

ANALYST AND INVESTOR PRESENTATION



Q4 2011 RESULTS CONFERENCE CALL

December 8, 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" and "Outlook for National Bank" sections of the 2011 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 2012 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 2012 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; general economic conditions of the financial market in Canada, the United States and other countries in which the Bank conducts business, including the impact of the debt crisis affecting certain European countries; the downward adjustment of the long-term sovereign debt rating of the United States attributed by Standard & Poor's; 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 (including banking, insurance and securities) and enforcement thereof; judicial proceedings, regulatory proceedings or claims, class actions or other recourses of various nature; the situation with respect to the restructured notes of the master asset vehicles (MAV), 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 in the "Risk Management" and "Factors That Could Affect Future Results" sections of the 2011 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.

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HIGHLIGHTS



ADJUSTED RESULTS

	Q4 2011	YTD 2011
Net Income	\$303M	\$1,203M
Diluted EPS	\$1.80	\$7.00
Provision for credit losses	\$36M or 22 bps	\$134M or 22 bps
ROE	17.7%	18.1%
Tier 1 ratio (Basel II)	13.6%	13.6%
Common Equity Tier 1 ratio (Basel III)	7.6%	7.6%
Dividend payout	39%	39% (trailing 4 quarters)

Note: See Appendix 6 for definition of Common Equity Tier 1

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MID-TERM OBJECTIVES



- Growth in diluted earnings per share⁽¹⁾ 5% - 10%
- Return on common shareholders' equity 15% - 18%
- Core Tier 1 capital ratio (under 2019 Basel III) ≥ 7%
- Dividend payout ratio 40% - 50%

(1) Excluding specified items

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FINANCIAL REVIEW

Ghislain Parent
 Chief Financial Officer and Executive
 Vice-President, Finance and Treasury



PERFORMANCE SNAPSHOT



(millions of dollars)

	Adjusted ⁽²⁾			Reported		
	Q4 11	Q4 10	Change	Q4 11	Q4 10	Change
Revenues⁽¹⁾	1,194	1,090	10%	1,194	1,087	10%
Expenses	763	695	10%	776	719	8%
Net Income	303	282	7%	294	287	2%
EPS	\$1.80	\$1.63	10%	\$1.74	\$1.66	5%
ROE	17.7%	17.5%		17.1%	18.0%	

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

(2) Details on specified items in Appendix 1

PERFORMANCE SNAPSHOT



(millions of dollars)

	Adjusted ⁽²⁾			Reported		
	12M 11	12M 10	Change	12M 11	12M 10	Change
Revenues⁽¹⁾	4,597	4,295	7%	4,597	4,284	7%
Expenses	2,891	2,723	6%	2,922	2,822	4%
Net Income	1,203	1,084	11%	1,213	1,034	17%
EPS	\$7.00	\$6.25	12%	\$6.85	\$5.94	15%
ROE	18.1%	17.7%		17.7%	17.0%	

2011 vs. 2010 (adjusted)

- Net income up 11% with positive operating leverage

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

(2) Details on specified items in Appendix 1

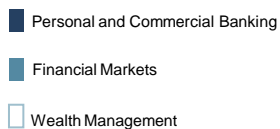
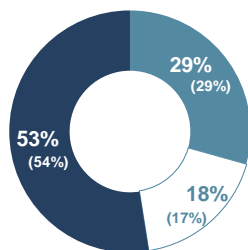
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WELL DIVERSIFIED BUSINESS MIX

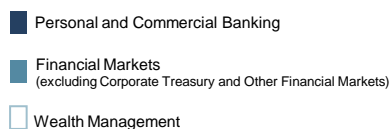
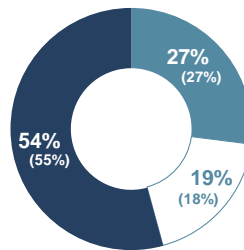


TEB
REVENUES⁽¹⁾⁽²⁾

YTD 2011 vs. (YTD 2010)



YTD 2011 vs. (YTD 2010)



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

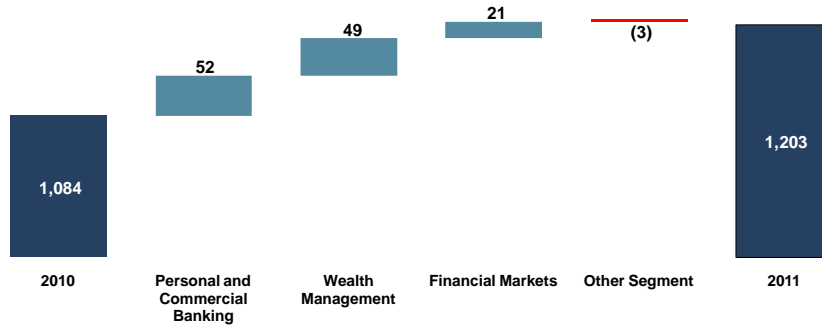
(2) Excluding specified items and Other Segments

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WELL DIVERSIFIED BUSINESS MIX



NET INCOME⁽¹⁾
(millions of dollars)



