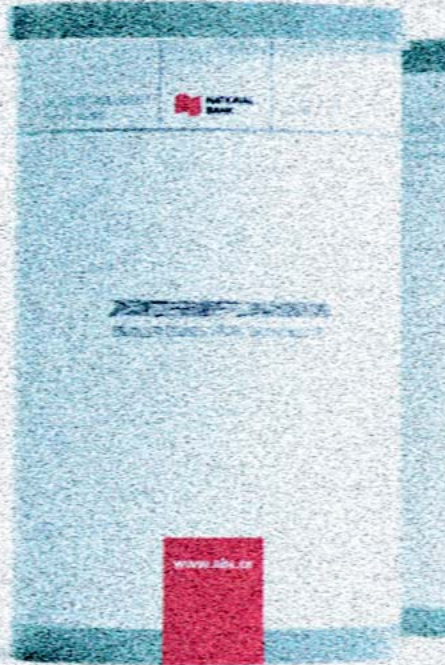


Analyst and Investor Presentation

Q3 2003 Results Conference Call

August 28, 2003

www.nbc.ca/investorrelations



Third Quarter Highlights

Excellent results across the board

(Presentation figures exclude Q3 02 reevaluation of investment)

- Revenues up 8% q/q; 9% y/y *
- EPS increase of 22% for q/q as well as y/y *
- Strong ROE at 17.3%
- Tier one at 9.5%

All business lines contributing, model working well

- Particularly well positioned to benefit from Wealth Management and Capital Markets turnaround

Credit quality continues to be high, 2003 guidance revised

Continued focus on trimming costs, expense ratio down Q3 vs Q2

Another high quality quarter, result of previous quarter discipline

* Figures exclude Q3 02 reevaluation of investment



On target to meet all 2003 performance objectives

	2003	Q3 03	YTD
Growth in earnings per share	5% to 10%	22% ⁽¹⁾	20% ⁽¹⁾
Return on common shareholders' equity	14% to 16%	17.3%	16.6%
Tier 1 capital ratio	8.75% to 9.50%	9.5%	9.5%
Dividend payout ratio ⁽²⁾	30% to 40%	32%	32%

⁽¹⁾ Figures exclude Q3 02 impairment charge on investment

⁽²⁾ Trailing 4 quarters



3

Q3 03 Quarterly snapshot

in millions of dollars TEB	Q3 03	Q2 03	Q3 02	Change	
				Q3 03 / Q2 03	Q3 03 / Q3 02
Total Revenues	\$867	\$798	\$804	9%	8%
Operating expenses	558	529	508	5%	10%
Provision for credit losses	45	41	62	10%	-27%
Net income	162	138	138	17%	17%
EPS	\$0,89	\$0,73	\$0,73	22%	22%
ROE	17.3%	14.8%	14.6%		

Reported Q3 02 figures exclude reevaluation of investment



4

Nine month snapshot

in millions of dollars

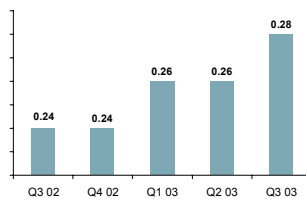
TEB	2003	2002	Change
Total Revenues	\$2 525	\$2 436	4%
Operating expenses	1 635	1 500	9%
Provision for credit losses	127	437	-71%
Discontinued operations, after tax	-	118	
Net income	466	406	15%
EPS	\$2.50	\$2.09	20%
ROE	16.6%	14.2%	

