

ANALYST AND INVESTOR PRESENTATION Q4 2009 RESULTS CONFERENCE CALL

December 3, 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 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 U.S. 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 assumptions to be made 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. Given the current financial and credit crisis, fiscal 2009 is characterized by an overall slowdown in the world economy, although some signs of recovery have been observed, and this is affecting the United States, Canada's largest trading partner. The financial crisis may result in lower levels of activity on capital markets and a higher cost of funds for financial institutions. There is a strong possibility that personal and commercial bankruptcies could increase in the coming quarters. In determining its expectations 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 major factors it considers when establishing its 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 U.S. economies and the economies of other 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 proceedings, regulatory proceedings or claims, class actions or other recourses of various nature; the situation with respect to asset-backed commercial paper (ABCP), in particular the realizable value of underlying assets; 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 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, changes 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.

2009 AND Q4 2009 HIGHLIGHTS



2009 (adjusted)

Net Income	\$1,061M, up 12%
EPS	\$6.22, up 8%
Provision for credit losses	\$179M or 32 bps
ROE	19.0%
Tier 1 ratio:	10.7%
Dividend payout:	40% (trailing 4 quarters)

Q4 2009 (adjusted)

Net Income	\$243M, up 7%
EPS	\$1.40, up 3%
Provision for credit losses	\$54M or 37 bps

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FINANCIAL REVIEW

Patricia Curadeau-Grou

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



PERFORMANCE SNAPSHOT



(millions of dollars)	Adjusted ⁽²⁾			Reported		
	Q4 09	Q4 08	Change	Q4 09	Q4 08	Change
Revenues⁽¹⁾	1,081	995	9%	1,080	886	22%
Expenses	699	646	8%	700	770	(9%)
Net Income	243	228	7%	241	70	244%
EPS	\$1.40	\$1.36	3%	\$1.39	\$0.37	276%
ROE	16.3%	17.1%		16.7%	5.0%	

ITEMS IMPACTING Q4 RESULTS

W/O Credigy portfolio	\$12M
AFS Impairment	\$7M
Vacant premises	\$10M
	\$29M

or \$0.12 EPS

(1) Adjusted for gains or losses attributable to third parties
 (2) Details on specified items in Appendix 1

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PERFORMANCE SNAPSHOT



(millions of dollars)	Adjusted ⁽²⁾			Reported		
	12M 09	12M 08	Change	12M 09	12M 08	Change
Revenues⁽¹⁾	4,311	3,942	9%	4,133	3,834	8%
Expenses	2,663	2,557	4%	2,662	2,695	(1%)
Net Income	1,061	947	12%	854	776	10%
EPS	\$6.22	\$5.75	8%	\$4.94	\$4.67	6%
ROE	19.0%	19.7%		15.6%	16.4%	

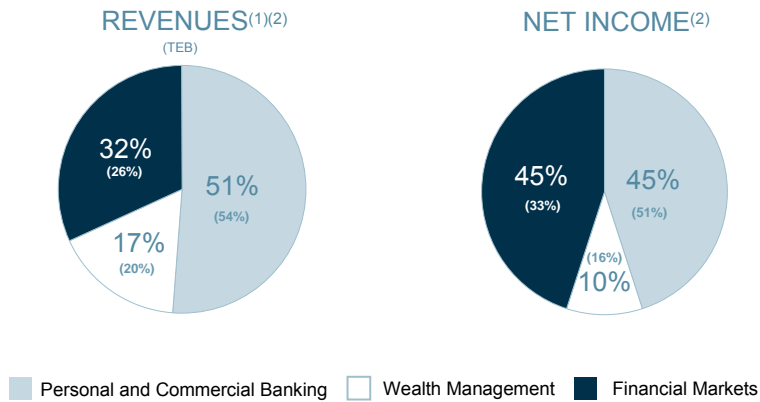
YTD 2009 – YoY (adjusted)

- Revenues up 9%
- Operating leverage at 5%
- EPS growth at 8%

(1) Adjusted for gains or losses attributable to third parties
 (2) Details on specified items in Appendix 1