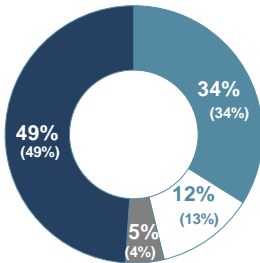
(1) Excluding specified items

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SOUND BUSINESS SEGMENT REVENUES DIVERSIFICATION 2011 vs. (2010)

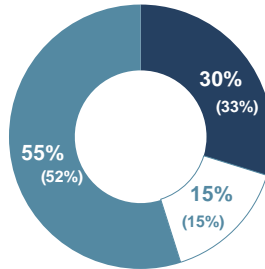


PERSONAL AND COMMERCIAL



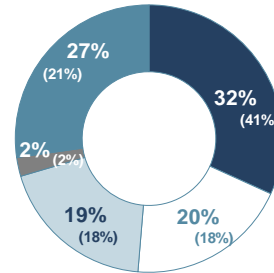
- Retail banking
- Credit cards
- Insurance
- Commercial banking

WEALTH MANAGEMENT



- Transactions and other
- Net interest income
- Fees

FINANCIAL MARKETS



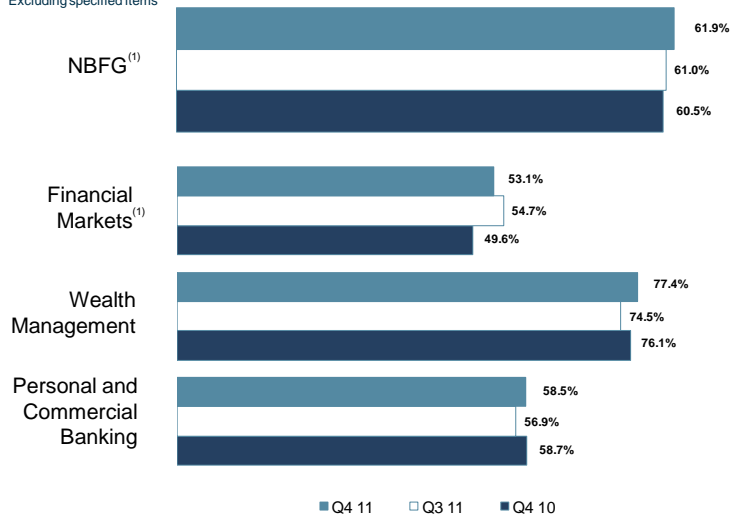
- Trading
- Corp. banking
- Capital markets
- Inv. gains
- Other

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BUSINESS LINE EFFICIENCY RATIO



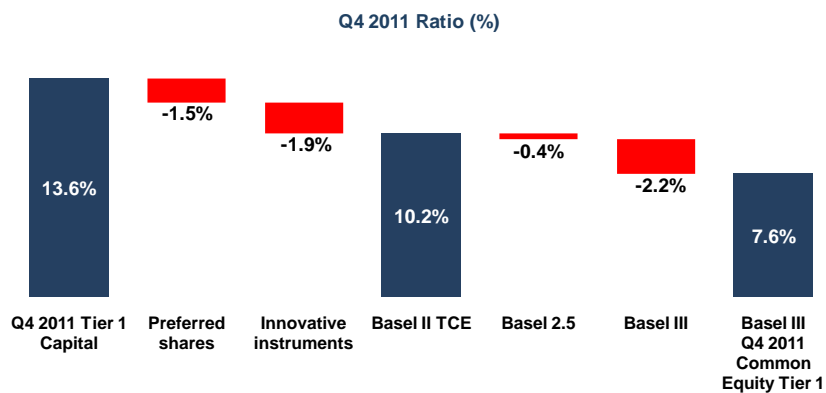
TEB
Excluding specified items



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

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BASEL III IMPACT TO COMMON EQUITY TIER 1^{(1) (2)}

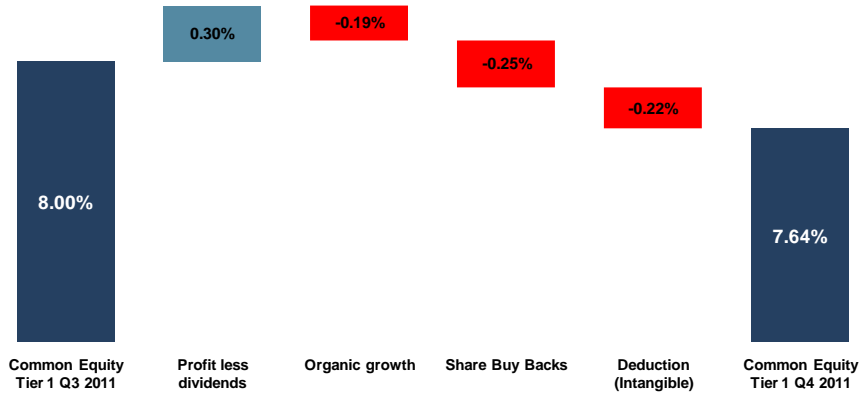


(1) Final text rules

(2) Include IFRS impact

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QUARTERLY COMMON EQUITY TIER 1 EVOLUTION



