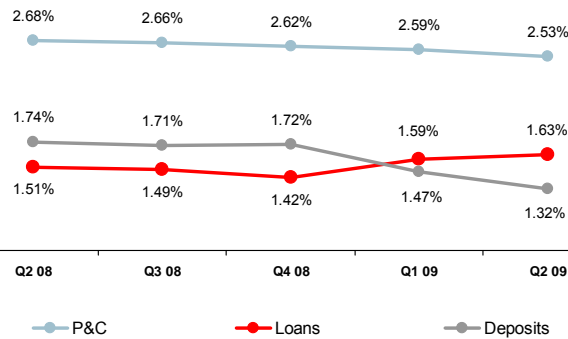
(billions of dollars)

AVERAGE VOLUME



Q2 2009 Results Conference Call – May 28, 2009 | 23

PERSONAL AND COMMERCIAL BANKING Margin Evolution



Q2 2009 - YoY

- Deposits margins affected by lower short term interest rates and more competitive environment
- Higher loans margin due to prime / BA's on variable loans

Q2 2009 Results Conference Call – May 28, 2009 | 24

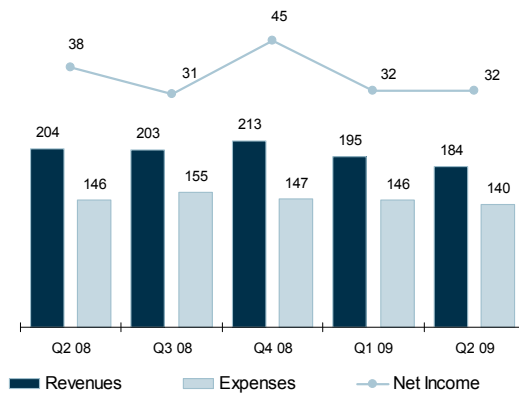
Good volume growth in Personal and Commercial banking

Efficiency ratio maintained

One client, one bank

- Successful test pilot in branches and full deployment ongoing
- Training programs for sales representatives in Q3 and Q4
- ATM upgrade completion

(millions of dollars)
TEB



Q2 2009 – YoY

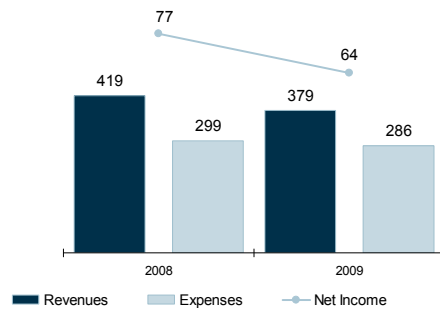
- Revenues down due to fee-based client assets, mainly related to market decline
- Good cost control

¹ Excluding specified items

WEALTH MANAGEMENT YTD ¹



(millions of dollars)
TEB

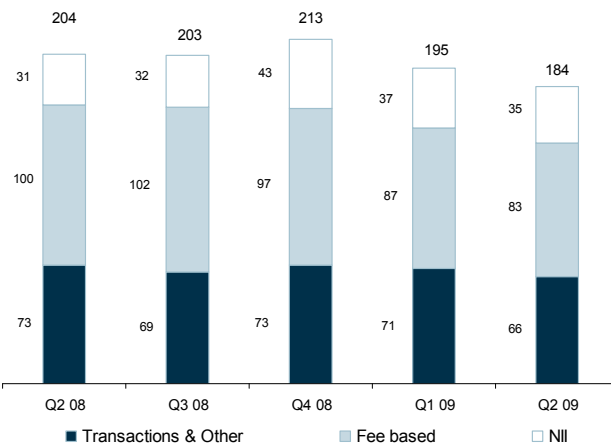


¹ Excluding specified items

WEALTH MANAGEMENT Revenue Breakdown



(millions of dollars)
TEB



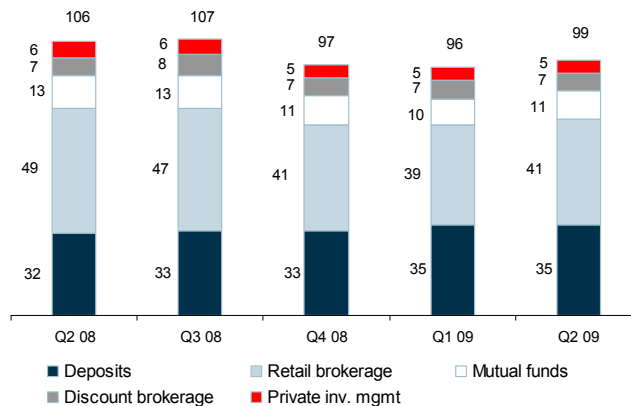
Q2 2009 – YoY

- NII up 13% related to higher cash position from clients
- Fee-based revenues down 17% due to market decline
- Transaction and other: Reduction in the average pricing of brokerage transaction combined with a slightly higher level of transaction

WEALTH MANAGEMENT Retail Assets Under Management and Deposits



(millions of dollars)



Q2 2009 – YoY

- Assets under management were impacted by equity market conditions, but compensated by growth in deposits

