

ANALYST AND INVESTOR PRESENTATION Q1 2010 RESULTS CONFERENCE CALL

February 25, 2010



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 Outlook" section and under the "Medium-term objectives" heading in the "Overview" section of the 2009 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 2010 and the objectives it has set for itself for that period. These forward-looking statements are made pursuant to the "safe harbour" provisions of Canadian and U.S. securities legislation. They 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 terms 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 2010 and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives and in determining its financial targets, including provisions for credit losses. There is a likelihood that personal and commercial bankruptcies will increase in the coming quarters, a consequence of the financial and credit crisis that marked 2009. In determining its expectations for economic growth, both broadly and in the financial services sector in particular, 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 a strong possibility that express or implied projections contained in such statements will not materialize or will not be accurate. The Bank recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Bank's control, 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. These factors include 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 ensure access to the infrastructure essential to 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 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 2009 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.

QUEBEC ECONOMY: CREATING JOBS

Job Variation (thousands)



Quebec well-positioned

- Over 41,000 jobs created since end of recession
- Unemployment rate: 8%
- Diversified industry base
- GDP 2010F: 2.5%

Source: Economic and Financial Outlook, National Bank Financial – February 2010

HIGHLIGHTS

Financial Performance (adjusted)	Q1 2010
Net Income	\$268M, up 6%
Diluted earnings per share (EPS)	\$1.55, up 3%
Provision for credit losses (PCLs)	\$43M or 29 bps
Return on common shareholders' equity (ROE)	18%
Dividend payout (trailing 4 quarters)	40%

Regulatory Capital Ratio	January 31, 2010
Tier 1 capital ratio — AIRB	12.5%

FINANCIAL REVIEW

Patricia Curadeau-Grou

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



PERFORMANCE SNAPSHOT

(millions of dollars)

	Adjusted ⁽²⁾			Reported		
	Q1 10	Q1 09	Change	Q1 10	Q1 09	Change
Revenues⁽¹⁾	1,087	1,030	6%	1,082	887	22%
Expenses	679	643	6%	754	645	17%
Net Income	268	253	6%	215	69	212%
EPS	\$1.55	\$1.51	3%	\$1.22	\$0.36	239%
ROE	18.0%	19.3%		14.3%	4.6%	

YTD 2010 vs. YTD 2009
(adjusted)

- Revenues up 6%
- EPS growth at 3%

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

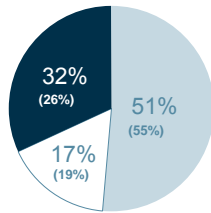
(2) Details on specified items in Appendix 1

WELL-DIVERSIFIED BUSINESS MIX Q1 2010 vs. (Q1 2009)

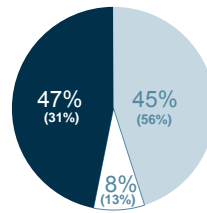


TEB

REVENUES⁽¹⁾⁽²⁾



NET INCOME⁽²⁾



■ Personal and Commercial Banking □ Wealth Management ■ Financial Markets

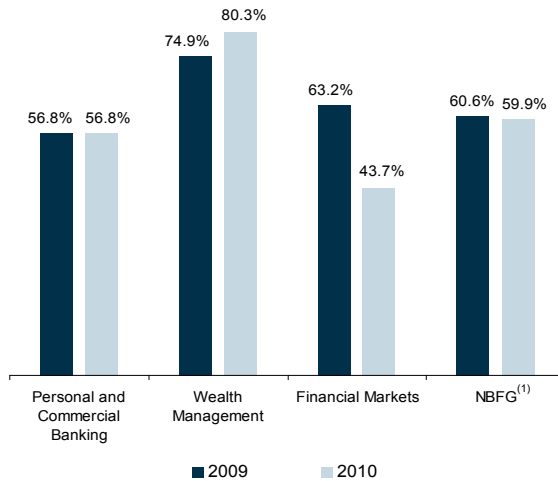
(1) Adjusted for gains or losses attributable to third parties