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RISK MANAGEMENT

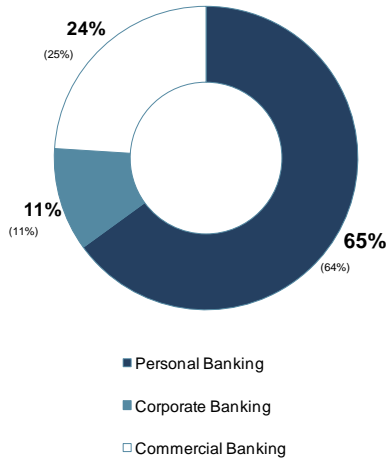
Patricia Curadeau-Grou
Executive Vice-President
Risk Management



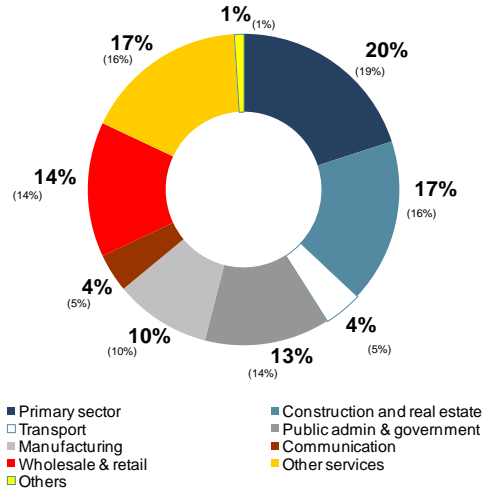
GLOBAL PORTFOLIO COMPOSITION As at October 31, 2011 vs. (October 31, 2010)



PER BUSINESS SEGMENT



PER INDUSTRY (Corporate & Commercial)



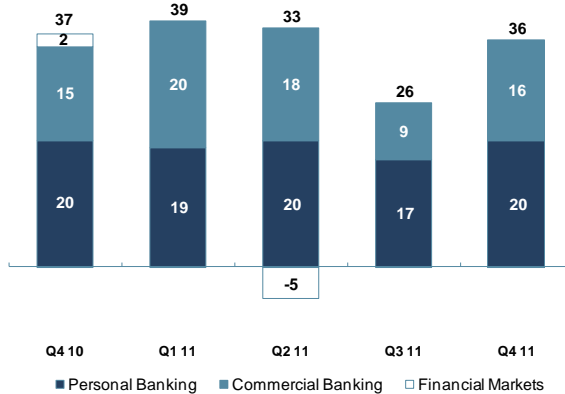
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RISK PROVISIONING



(millions of dollars)

SPECIFIC PROVISION FOR CREDIT LOSSES (excluding specified items)



Risk Provisioning Q4 2011

- Q4: \$36M or 22 bps
- 2011: \$134M or 22 bps

IFRS

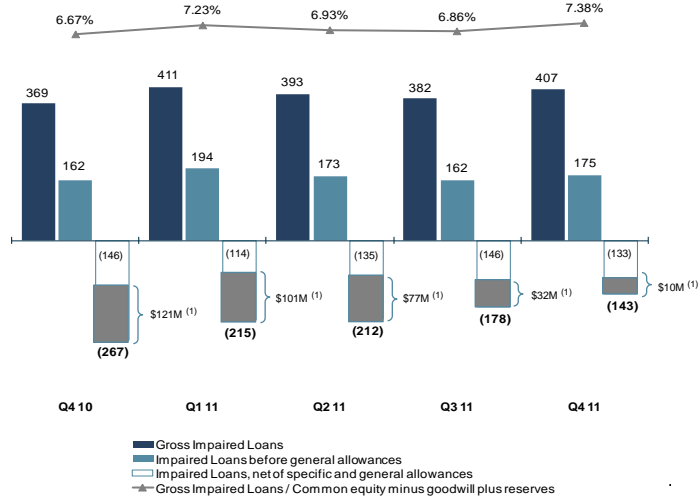
- Actual 2011: 27 bps
- H1 2012: 30 to 35 bps

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IMPAIRED LOANS



(millions of dollars)



(1) Allowance on credit facilities secured by ABCP

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IMPAIRED LOAN FORMATION⁽¹⁾



(millions of dollars)

	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11
Retail	16	13	17	18	19
Commercial	6	52	(6)	(4)	26
Corporate Banking	(3)	0	(1)	0	0
Total	19	65	10	14	45

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

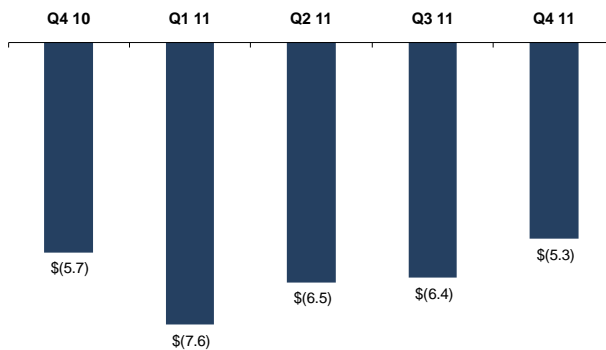
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SOUND MARKET RISK MANAGEMENT



(millions of dollars)