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

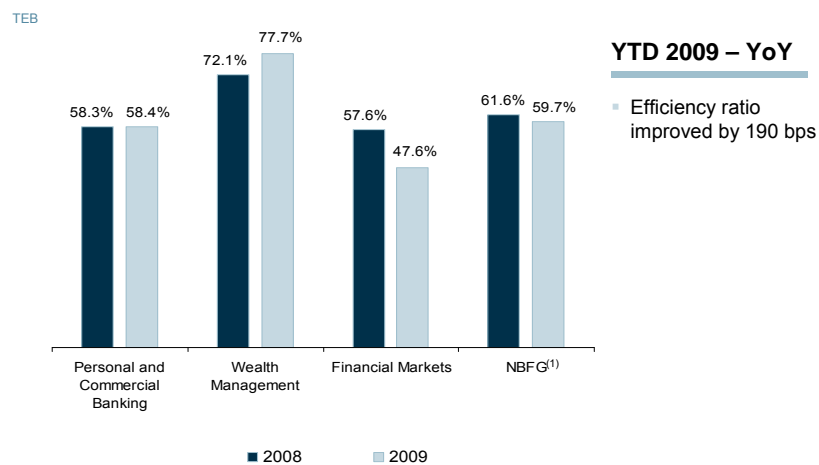


(1) Adjusted for gains or losses attributable to third parties

(2) Excluding specified items

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BUSINESS LINE EFFICIENCY RATIO



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

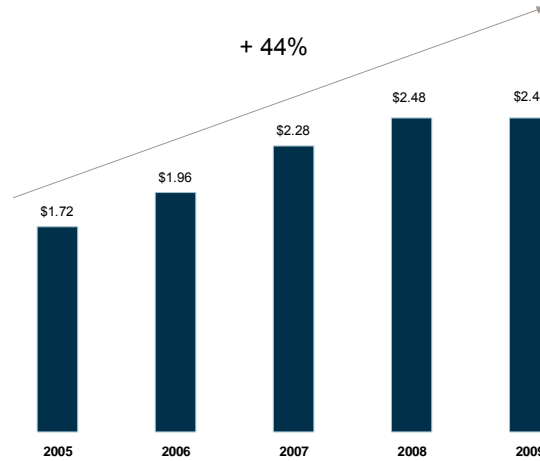
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CAPITAL MANAGEMENT Dividend



ANNUAL

+ 44%



- Quarterly dividend stands at \$0.62
- Dividend payout of 40% (trailing 4 quarters)

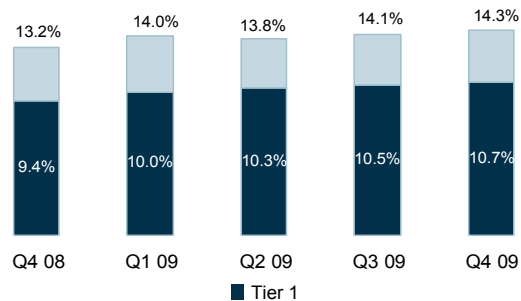
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CAPITAL MANAGEMENT Q4 2009



CAPITAL RATIO – Tier 1

Basel II - standardized



Q4 2009 – QoQ

- Risk-weighted assets at \$58.6B
- Q1 2010 Advanced approach for credit to add 125 to 150 bps¹

(1) Subject to OSFI approval

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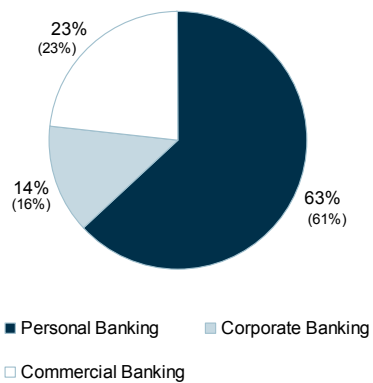
RISK MANAGEMENT



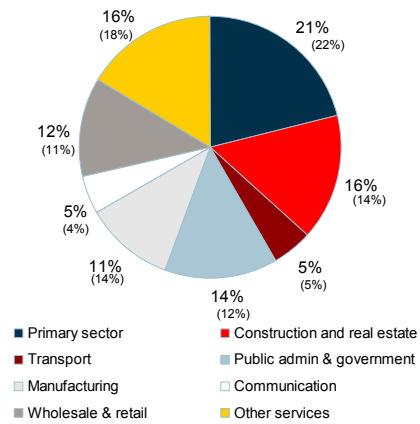
GLOBAL PORTFOLIO COMPOSITION As at October 31, 2009 vs. (October 31, 2008)



PER BUSINESS SEGMENT



PER INDUSTRY (Corporate & Commercial)