(2) Excluding specified items and Other Segments

BUSINESS LINE EFFICIENCY RATIO



TEB



YTD 2010 vs. YTD 2009

■ Efficiency ratio improved by 70 bps

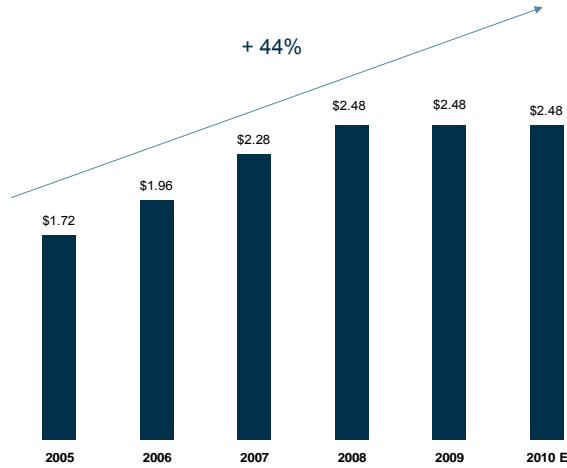
(1) Adjusted for gains or losses attributable to third parties using the Innocap platform

CAPITAL MANAGEMENT Dividend



ANNUAL

+ 44%

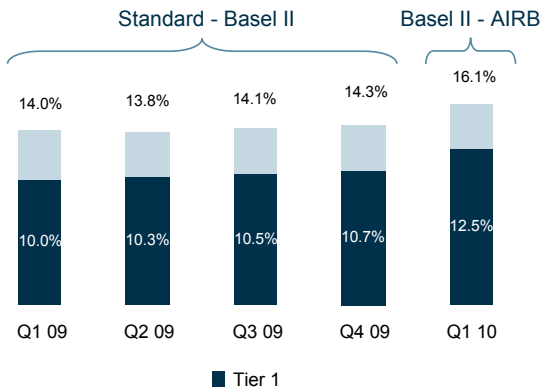


- Quarterly dividend stands at \$0.62
- Dividend payout of 40% (trailing 4 quarters)
- Expecting regulatory changes

CAPITAL MANAGEMENT Q1 2010



CAPITAL RATIO



Q1 2010 vs. Q4 2009

- Q1 2010 Advanced approach for credit added 147 bps
- Risk-weighted assets at \$51.3B

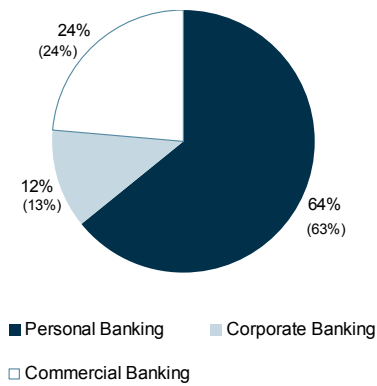
RISK MANAGEMENT



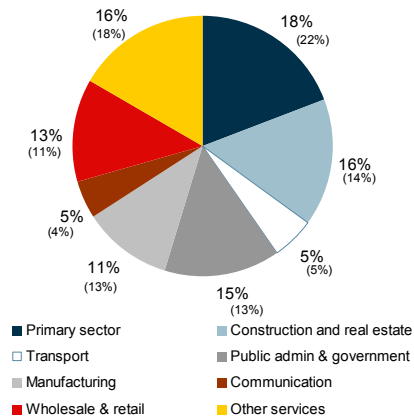
GLOBAL PORTFOLIO COMPOSITION As at January 31, 2010 vs. (January 31, 2009)