GLOBAL TRADING VAR⁽¹⁾



(1) Excluding ABCP VAR

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BUSINESS SEGMENT REVIEW

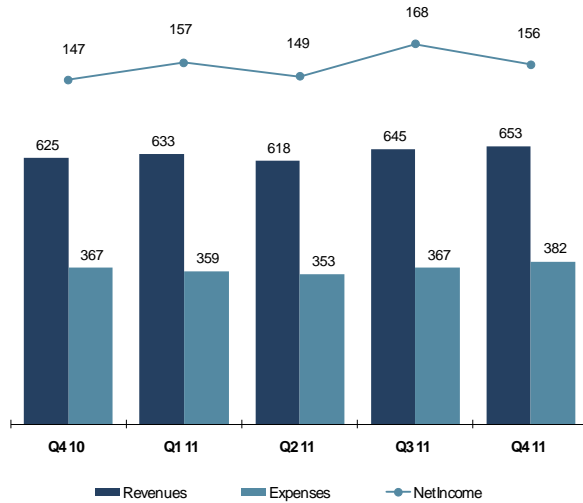
Jean Dagenais
Senior Vice-President
Finance, Taxation, and Investor Relations



PERSONAL AND COMMERCIAL BANKING Quarterly Results



(millions of dollars)
TEB



Q4 2011 vs. Q4 2010

- Revenues: up 4% due to strong volume growth in loan's and BA's (+12%)
- Net income: up 6%

Q4 2011 vs. Q3 2011

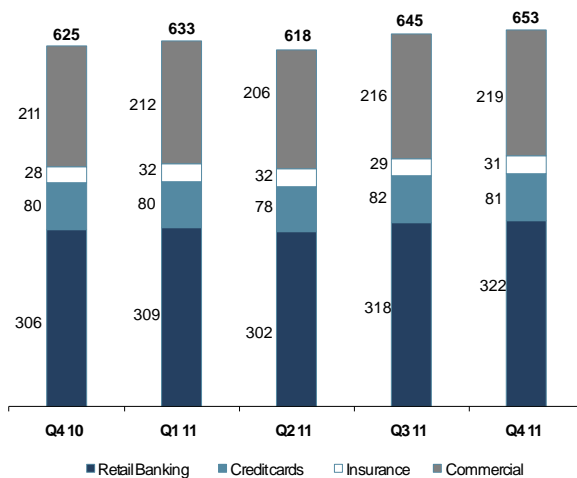
- Revenues: up 1% due to 3% volume growth in loan's and BA's

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PERSONAL AND COMMERCIAL BANKING Revenues Breakdown



(millions of dollars)
TEB



Q4 2011 vs. Q4 2010

- Retail Banking: revenues up 5% due to good volume growth in loans and BA's
- Credit cards: up 1% due to transaction fees
- Insurance: up 11%
- Commercial: up 4% due to good volume growth in loans and BA's and in deposits

Q4 2011 vs. Q3 2011

- Retail Banking and Commercial Banking: revenues up 1% due to good volume growth in loans and BA's

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PERSONAL AND COMMERCIAL BANKING Loans & BAs Evolution

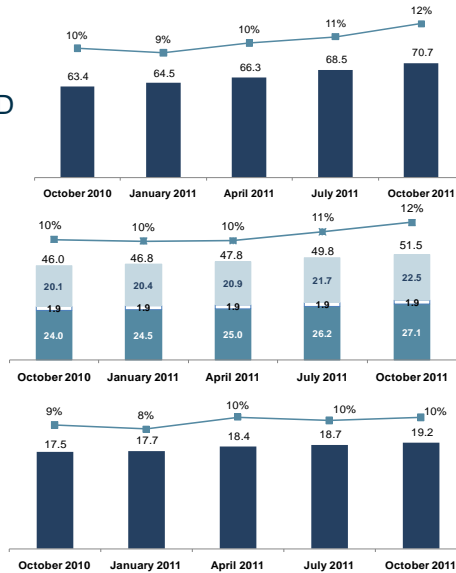


Average Monthly Volume
(billions of dollars)

PERSONAL AND COMMERCIAL

PERSONAL

- Mortgages
- Credit Cards
- Personal Loans (including All-in-One)



Q4 2011 vs. Q4 2010

- Strong growth in Mortgages and Personal loan's (+13%)
- Strong increase in Commercial loan's and BA's (+10%)

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PERSONAL AND COMMERCIAL BANKING Deposits Evolution



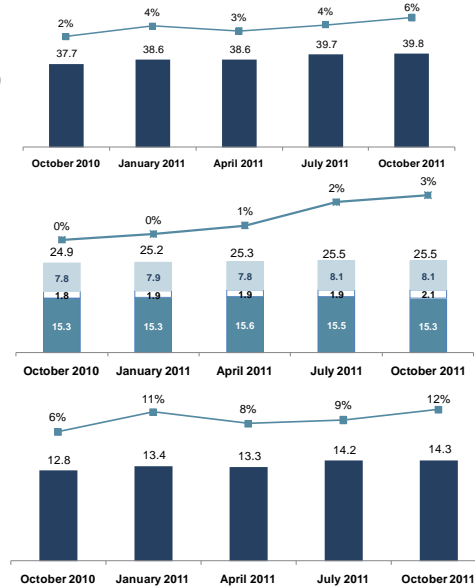
Average Monthly Volume
(billions of dollars)