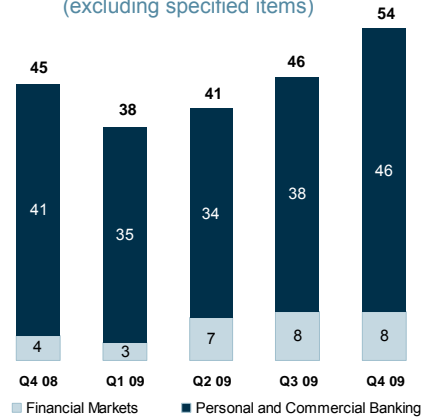


RISK PROVISIONING



(millions of dollars)

SPECIFIC PROVISION FOR CREDIT LOSSES (excluding specified items)



RISK PROVISIONING Q4 2009

Q4 : \$54M or 37 bps
YTD : \$179M or 32 bps

H1 2010 PCL TARGET

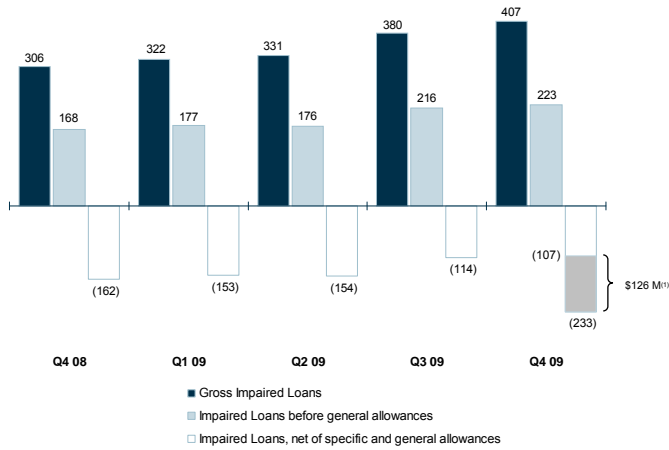
30 bps to 40 bps

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IMPAIRED LOANS



(millions of dollars)



(1) Reclass of allowance on credit facilities secured by ABCP

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IMPAIRED LOAN FORMATION⁽¹⁾



<i>(millions of dollars)</i>	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Personal & Commercial Banking	31	23	22	37	46
Corporate Banking	39	17	10	48	7
Total	70	40	32	85	53

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

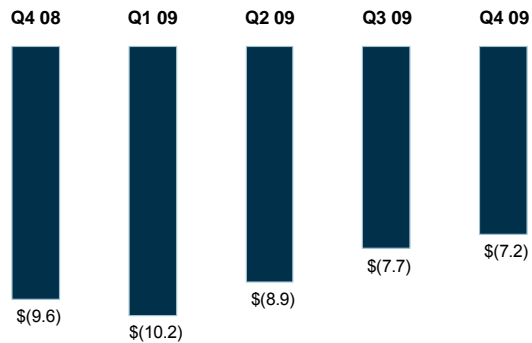
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SOUND MARKET RISK MANAGEMENT



(millions of dollars)

GLOBAL TRADING VAR⁽¹⁾



(1) Excluding ABCP VAR

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BUSINESS SEGMENT REVIEW

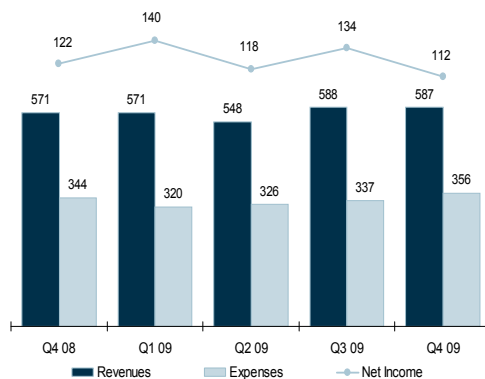
Jean Dagenais
Senior Vice-President
Finance, Taxation and Investor Relations



PERSONAL AND COMMERCIAL BANKING Quarterly Results



(millions of dollars)
TEB



Q4 2009 – YoY

- Revenues up 3% due to strong volume growth in loans and BAs (+8%) offset by lower margins on deposits
- Expenses up 3% due to branch hiring, deployment of new ATM and the introduction of smart cards
- Contribution before PCL up 2%
- Net income down 8% due to higher PCL (+50%)