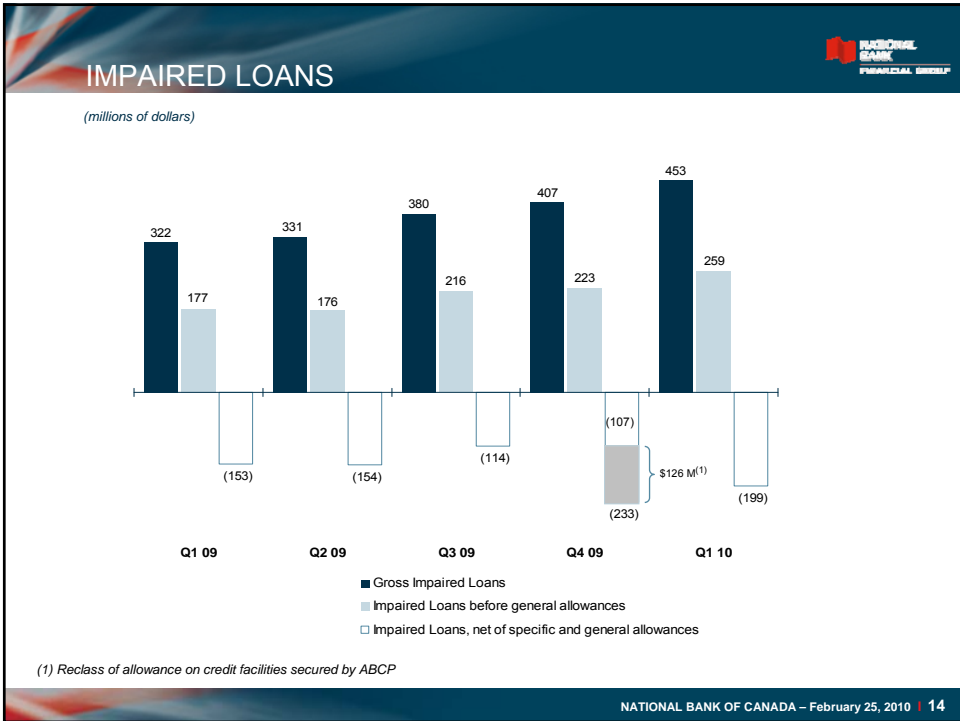
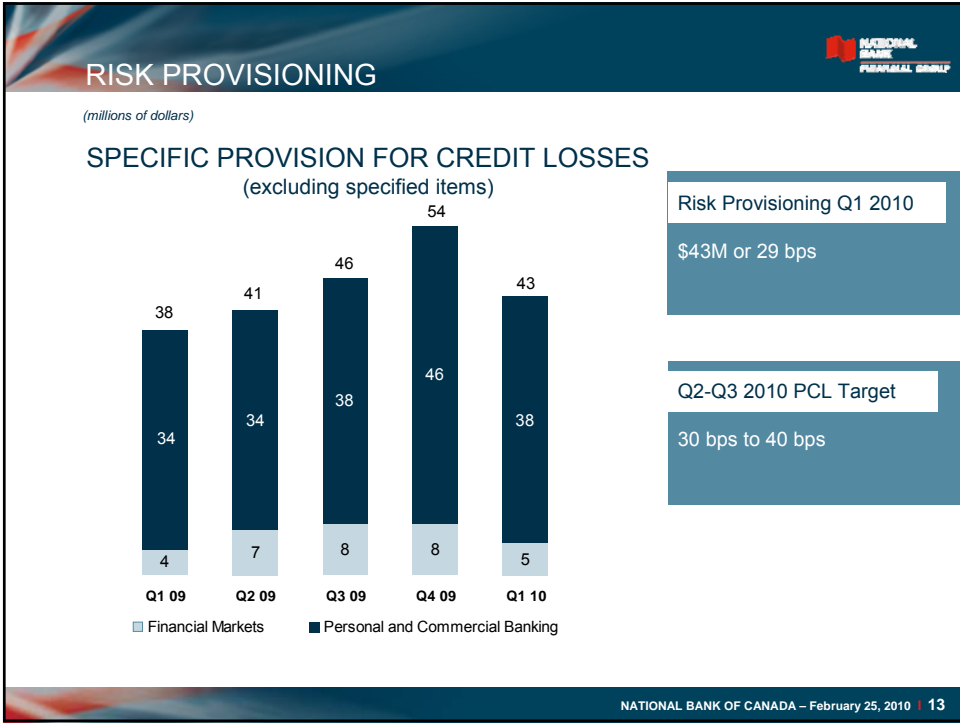


PER BUSINESS SEGMENT



PER INDUSTRY
(Corporate & Commercial)





IMPAIRED LOAN FORMATION⁽¹⁾



(millions of dollars)

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
Personal & Commercial Banking	23	22	37	46	67
Retail	17	11	27	18	20
Commercial	7	12	12	28	26
Real estate	(1)	(1)	(2)	0	21
Corporate Banking	17	10	48	7	3
Total	40	32	85	53	70