PERSONAL AND COMMERCIAL

PERSONAL

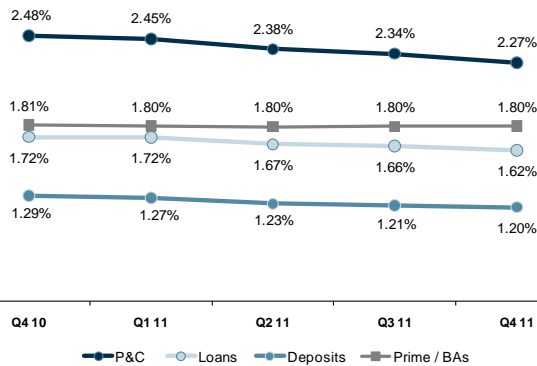
YoY Growth:

- GIC's 0.5%
- Transaction account 3.8%
- High-Interest 13.2%
- Cash/Performer



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PERSONAL AND COMMERCIAL BANKING Margin Evolution

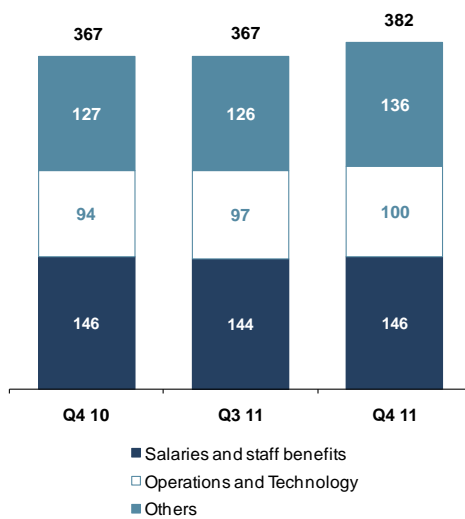


Q4 2011 vs. Q3 2011

- Lower spreads due to competitive environment, business mix and yield curve

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PERSONAL AND COMMERCIAL BANKING Expenses Breakdown



Q4 2011 vs. Q4 2010

- Expenses up 4%
 - Salaries and staff benefits stable
 - Operations and Technology +6%
 - Others +7%

Q4 2011 vs. Q3 2011

- Expenses up 4%
 - Salaries and staff benefits +1%
 - Operations and Technology +3%
 - Others +8%

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PERSONAL AND COMMERCIAL BANKING

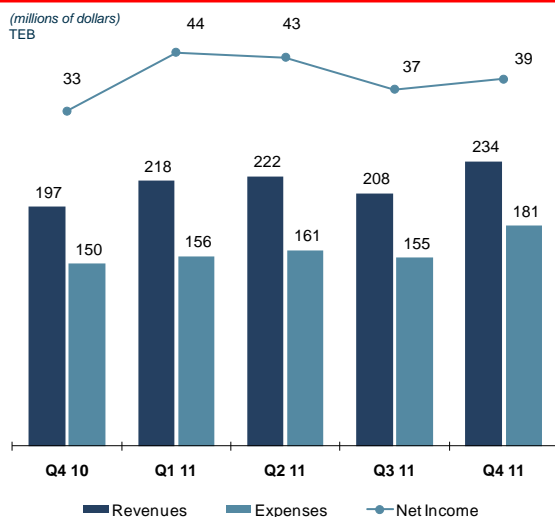


KEY TAKEAWAYS

- Good volume growth in Personal and Commercial Banking
- Efficiency ratio improved by 20 bps from Q4 2010 to Q4 2011
- Fiscal 2011: 57 branch projects, including 8 new branches
- Fiscal 2012: 8 new branches, 3 in Quebec, and 5 in CWA
- Launch of Mobile Banking Solutions and *Interac e-Transfer*
 - First in Canada to allow transfers between two mobile phone numbers

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WEALTH MANAGEMENT Quarterly Results⁽¹⁾



(1) Excluding specified items

Q4 2011 vs. Q4 2010

- Net income up 18% driven by strong revenue growth
- Expense ratio slightly improved at 75.8% compared to 76.1% (excluding WW)
- WW added \$2M to net earnings in Q4 - excluding specified items

Q4 2011 vs. Q3 2011

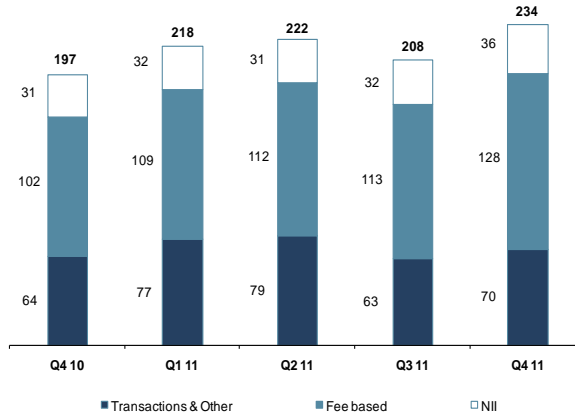
- Net income up 5%
- Revenue up 13% mainly due to WW
- Expenses up 17%, mainly due to WW and increase of marketing spending in Q4