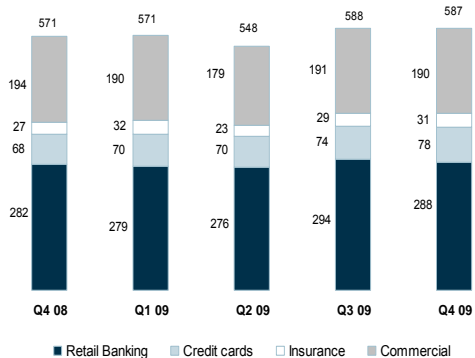
Q4 2009 – QoQ

- Revenues stable due to good loans and BAs (+2%) growth offset by lower margins on deposits and lower loan prepayment fees
- Expenses up 6% due to branch hiring, deployment of new ATM, the introduction of smart cards and higher marketing expenses
- Contribution before PCL down 8%
- Net income down 16% due to higher expenses (+6%) and higher PCL (+23%)

PERSONAL AND COMMERCIAL BANKING Revenues Breakdown



(millions of dollars)
TEB



Q4 2009 – YoY

- Retail Banking: revenues up 2% due to good volume growth offset by lower spreads on deposits
- Credit cards: revenues up 15% due to spread improvement and higher payment service revenue
- Insurance: revenues up 12%
- Commercial Banking: revenues down 2%, good volume growth offset by lower spreads on deposits and lower foreign exchange revenues

Q4 2009 – QoQ

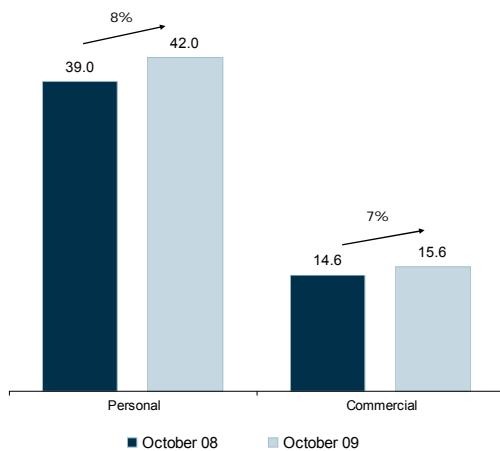
- Retail Banking: revenues down 2%, good volume growth offset by lower spreads on deposits and lower loan prepayment fees
- Credit cards: revenues up 5% due to spread improvement
- Commercial Banking: revenues down 1%, good volume growth offset by lower spreads on deposits and lower foreign exchange revenues

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PERSONAL AND COMMERCIAL BANKING Loans & BAs Evolution



(billions of dollars)



Oct 09 vs. Oct 08

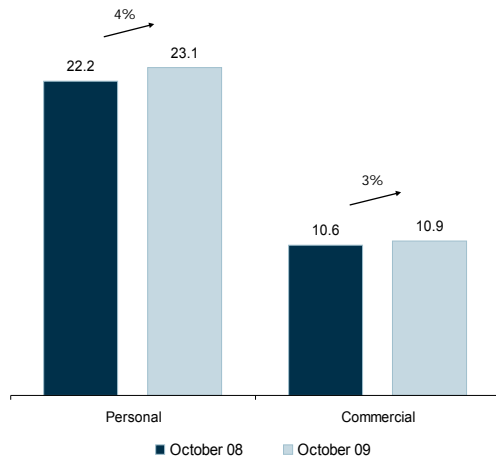
- Personal loan growth up 8%
 - HELOC
 - Partnership
- Commercial loan growth up 7%
 - Growth from all sectors

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PERSONAL AND COMMERCIAL BANKING Deposits

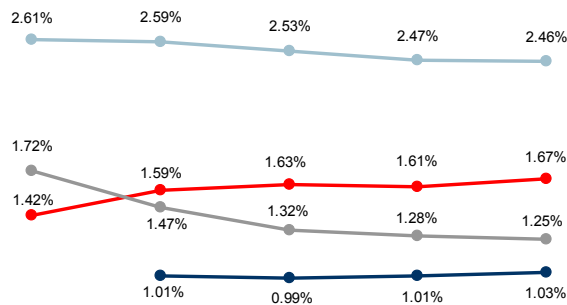


(billions of dollars)



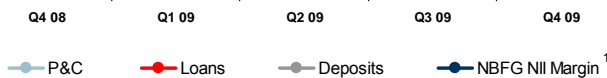
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PERSONAL AND COMMERCIAL BANKING Margin Evolution