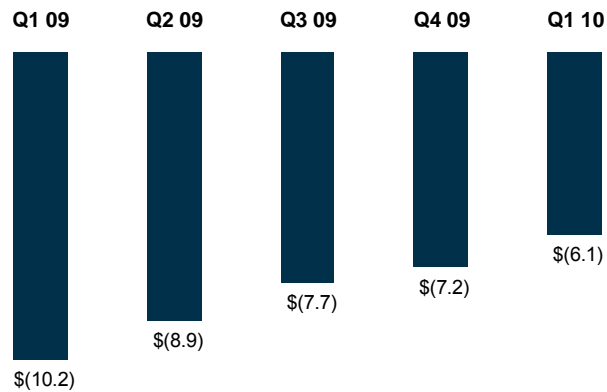
(1) Formations include new accounts, disbursements, principal repayments and exchange rate fluctuation

SOUND MARKET RISK MANAGEMENT



(millions of dollars)

GLOBAL TRADING VAR⁽¹⁾



(1) Excluding ABCP VAR

BUSINESS SEGMENT REVIEW

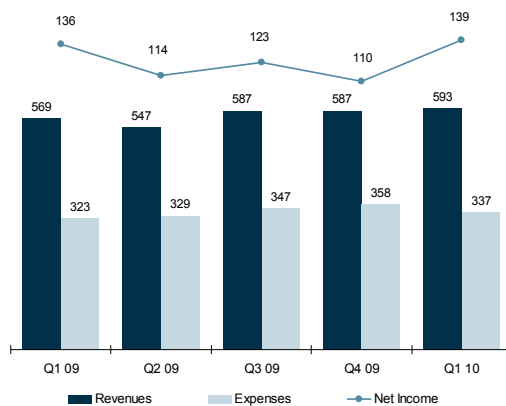
Jean Dagenais
 Senior Vice-President
 Finance, Taxation and Investor Relations



PERSONAL AND COMMERCIAL BANKING Quarterly Results



(millions of dollars)
 TEB



Q1 2010 vs. Q1 2009

- Revenues up 4% due to loan volume growth
- Expenses up 4% due to branch hiring
- Net income up 2% due to higher PCL
- Net income before PCL is up 4%

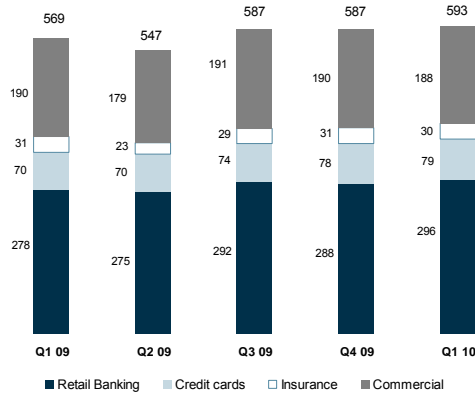
Q1 2010 vs. Q4 2009

- Revenues up 1% due to good volume growth
- Expenses down 6% due to lower IT and marketing expenses
- Net income up 26%

PERSONAL AND COMMERCIAL BANKING Revenues Breakdown



(millions of dollars)
TEB



Q1 2010 vs. Q1 2009

- Retail Banking: up 6% due to good volume growth
- Credit card: up 13% due to higher spread and payment service
- Commercial: good volume growth

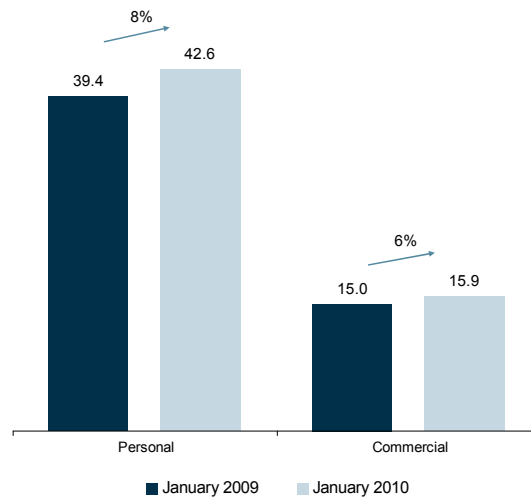
Q1 2010 vs. Q4 2009

- Retail Banking: up 3% due to good volume growth and higher margins
- Credit cards: revenues slightly up
- Commercial: good volume growth