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WEALTH MANAGEMENT Revenues Breakdown



(millions of dollars)
TEB



Q4 2011 vs. Q4 2010

- NII up \$5M or 16% mostly due to brokerage balance and better margin
- Fee-based revenues up \$26M or 25% driven by: Wellington West acquisition, strong net sales at 1859, NBF WM and Meritage and conversion of assets from transactional to fee-based at NBF WM
- Transactional revenues up \$6M or 9% driven by Wellington West acquisition and offset by less transactions in full-service brokerage

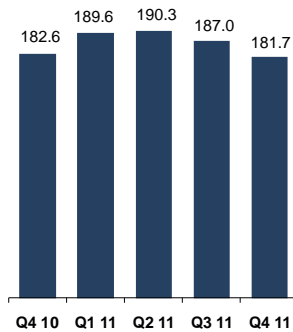
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WEALTH MANAGEMENT Assets Under Administration and Management

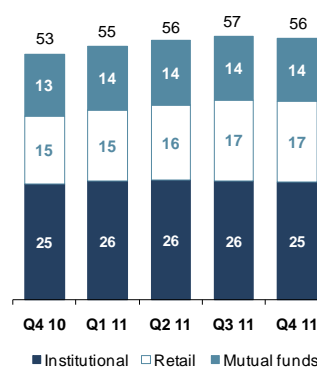


(billions of dollars)

ASSETS UNDER ADMINISTRATION



ASSETS UNDER MANAGEMENT



Note: Transfer of assets under administration vs. assets under management

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Wellington West Integration: on plan and less expensive than budgeted

- NBF retained 96% of IAs (181), representing 96% of assets (~\$10B)
- Full system integration successfully realized in November
- Infrastructure optimization – 5 offices closed, 3 more to come
- 95% of cost synergies will be realized by the end of December 2011
- 2012 net income forecast: \$15M (pre-tax)

Note: See Appendix 2 for more information on Wellington West acquisition

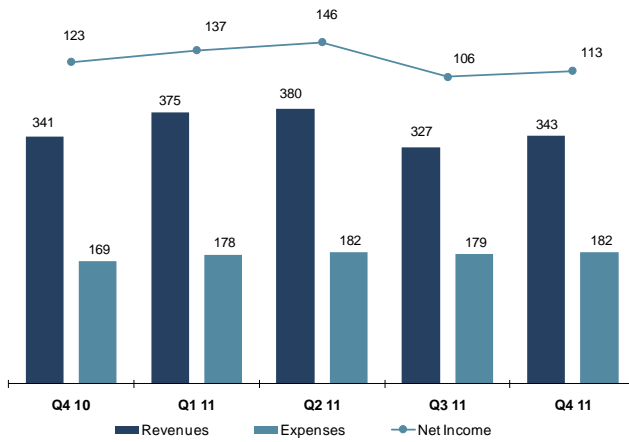
HSBC Securities Asset Acquisition / Update

- As at December 8th 2011, more than 80 IA's signed with NBF
- NBF should add approximately \$8.5B - \$9.5B in asset under administration
- Significant downward price adjustment will be made according to revenue retention
- Transition service agreement with HSBC for a maximum of 18 months regarding support services (including leases), limiting and reducing integration risks and integration costs
- Closing date expected on January 1st, 2012

FINANCIAL MARKETS Quarterly Results⁽¹⁾



(millions of dollars)
TEB



Q4 2011 vs. Q4 2010

- Lower trading revenues from client activities, offset by strong Treasury trading results
- Continued good performance from Fixed Income and Equity Capital Markets despite difficult market conditions
- Solid results from Corporate Banking

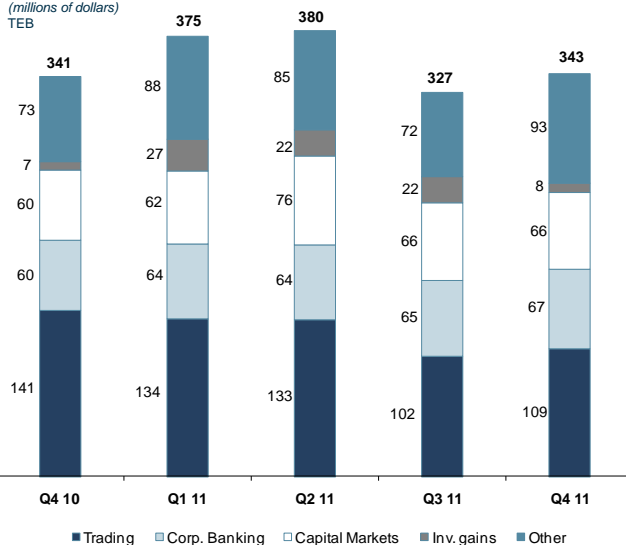
(1) Excluding specified items and adjusted for gains or losses attributable to third parties

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FINANCIAL MARKETS Revenues Breakdown⁽¹⁾



