

SCOTIA CAPITAL FINANCIALS SUMMIT 2009

LOUIS VACHON
President and CEO

September 16, 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.

AGENDA

CREDIT CYCLE – WHERE ARE WE?

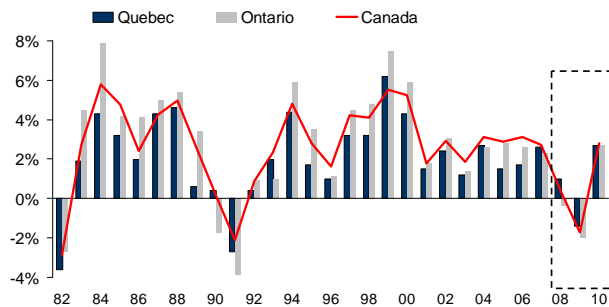
ONE CLIENT, ONE BANK UPDATE

CAPITAL MANAGEMENT

IMPACT OF REGULATORY CHANGES

CREDIT CYCLE – WHERE ARE WE?

GDP/GPP GROWTH



CANADIAN ECONOMY

Coming out of recession

QUEBEC ECONOMY

Relatively unscathed

NATIONAL BANK

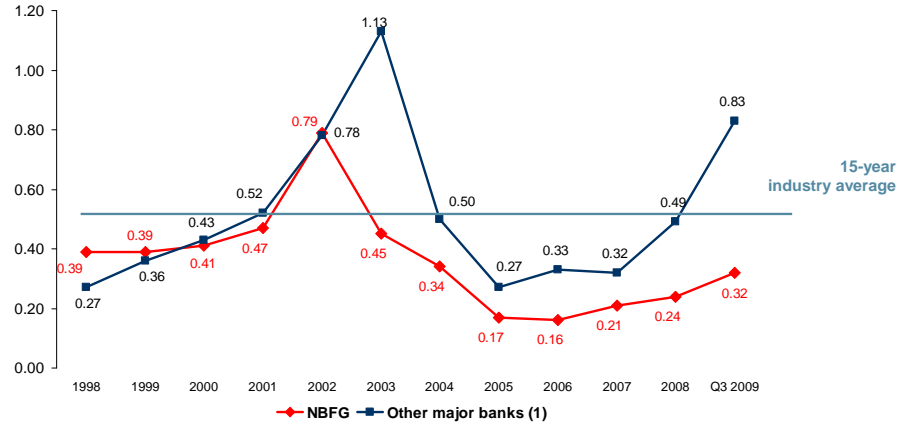
- No US exposure
- Expecting loan losses to stabilize by the second half of 2010

NATIONAL BANK OUTPERFORMS ITS CDN PEERS



CANADIAN BANKS – HISTORICAL LOAN LOSSES

As a % of Loans and BAs (bps)



(1) Canadian peers: Royal Bank, Bank of Montreal, TD Bank, Scotia Bank, and CIBC

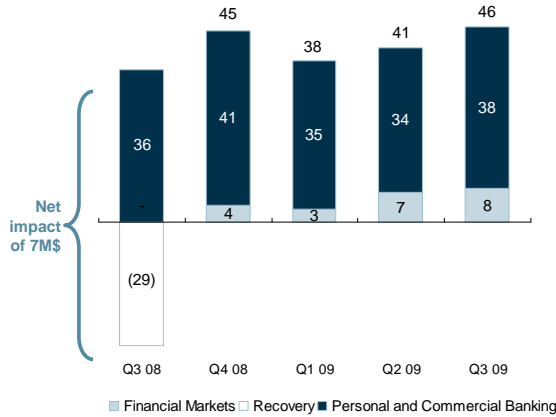
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RISK PROVISIONING



(millions of dollars)

SPECIFIC PROVISION FOR CREDIT LOSSES (excluding specified items)



RISK PROVISIONING Q3 2009

Q3 : \$46M or 32 bps
YTD : \$125M or 30 bps

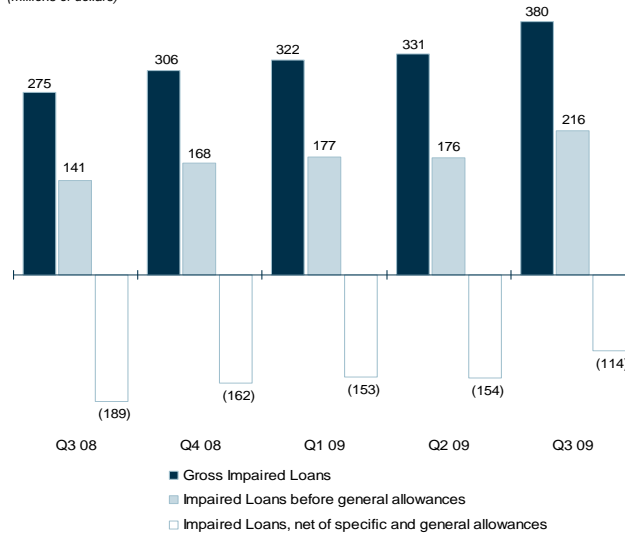
2009 PCL TARGET

33 bps to 38 bps

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IMPAIRED LOANS

(millions of dollars)