Q4 2009 - QoQ

- Higher loans margin due to asset repricing
- Lower deposit margins due to yield curve
- Global Bank NII margin up 2 bps



(1) Excluding Trading NII

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PERSONAL AND COMMERCIAL BANKING



Good volume growth in Personal and Commercial Banking

Efficiency ratio maintained

One client, one bank

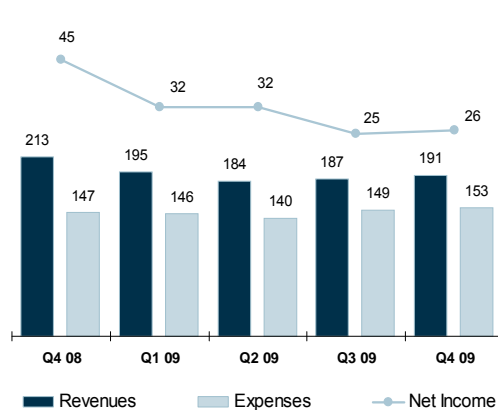
- Branding and advertising
- On-going deployment of the new distribution retail and commercial model:
 - Recruitment of sales force completed
 - Branches renovated/relocated (39 in 2009 and 60 in 2010)
- Progressive deployment of the new MasterCard Smartcard
- Deployment in Ontario and Western Canada in 2010

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WEALTH MANAGEMENT Quarterly Results⁽¹⁾



(millions of dollars)
TEB



Q4 2009 - QoQ

- Net income up 4% with 3% revenue increase

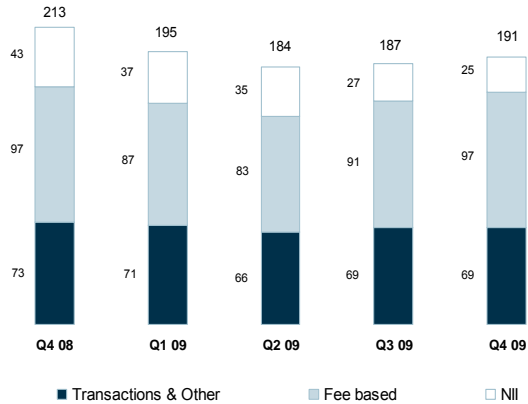
(1) Excluding specified items

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WEALTH MANAGEMENT Revenues Breakdown



(millions of dollars)
TEB



Q4 2009 - QoQ

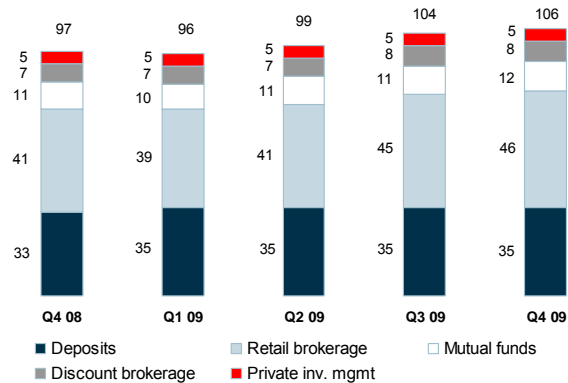
- Revenues up 4%, excluding NII
- Solid growth of 7% in fee-based revenues

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WEALTH MANAGEMENT Retail Assets Under Management and Deposits



(billions of dollars)



Q4 2009 - YoY

- AUM up 12%
 - Discount Brokerage up 18%
 - Brokerage up 13%
 - Mutual Funds up 11%

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WEALTH MANAGEMENT



Launch of Private Wealth 1859 a new line of personalized, high-quality products and services

- Successful on boarding of 89% of existing clients contacted
- \$370 million of new AUM
- Another \$140 million of new assets brought in by NBF's advisors