(millions of dollars)
TEB



Q4 2011

- Increase in Other mainly from Treasury and Credigy

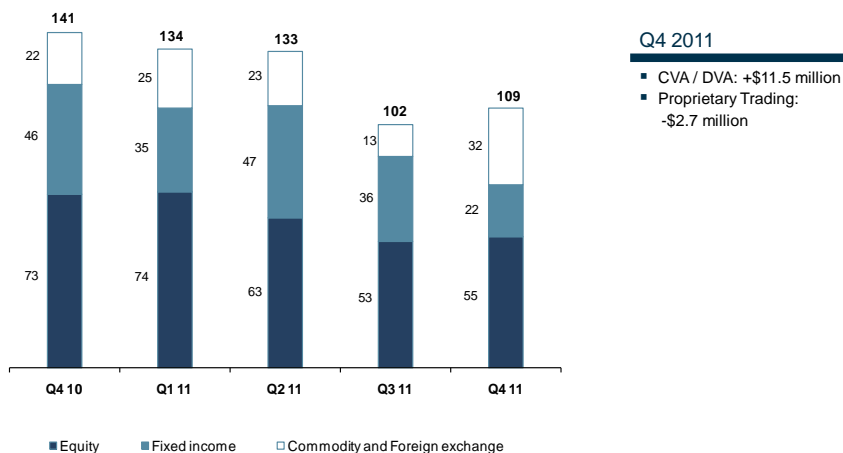
(1) Excluding specified items and adjusted for gains or losses attributable to third parties

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FINANCIAL MARKETS Trading Revenues Breakdown⁽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



KEY TAKEAWAYS

- Strong performance in debt and equity underwriting and M&A
 - NBF ranked #1 in Government Debt Underwriting in Canada for fiscal 2011 and calendar 2011 year to date⁽¹⁾
- Solid revenue growth from Corporate Banking
- Continued growth in client revenues from risk management products
- Strong contribution from Treasury and Credigy

(1) Source: Bloomberg Underwriter Rankings, Debt-Canadian Governments

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CONVERSION TO IFRS



IMPACT ON BALANCE SHEET

- \$9B increase in assets & liabilities mainly due to securitized assets included on balance sheet

EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS

- \$0.8B decrease mainly due to impact of pension plan and securitization

EPS, slight increase due to pension plan impact

- Approximately 1% in 2011 EPS
- Approximately 2.5% in 2011 EPS, excluding specified items

REGULATORY CAPITAL, reduction of:

- 166 bps on Tier 1 ratio under Basel II
- Approximately 33 bps over 5 quarters

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APPENDIX 1 | DETAIL OF SPECIFIED ITEMS



(millions of dollars)

	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11
Write-off	-	-	-	-	(2)	-	-	-	-
Severance	-	-	-	-	-	-	-	(7)	(8)
Litigation	-	-	-	-	-	-	-	(11)	-
Restructuration charge	-	-	-	-	(22)	-	-	-	-
Integration costs	-	-	-	-	-	-	-	-	(5)
Income taxes	-	25	-	-	32	-	-	5	4
Net Income	-	25	-	-	8	-	-	(13)	(9)
EPS	-	0.15	-	-	0.05	-	-	(0.08)	(0.06)
Reversal of provisions for income tax contingencies	-	-	-	-	-	-	-	21	-
Net Income	-	-	-	-	-	-	-	21	-
EPS	-	-	-	-	0.00	-	-	0.13	0.00
ABCP specified items									
Financing cost	(1)	(3)	(2)	(3)	(3)	-	-	-	-
Economic hedge transactions	-	(2)	2	-	-	-	-	-	-
Charges related to holding ABCP	-	-	-	-	-	-	-	-	-
Revenues	(1)	(5)	-	(3)	(3)	-	-	-	-
Provision for credit losses	-	-	-	-	-	-	-	(15)	-
Other expenses	1	75	-	-	-	-	-	-	-
Income before income taxes	(2)	(80)	-	(3)	(3)	-	-	15	-
Income taxes	-	(2)	-	(1)	-	-	-	4	-
Net Income	(2)	(78)	-	(2)	(3)	-	-	11	-
EPS	(0.01)	(0.48)	-	(0.01)	(0.02)	-	-	0.07	0.00
Premium paid on preferred shares repurchased for cancellation	-	-	-	-	-	-	(0.21)	-	-
Total EPS Items	(0.01)	(0.33)	-	(0.01)	0.03	-	(0.21)	0.12	(0.06)

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APPENDIX 2 | Wellington West Acquisition by the Numbers



May 26 NBC Q2 presentation	Actual Results
Add scale to NBF Retail operations:	
-Retail AUA +18%	-Retail AUA: +17%
- Investment advisors +29%	- Investment advisor: +24%
-Retail Revenue +25%	- Retail revenues: +25%
Expansion outside Quebec:	
- Investment advisor from 34% to 47%	- Investment advisor: from 33% to 46%
- Retail revenue from 37% to 48%	- Retail revenue: from 37% to 48%
Neutral EPS in 2011 (including Capital Markets)	\$(0.01) and \$0.01 excluding specified items
Accretive in 2012 (including Capital Markets)	\$0.08 and \$0.15 excluding specified items
Majority of cost synergies within 6-9 months	FM has achieved all synergies WM 95% done at the end of this month
Upside potential of cross-selling of NBFG products	Work in progress
Goodwill/intangibles of \$280 million	276M\$
55 bps impact on Common Equity Tier 1 Ratio under Basel 3	55 bps