Reported 2002 figures exclude reevaluation of investment



5

Dividend per share

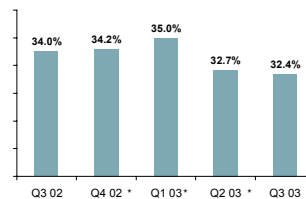


From Q3 02 to Q3 03:
Dividend increase of 16.7%

From Q2 03 to Q3 03:
Dividend increase of 7.7%

From Q2 03 to Q3 03:
Increase of \$0.02, from \$0.26 to \$0.28

Dividend Payout

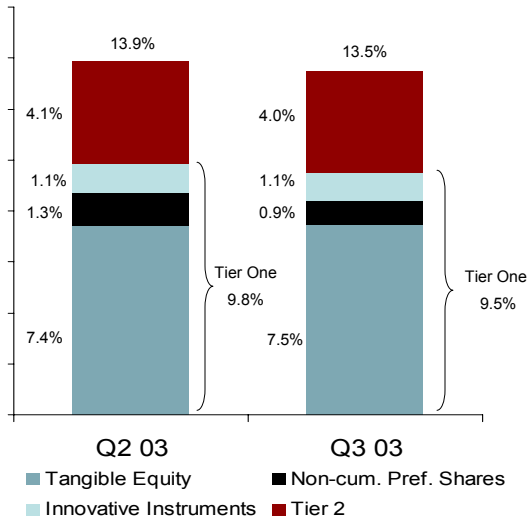


* Trailing 4 quarters, excluding impairment charge on investment



6

Continued strong Capital ratios

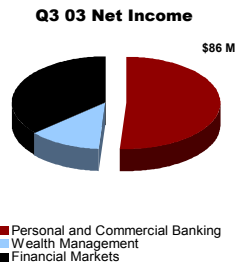


Share buyback status as at July 31:

- Buyback program completed
- 9.1 M shares repurchased, representing \$298M
- Redemption of Preferred shares Series 12 for \$125M



Personal and Commercial Banking
Wealth Management
Financial Markets



Personal and Commercial Banking highlights

- Agreement to sell banking products to MD Management

- New team of commercial account directors to offer new products and services to depositary clients

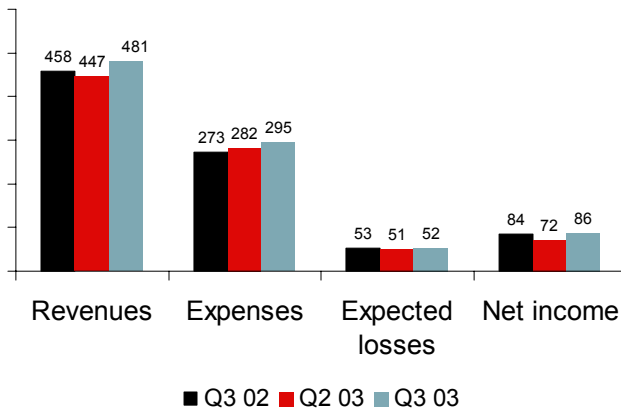
- First steps taken at making NBC banking products available to Investors/Great-West/London Life clients

- P&C margins continue to hold up well



Personal and Commercial Banking Quarterly

in millions of dollars



Drivers:

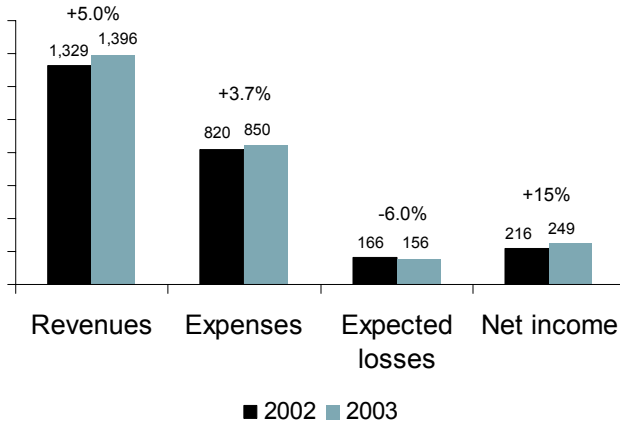
- Volumes Jul. 03 vs Jul. 02**
- Mortgage loans +3%
 - Credit card receivables +11%
 - Personal loans +8% (excluding indirect loans)
 - Commercial loans and BAs +1%
 - Deposits
 - Personal +5%
 - Commercial +5%

- Overall margins YTD +13bps**
- Credit card receivables +85bps
 - Retail Banking +8bps
 - Mortgage portfolio +7bps
 - Commercial Banking +6bps

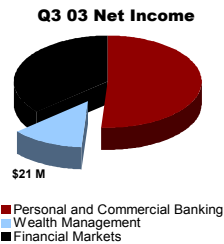


Personal and Commercial Banking 9 Months

in millions of dollars



Personal and Commercial Banking
Wealth Management
Financial Markets



Wealth Management highlights

- Pick up in earnings momentum

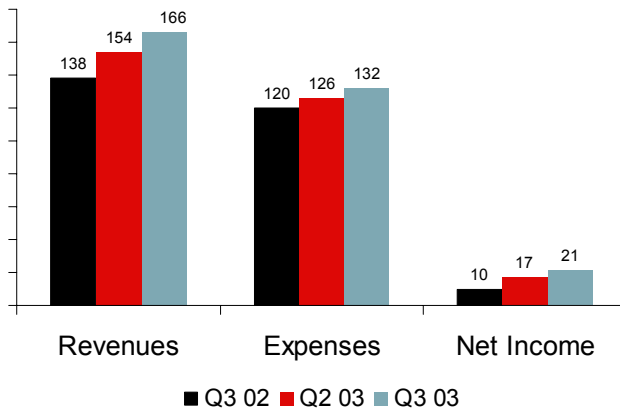
- Improved performance for NBF Retail and NB Discount Brokerage