Increasing distribution

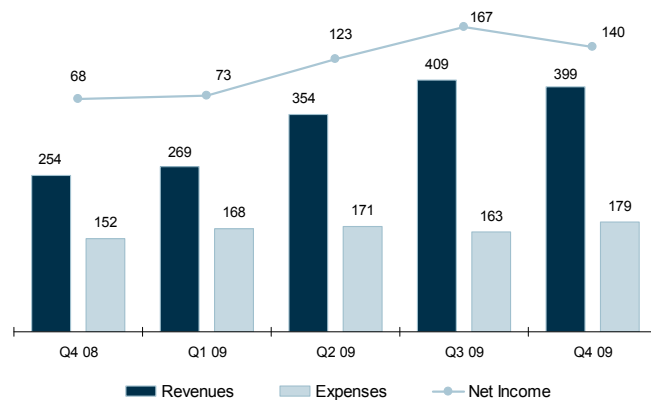
- Partnership signed with Sun Life Financial (3,000 advisors) to distribute our banking products under our name
- Over 550 new investment advisors from third party firms selling long-term investment products
- 15 agreements signed with retail financial institutions giving access to +5,000 advisors
- Advisor Distribution team brought from 6 to 25 sales people coast to coast, delivering banking products to third parties

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FINANCIAL MARKETS Quarterly Results⁽¹⁾



(millions of dollars)
TEB

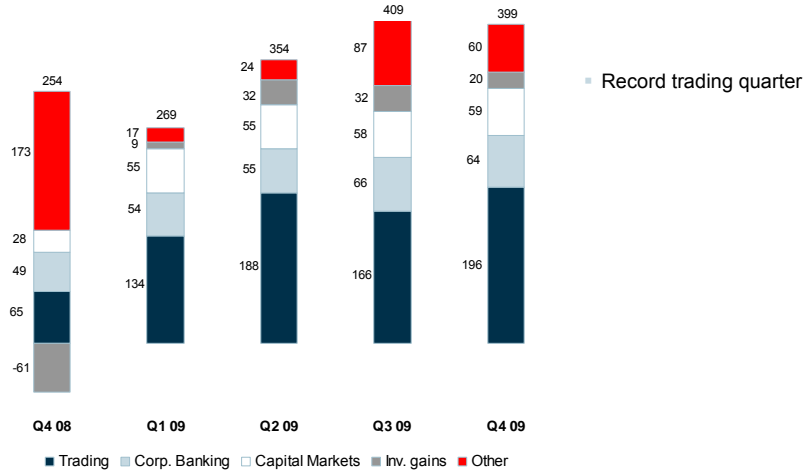


(1) Excluding specified items and adjusted for gains or losses attributable to third parties

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FINANCIAL MARKETS Revenues Breakdown⁽¹⁾

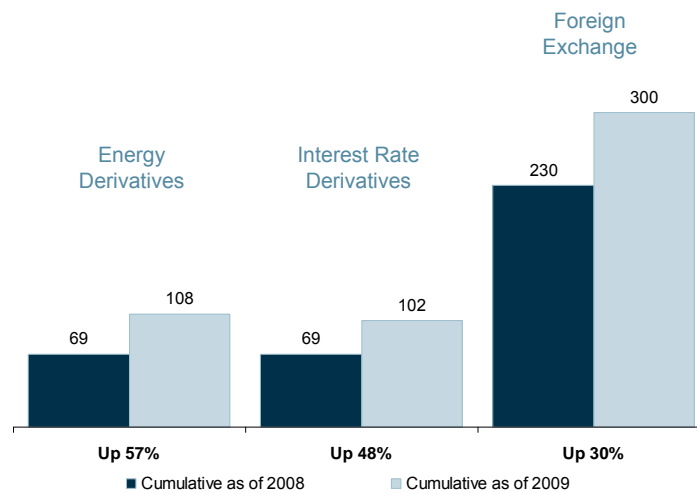
(millions of dollars)
TEB



(1) Excluding specified items and adjusted for gains or losses attributable to third parties

FINANCIAL MARKETS – ONE CLIENT, ONE BANK

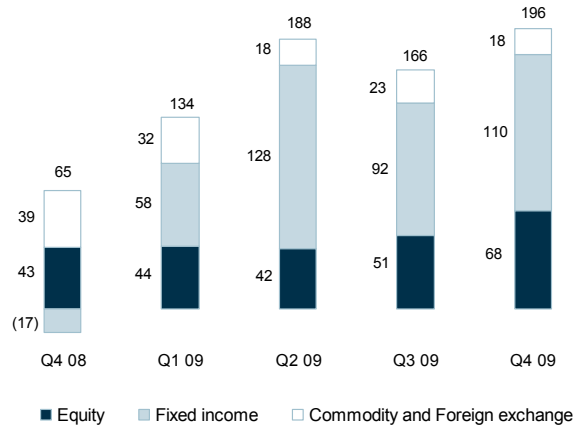
NUMBER OF CLIENTS



FINANCIAL MARKETS Trading Revenues Breakdown⁽¹⁾



(millions of dollars)
TEB



Q4 2009

- Proprietary Trading at \$45M
- 23% of total

(1) Excluding specified items and adjusted for gains or losses attributable to third parties

