

# Scotia Capital's Financials Summit Conference

Louis Vachon, President & CEO  
September 7, 2011



## 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" section and under the "Medium-Term Objectives" heading in the "Outlook for National Bank" section of the 2010 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 2011 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 2011 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. 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 related to the Bank's reliance on third parties with respect to the restructured notes of the master asset vehicles, in particular the realizable value of the 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 2010 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 - ECONOMIC DRIVERS

SECTORS	DRIVERS	IMPACTS
SERVICES	GOVERNMENT / REDUCING DEFICIT	↓
	INFRASTRUCTURES	↑
ENERGY & RESOURCES	HYDRO PROJECTS	↑
	PLAN NORD	↑
MANUFACTURING	US ECONOMY	↔

## STRATEGY/OBJECTIVES

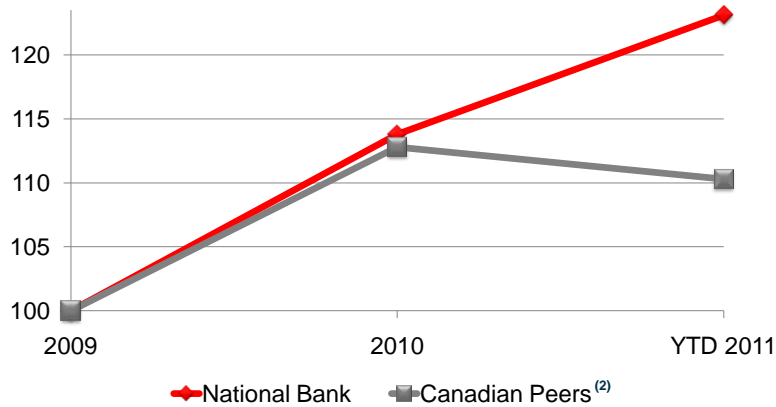
Specific issues we are looking to resolve

- 1 CANADIAN P&C GROWTH -- NA vs. CDN PEERS
- 2 BALANCE BETWEEN THREE MAIN BUSINESS LINES
- 3 PRESENCE OUTSIDE QUEBEC (% REVENUES)

## CANADIAN P&C EARNINGS GROWTH



### Adjusted Net income Growth (%), excluding PCL's <sup>(1)</sup>



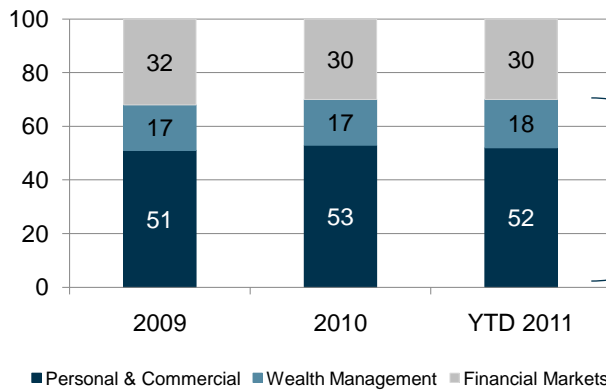
(1) Adjusted Net Income including insurance  
 (2) RBC, BMO, and TD.

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## BUSINESS MIX EVOLUTION



### Distribution of Total Revenues– Per business lines <sup>(1)</sup>



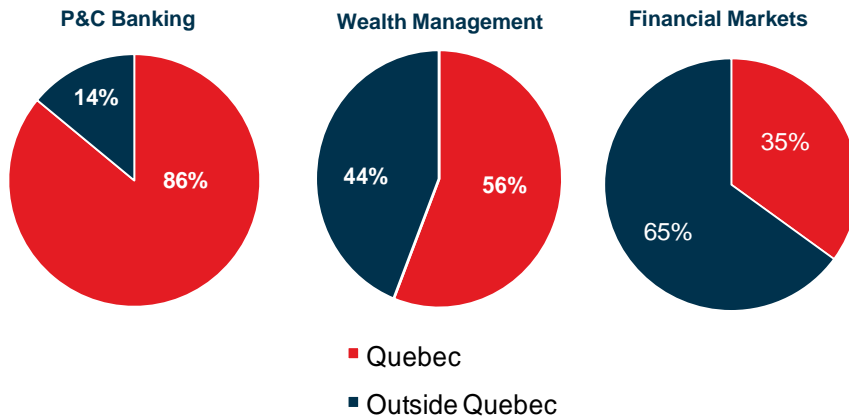
Targeting higher contributions from Wealth Management and P&C Banking with the implementation of *One Client, One Bank*

(1) Excluding specified items and Other Segments.

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## PRESENCE OUTSIDE QUEBEC

### Geographic Distribution of Total Revenues – FY2011E



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## 2012 PRIORITIES

- 1** ONE CLIENT, ONE BANK IMPLEMENTATION
- 2** INTEGRATING ACQUISITION OF WELLINGTON WEST
- 3** SOUND BALANCE BETWEEN ORGANIC GROWTH, ACQUISITIONS, AND CAPITAL RETURN

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## WELL-POSITIONED



- 1 WELL-CAPITALIZED
- 2 FLEXIBILITY ON STRATEGY AND CAPITAL RETURN
- 3 A CANADIAN PURE PLAY

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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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