PERSONAL AND COMMERCIAL BANKING Loans & BAs Evolution



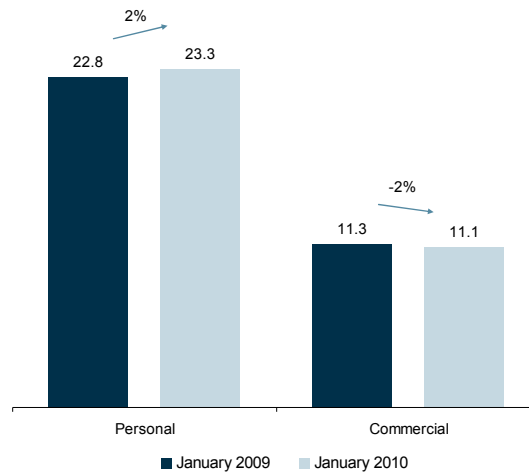
(billions of dollars)



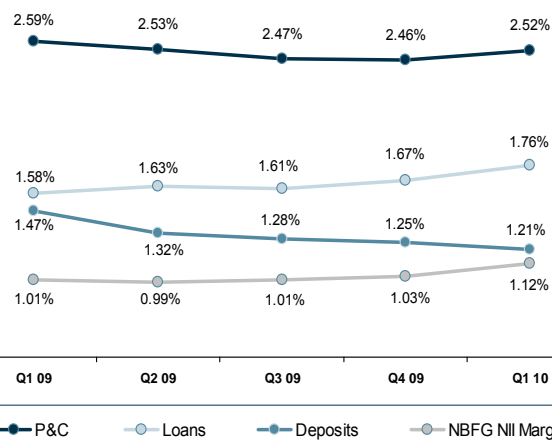
PERSONAL AND COMMERCIAL BANKING Deposits



(billions of dollars)



PERSONAL AND COMMERCIAL BANKING Margin Evolution



Q1 2010 vs. Q4 2009

- Higher loans margin due to asset repricing
- Lower deposit margins due to yield curve

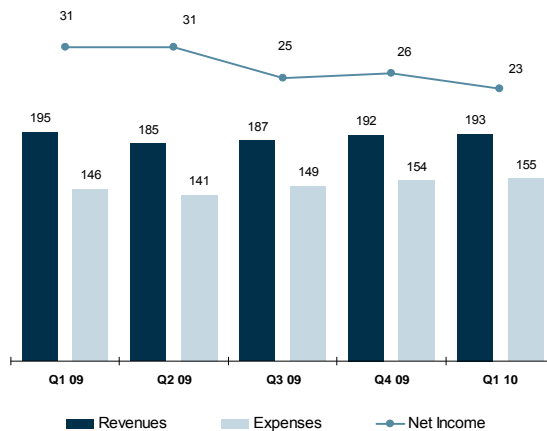
(1) Excluding Trading NII

Key Takeaways

- Good volume growth in Personal and Commercial Banking
- Efficiency ratio maintained
- One client, one bank
 - New distribution retail and commercial model
 - Quebec: Deployment fully completed and closely monitoring effectiveness
 - Rest of Canada: implementation launched in Q1 2010
 - Q1 2010: 14 branches relocated or revamped
 - Q2/Q3/Q4 2010: over 50 projects, including 5 new branches

WEALTH MANAGEMENT
Quarterly Results⁽¹⁾

(millions of dollars)
TEB

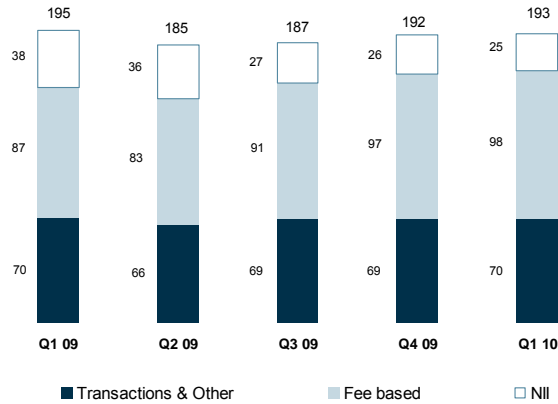


(1) Excluding specified items

WEALTH MANAGEMENT Revenues Breakdown



(millions of dollars)
TEB



Q1 2010 vs. Q1 2009

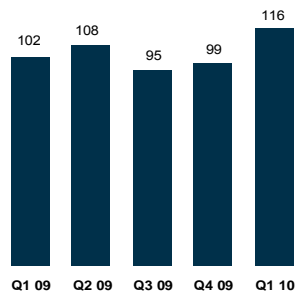
- Revenues up 7% (excluding NII)
- NII down \$13M due to lower interest rates
- Fee-based up 13%