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APPENDIX 3 | European Exposure (in US\$)



(millions of dollars)

Oct 31, 2011	OTC Derivatives net MTM ¹	Repo-style transactions	Other ²	Off B/S (Trade Finance) ³	Total
Greece	0.0	0.0	0.0	0.0	0.0
Portugal	0.0	0.0	0.0	0.0	0.0
Ireland	0.0	0.0	0.0	0.0	0.0
Italy	0.5	0.0	3.6	15.9	20.0
Spain	0.5	0.0	7.3	155.7	163.5
Peripheral Europe ⁴	1.0	0.0	10.9	171.6	183.5
Other Europe	116.0	83.0	15.0	339.0	553.0
Total ⁵	117.0	83.0	25.9	510.6	735.5

1) Gross derivative MTM receivables of \$324m in collateralised by cash & equivalents

2) Other includes cash deposits

3) Letters of credit and performance guarantees

4) Excludes indirect exposure to peripheral Europe in restructured ABCP underlyings of approx \$60m in

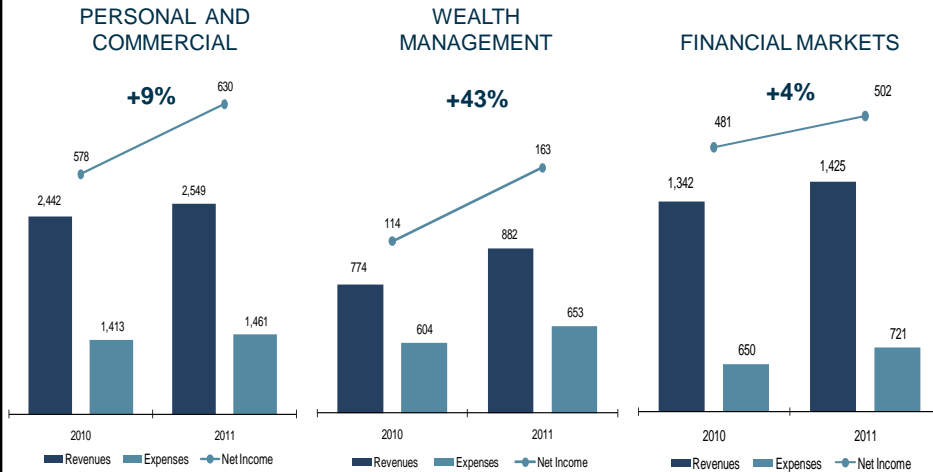
5) Excludes net trading securities of \$235m in

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APPENDIX 4 | RESULTS ⁽¹⁾



(millions of dollars) – net income growth (%)
TEB



(1) Excluding specified items

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APPENDIX 5 | RESTRUCTURED ABCP AS AT OCTOBER 31, 2011



TRIGGER RISK

- Remote Trigger Risk - US spreads would have to widen by **more than 699 bps** from current levels

Indicative Distance to Triggers

	CDX7 5yr	CDX7 7yr	CDX7 10yr	CDX5 10yr	ItraxxS6 10yr
Trigger	916	883	859	978	550
Spread Level	60	119	160	172	199
Distance to Trigger Q4 11	856	764	699	806	351
Distance to Trigger Q3 11	876	780	680	770	388
Distance to Trigger Q2 11	877	763	651	739	397
Distance to Trigger Q1 11	855	727	601	675	382
Distance to Trigger Q4 10	793	678	560	628	372
Distance to Trigger Q3 10	690	623	536	592	352
Distance to Trigger Q2 10	699	637	552	611	365
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 the credit indices

- Triggers could also be breached if realized losses in the credit indices above exceeded 12% (currently at 1.11% on CDX indices and 0.29% on Itraxx index)

CORPORATE DEFAULT

Corporate names (approx. 900 names)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Defaulted	41	41	38	38	38	37	37	36	32	30	25
Above 1,000 basis points	25	15	12	11	15	20	10	21	31	40	53

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APPENDIX 6 | COMMON EQUITY TIER 1 DEFINITION



Under Base III, a new measure of capital is used to evaluate financial institutions ability to deal with unexpected losses. Common Equity Tier 1 includes common shares, contributed surplus, retained earnings, accumulated other comprehensive income, qualifying minority interest, but will exclude preferred and innovative instruments, less regulatory adjustments applicable to common equity Tier 1.

These adjustments include goodwill and intangibles, deferred tax assets, cash flow hedges, shortfall loan loss reserves versus expected losses, gain on sales on securitization, losses due to changes in own credit risk on liabilities at fair value, defined benefits pension fund assets, investments in own shares, reciprocal cross holding of financial entities, investments in capital of financial entities, and substantial investments in financial entities.

Common equity Tier 1, net of regulatory adjustments, is divided by risk-weighted assets.

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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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