- Fundamentals of Altamira acquisition still intact



Wealth Management Quarterly

in millions of dollars



NBF Retail expense ratio improvements:

Q3 03: 79.5%
Excl. Altamira: 81.8%

Q2 03: 81.8%
Excl. Altamira: 83.1%

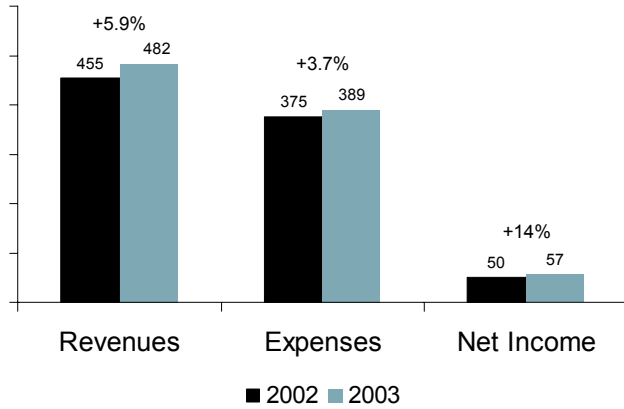
Q3 02: 87%
Excl. Altamira : 87%

Net income increase y/y:
\$5M from NBF Retail
\$5M from Altamira



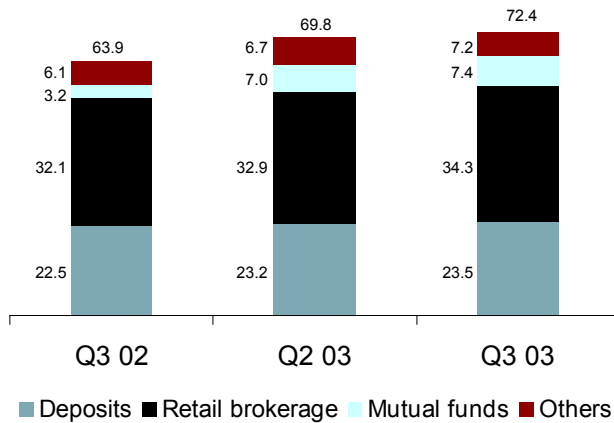
Wealth Management 9 Months

in millions of dollars



Assets under Management composition

in billions of dollars
as at July 31



Growth rate:
•Y/Y +13%
•Q3 03 vs Q2 03 +4%

Others include Discount Brokerage and Trust Services



Update on Altamira

Fundamentals of acquisition:

- Base of 130,000 direct clients (principally outside Quebec) and more than \$4 billion of AUM with cross selling potential
- Strong sales force recognized for its quality of service and ability to offer broad range of products and services
- Potential leverage to 235,000 NBC clients west of Quebec
- Strong branding and complete fund family with some complementary funds to NBC
- **As originally disclosed, 2003 earnings accretion maintained at \$0.04**

Evolution of strategic elements:

Fund management

- Portfolio management roles established, duplication eliminated with Natcan
- Structure permits global expertise that will give Altamira clients steady and good performance over time
- TORONTO: Cdn Equity Growth, US Equity, specialty mandates
- MONTREAL: Cdn Equity Value, Money Market and Fixed Income Funds, Global Funds



17

Update on Altamira

Evolution of strategic elements: (continued)

Direct distribution

- As of Dec. 2002, offering hybrid GIC's and investment loans to Altamira clients
- At beginning of May 2003, deployed five Altamira private wealth service employees in four NBC branches, positive results so far
- In process of establishing referral system between NBC and Altamira

Brokerage

- Merger of Altamira brokerage entity with NB Discount Brokerage in Sept. 2003 (more products, lower pricing and internet access)

Cost reductions

- Altamira fund accounting activity moved to Montreal in July 2003
- Continue to identify potential synergies on operations side
- With NB Securities, determining ideal fund family, leveraging Altamira dealer distribution and minimizing operational costs