WEALTH MANAGEMENT Assets Under Administration and Management

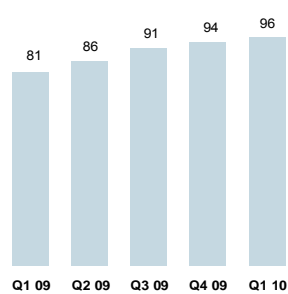


(billions of dollars)

ASSETS UNDER ADMINISTRATION



ASSETS UNDER MANAGEMENT



WEALTH MANAGEMENT



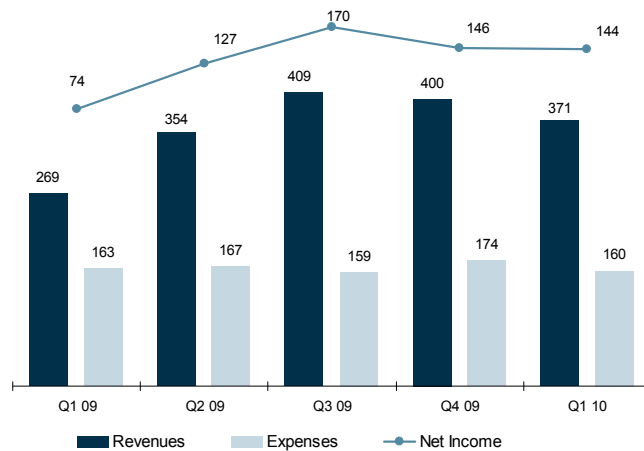
Key Takeaways

- Completion of distribution deal with Sun Life. First trade expected in April
- Successful on-boarding of a new major client on Cornet in mid-December
- Investment advisors from third party firms: sales of *linked note* program up 59%
- Less volatility than peers in money market funds

FINANCIAL MARKETS Quarterly Results⁽¹⁾



(millions of dollars)
TEB

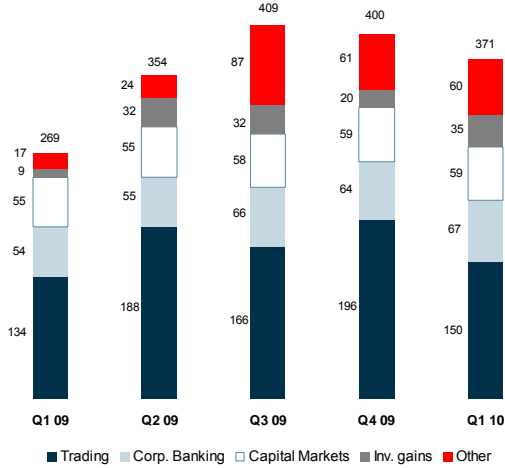


(1) Excluding specified items and adjusted for gains or losses attributable to third parties

FINANCIAL MARKETS Revenues Breakdown⁽¹⁾



(millions of dollars)
TEB



Q1 2010 vs. Q1 2009

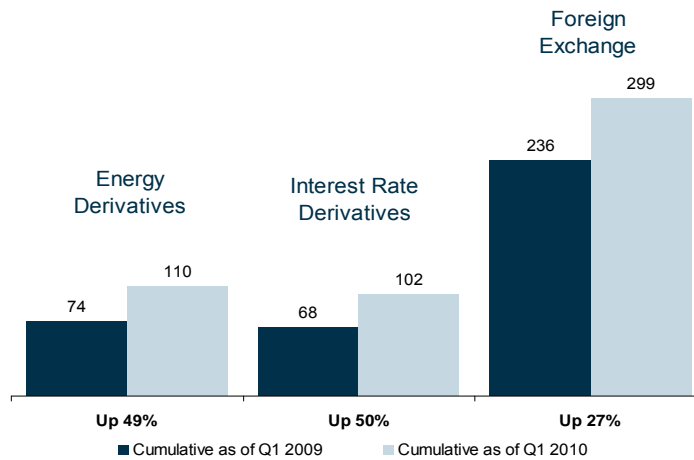
- Continued good performance in trading driven by client related activities
- Corporate Banking benefited from loan re-pricing