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FINANCIAL OBJECTIVES



	Mid-term
Growth in diluted earnings per share (EPS)	5% — 10%
Return on common shareholders' equity (ROE)	15% — 20%
Dividend payout ratio	40% — 50%
Regulatory capital ratio	
	Target
Tier 1 capital ratio — Standardized approach	
Tier 1 capital ratio — Advanced approach ¹	More than 8.5%

- New guidance from regulator expected in 2010

(1) Subject to OSFI approval

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APPENDIX 1 | DETAIL OF SPECIFIED ITEMS



(millions of dollars)	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Gain on the sale of the Bank's subsidiary in Nassau	32	-	-	-	-	-	-	-
Gain on available for sale securities (Revenues \$88 M)	-	-	86	-	-	-	-	-
Projects write-off	-	-	-	(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)	(4)	(1)
Economic hedge transactions	-	(73)	15	57	(2)	(24)	(2)	-
Charges related to holding ABCP	-	-	(12)	(152)	(190)	-	-	-
Revenues	(19)	(88)	(12)	(109)	(143)	(28)	(6)	(1)
Provision for credit losses	-	-	23	4	126	-	-	-
Other expenses	2	7	2	4	2	1	(5)	1
Income before income taxes	(21)	(95)	(37)	(117)	(271)	(29)	(1)	(2)
Income taxes	(7)	(31)	(13)	(39)	(87)	(9)	-	-
Net Income	(14)	(64)	(24)	(78)	(184)	(20)	(1)	(2)
EPS	(0.08)	(0.41)	(0.15)	(0.49)	(1.15)	(0.13)	(0.01)	(0.01)
Total EPS Items	0.12	(0.41)	0.21	(0.99)	(1.15)	(0.13)	(0.01)	(0.01)

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APPENDIX 2 | ABCP as at October 31, 2009



TRIGGER RISK

- NO TRIGGER RISK BEFORE JULY, 2010... AND REMOTE RISK AFTERWARDS
- US spreads would have to widen by **more than 523 bps** from current levels

Indicative Distance to Triggers Post Moratorium

	CDX7 5yr	CDX7 7yr	CDX7 10yr	CDX5 10yr	Itraxx S6 10yr	Note: assuming no change in realized losses in the credit indices
Trigger	774	743	669	747	475	
Spread Level	148	153	146	169	119	
Distance to Trigger Q4 09	626	590	523	578	356	
Distance to Trigger Q3 09	616	594	542	592	355	
Distance to Trigger Q2 09	553	542	509	555	341	
Distance to Trigger Q1 09	443	469	458	501	275	

- Triggers could also be breached if realized losses in the credit indices exceeded 12% (currently at 1.11%)

CORPORATE DEFAULT

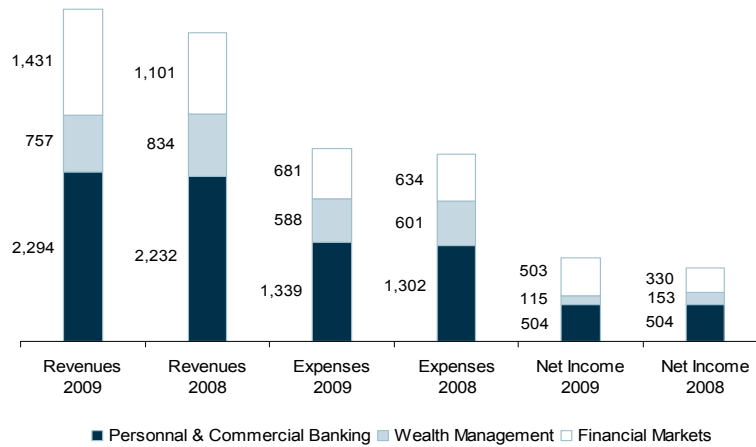
Corporate names (900)

	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Defaulted	32	30	25	15
Above 1,000 basis points	31	40	53	83

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APPENDIX 3 | SECTORIAL RESULTS - YTD⁽¹⁾

(millions of dollars)
TEB



(1) Excluding specified items and adjusted for gains or losses attributable to third parties

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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