18

Improving Altamira mutual fund performance

July 2003

3 ms 6 ms 1 year 2 year 3 year 5 year

Equity Funds Above Median (%)	73.1	53.8	61.5	38.5	27.3	42.1
Fixed Income Funds Above Median (%)	62.5	62.5	75.0	75.0	87.5	62.5
Funds Above Median (%)	70.6	55.9	64.7	47.1	43.4	48.1

(Based on current assets and no distinction between asset classes)

Stabilizing Altamira AUM activity

Ytd June 2003

	Gross sales	Redemptions	Cash performer variance impact	Market change	Net change
Altamira	4.0%	-13.0%	7.0%	1.6%	-0.3%

Redemption rate
Monthly (excl MMF)

	June 2003	June 2002
Altamira	10.8%	15.0%
Industry	12.8%	15.0%

Altamira AUM evolution
(in millions \$)

	Q4 02	Q3 03
Mutual funds	3,975	3,785
Cash Performer	281	567
Total	4,256	4,352



19

Personal and Commercial Banking

Wealth Management

Financial Markets

Q3 03 Net Income



■ Personal and Commercial Banking
■ Wealth Management
■ Financial Markets



20

Financial Markets highlights

- NBF Research department recognized as one of the best in Canada by Brendan Wood

- Favourable trading environment

- Realignment of Putnam Lovell NBF operations



21

Realignment of Putnam Lovell NBF operations

Acquisition consisted of :

M&A and advisory
Equity Capital Markets
Merchant Banking / Private Equity

Objective was to gain access to M&A market in financial sector

Evolution of strategic elements:

- When the M&A business shrank after Q1 03, we shrank the advisory group by 25% in Q2 03
 - We gave the ECM business 12 months to work, and as of yesterday, we substantially scaled back, releasing 35 people
 - We've invested in other businesses that compliment the Putnam Lovell NBF franchise e.g. structured finance, private placements, etc...
-

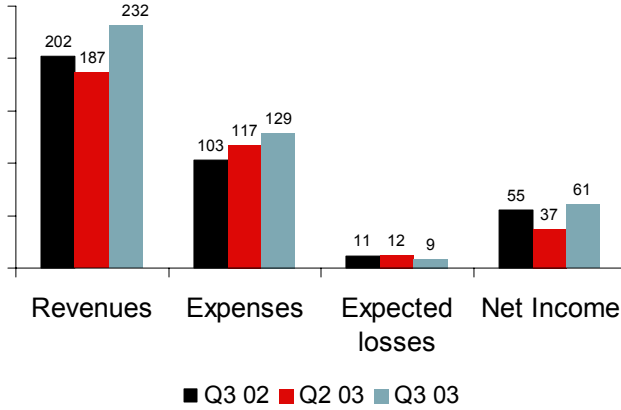
Result is improved bottom line, redistribution of resources to other businesses with new cost structure



22

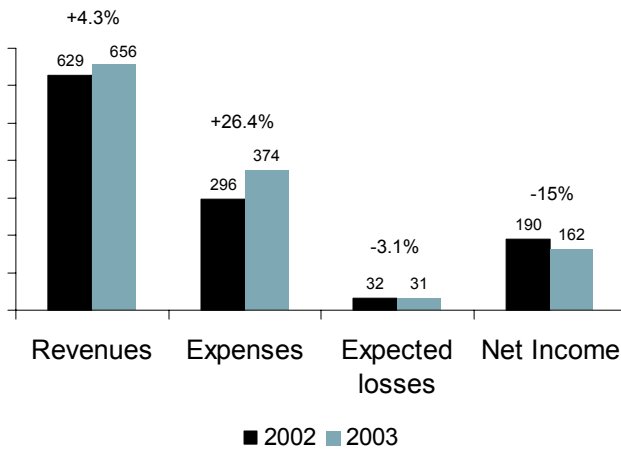
Financial Markets Quarterly

in millions of dollars



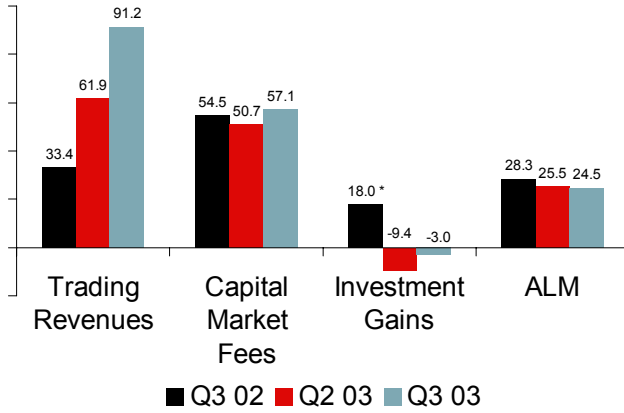
Financial Markets 9 Months

in millions of dollars



Treasury and Capital Market Activity

in millions of dollars



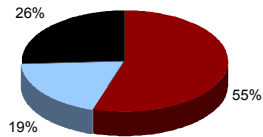
*Figure excludes Q3 02 impairment charge on investment