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

FINANCIAL MARKETS ONE CLIENT, ONE BANK



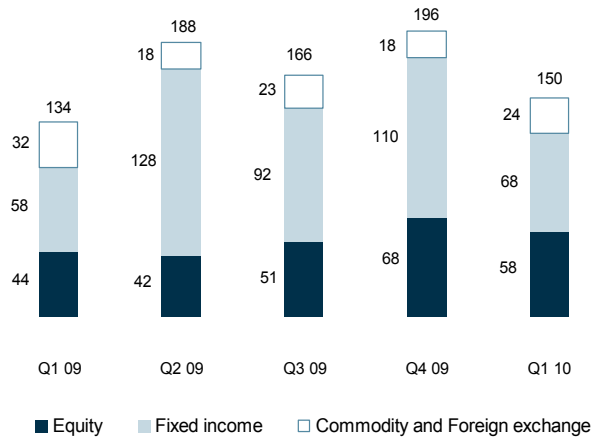
NUMBER OF CLIENTS



FINANCIAL MARKETS Trading Revenues Breakdown⁽¹⁾



(millions of dollars)
TEB



Q1 2010 vs. Q1 2009

- Up 12%
- Increased client flows in Fixed Income and Derivatives business lines
- Prop trading : \$20M

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

FINANCIAL MARKETS



Key Takeaways

- Benefiting from diversified sources of revenues
 - Solid trading results from providing liquidity to our clients
 - Favourable pricing environment for corporate loans
- One client, one bank
 - Leveraging cross selling activities
 - Momentum in derivative products

KEY TAKEAWAYS



Financial performance Q1 2010

Growth in diluted earnings per share (EPS)	3%
Return on common shareholders' equity (ROE)	18%
Dividend payout ratio	40%

Regulatory capital ratio January 31, 2010

Tier 1 capital ratio — AIRB	12.5%
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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	Q1 10
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	-	-	-	-	25
Net Income	32	-	57	(80)	-	-	-	-	25
EPS	0.20	-	0.36	(0.50)	-	-	-	-	0.15
ABCP specified items									
Financing cost	(19)	(15)	(15)	(14)	49	(4)	(4)	(1)	(3)
Economic hedge transactions	-	(73)	15	57	(2)	(24)	(2)	-	(2)
Charges related to holding ABCP	-	-	(12)	(152)	(190)	-	-	-	-
Revenues	(19)	(88)	(12)	(109)	(143)	(28)	(6)	(1)	(5)
Provision for credit losses	-	-	23	4	126	-	-	-	-
Other expenses	2	7	2	4	2	1	(5)	1	75
Income before income taxes	(21)	(95)	(37)	(117)	(271)	(29)	(1)	(2)	(80)
Income taxes	(7)	(31)	(13)	(39)	(87)	(9)	-	-	(2)
Net Income	(14)	(64)	(24)	(78)	(184)	(20)	(1)	(2)	(78)
EPS	(0.08)	(0.41)	(0.15)	(0.49)	(1.15)	(0.13)	(0.01)	(0.01)	(0.48)
Total EPS Items	0.12	(0.41)	0.21	(0.99)	(1.15)	(0.13)	(0.01)	(0.01)	(0.33)

APPENDIX 2 | ABCP as at January 31, 2010



Trigger Risk

- NO TRIGGER RISK BEFORE JULY 2010... AND REMOTE RISK AFTERWARDS
- US spreads would have to widen by more than 539 bps from current levels

Indicative Distance to Triggers Post Moratorium

	CDX7 5yr	CDX7 7yr	CDX7 10yr	CDX5 10yr	ItraxxS6 10yr
Trigger	774	743	669	747	475
Spread Level	99	120	130	145	103
Distance to Trigger Q1 10	675	623	539	602	372
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

Note:
assuming no
change in
realized losses
in credit indices

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

Corporate Default

Corporate names (900)

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Defaulted	36	32	30	25	15
Above 1,000 basis points	21	31	40	53	83

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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