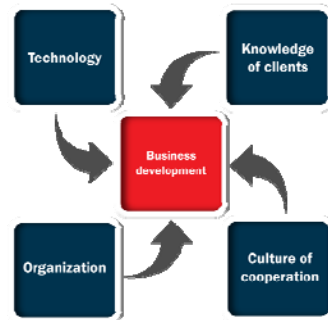
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ONE CLIENT, ONE BANK UPDATE

4-YEAR PROGRAM: 2008-2012

4 PRIORITIES:

1. Align the distribution models and operations with client needs in all business segments
2. Simplify the Bank by reviewing processes/technology
3. Increase the efficiency of corporate functions
4. Strengthen management practices to instill a culture of cooperation at all levels within the organization



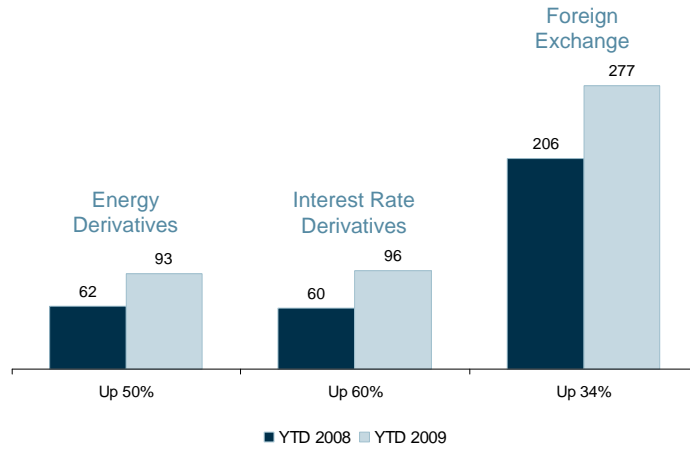
FIRST RESULTS: FINANCIAL MARKETS

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FINANCIAL MARKETS
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NUMBER OF CLIENTS



P&C / WEALTH MANAGEMENT
– ONE CLIENT, ONE BANK



DISTRIBUTION MODEL IN PLACE

HIRING AND TRAINING

- 300 MORE STAFF IN BRANCHES BY Q4 2009

BRANCH INFRASTRUCTURE

NUMBER OF PROJECTS

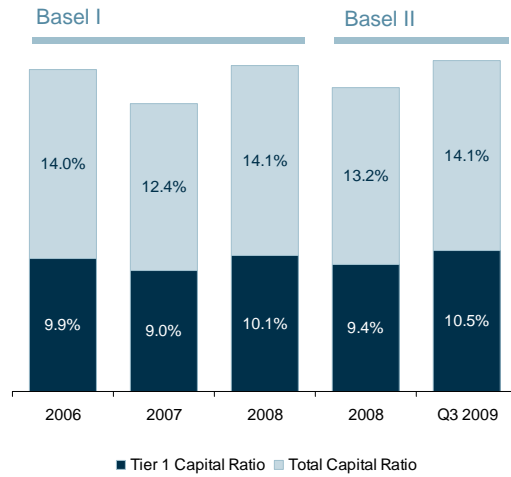
- 165 PROJECTS IN 3 YEARS

2009	2010	2011
39	64	62

IT INVESTMENTS

WELL-CAPITALIZED

CAPITAL RATIO



CONSERVATIVE CAPITAL MANAGEMENT

Sound Capital Ratio

- Q3 2009 Tier 1 ratio at 10.5%
- Advanced Basel II scheduled for Q1 2010 (subject to OSFI approval)

Quarterly dividend maintained

IMPACT OF REGULATORY CHANGES

REGULATORY ENVIRONMENT CHANGING (G20)

GLOBAL RULES vs. LOCAL RULES

CANADIAN BANKS ARE WELL POSITIONED

NATIONAL BANK'S OPPORTUNITIES

KEY TAKEAWAYS



CREDIT QUALITY OF PORTFOLIOS IS MAINTAINED
DUE TO DISCIPLINED APPROACH

ONE CLIENT, ONE BANK DEPLOYMENT IN LINE

SOLID Q3 2009 RESULTS

SOUND CAPITAL POSITION

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Q&A PERIOD



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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