Q2 2009 Results Conference Call – May 28, 2009 | 29

WEALTH MANAGEMENT PLAN



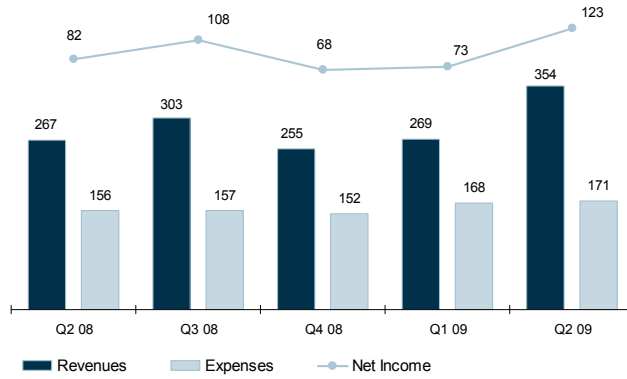
- Optimize the mutual fund family (closing 29 out of 104)
- Integrate the two retail portfolio management businesses
- Launch the regional sales management structure of the full-service brokerage business
- Roll-out of the referral program between the brokerage and the retail networks
- Implement the High-Net-Worth platform
- Leverage the Third Party Business Solutions
- Leverage the Innocap platform in an industry looking for more transparency

Q2 2009 Results Conference Call – May 28, 2009 | 30

FINANCIAL MARKETS Quarterly Results¹



(millions of dollars)
TEB



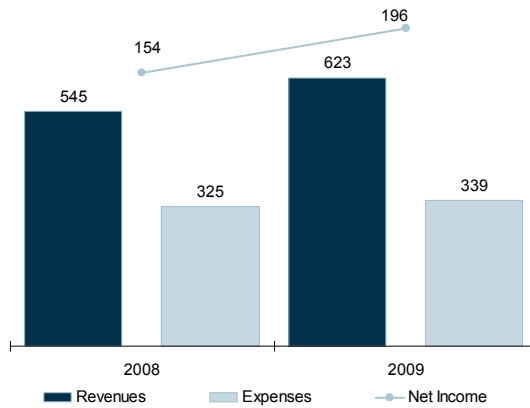
¹ Excluding specified items and adjusted for gains or losses attributable to third parties using the Innocap platform

Q2 2009 Results Conference Call – May 28, 2009 | 31

FINANCIAL MARKETS RESULTS (YTD)¹



(millions of dollars)
TEB

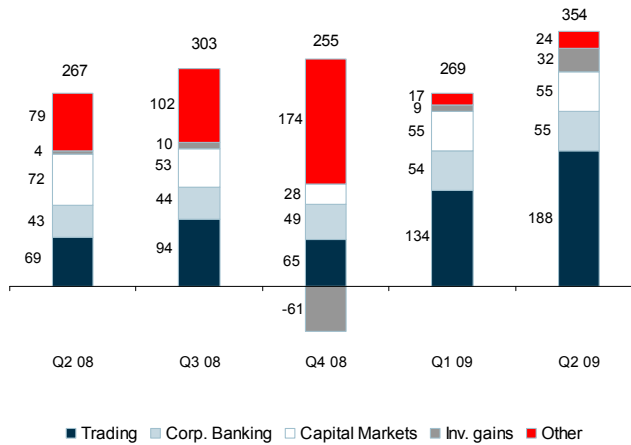


¹ Excluding specified items and adjusted for gains or losses attributable to third parties using the Innocap platform

Q2 2009 Results Conference Call – May 28, 2009 | 32

FINANCIAL MARKETS Revenues Breakdown ¹

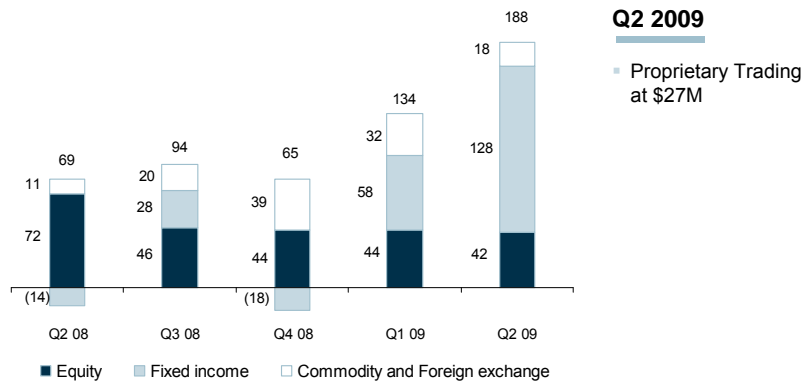
(millions of dollars)
TEB



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

FINANCIAL MARKETS Trading Revenues Breakdown ¹

(millions of dollars)
TEB



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

KEY TAKEAWAYS

Credit quality of portfolios is maintained due to disciplined approach and Quebec economy resiliency

One client, one bank deployment in line

Solid Q2 2009 results in Financial Markets

Sound capital position with Tier 1 at 10.3%

APPENDIX 1 | DETAIL OF SPECIFIED ITEMS

(millions of dollars)

	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 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	(4)
Economic hedge transactions	-	(73)	15	57	(2)	(24)
Charges related to holding ABCP	-	-	(12)	(152)	(190)	0
Revenues	(19)	(88)	(12)	(109)	(143)	(28)
Provision for credit losses	-	-	23	4	126	0
other expenses	2	7	2	4	2	1
Income before income taxes	(21)	(95)	(37)	(117)	(271)	(29)
Income taxes	(7)	(31)	(13)	(39)	(87)	(9)
Net Income	(14)	(64)	(24)	(78)	(184)	(20)
EPS	(0.08)	(0.41)	(0.15)	(0.49)	(1.15)	(0.13)
Total EPS Items	0.12	(0.41)	0.21	(0.99)	(1.15)	(0.13)

Investor Relations

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

600 De La Gauchetière Street West, 7th Floor
Montreal, Quebec H3B 4L2

Toll-free: 1-866-517-5455

Fax: 514-394-6196

E-mail: investorrelations@nbc.ca

Website: www.nbc.ca/investorrelations