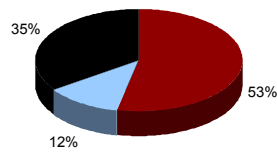
Business Line Breakdown

Year to date

Revenues



Earnings



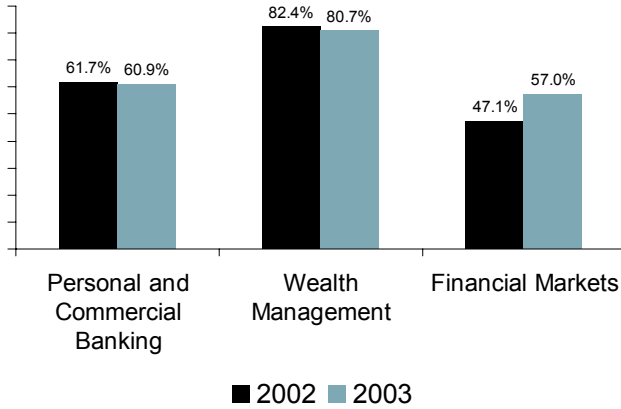
■ Personal and Commercial Banking
 ■ Wealth Management
 ■ Financial Markets

■ Personal and Commercial Banking
 ■ Wealth Management
 ■ Financial Markets



Business Line Expense Ratio

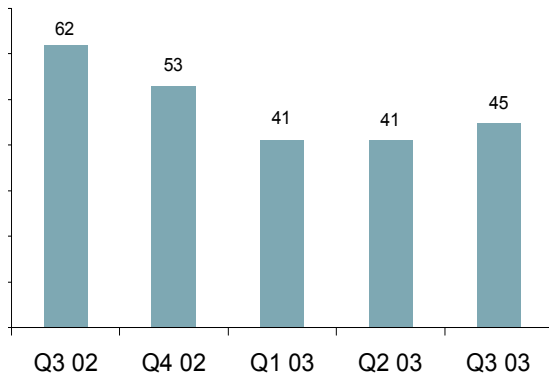
Year to date



Risk Management

Provision for credit losses

in millions of dollars



2003 Guidance revised:

45 to 50 bps of loans and BAs
(was previously 45 to 55 bps)



Impaired loans

In millions of dollars

	Q3 03	Q2 03
Gross impaired loans	\$470	\$467
Gross impaired loans as a % of tangible capital & reserves	13.2%	13.3%
Net impaired loans		
Individuals and small businesses	39	40
Commercial Canada	114	116
Corporate	50	33
Real Estate	29	36
Treasury	0	0
Other	<u>1</u>	<u>1</u>
Sub-total	233	226
General allowance for credit risk	<u>(405)</u>	<u>(405)</u>
Total - Net impaired loans	(172)	(179)
Net impaired loans as a % of loans and BAs	(0.4%)	(0.4%)



29

Telecom Exposure

As at June 30, 2003
in millions of dollars
Outstanding

Loans and BAs	Invest. grade	Non-Invest. grade	Total	% of loans and BAs
Telecommunications				
Wireless	\$9	\$26	\$35	0.08
Wireline	11	46	57	0.14
Total	20	72	92	0.22
Cable	56	75	131	0.31
TOTAL	76	147	223	0.53
Versus Q4 02	78	200	278	0.67



*No impaired loans

*Exposure reduction of \$55M vs Q4 02

30

Electric Power and Power Generation Exposure

As at June 30, 2003
in millions of dollars
Outstanding

Loans and BAs	Invest. grade	Non-Invest. grade	Loans and BAs	% of loans and BAs
Regulated Utilities	\$30	\$0	\$30	0.07
Generation Proj. with PPAs *	43	113	156	0.37
Other Generation Projects	12	17	29	0.07
TOTAL	85	130	215	0.51
Versus Q4 02	79	130	209	0.50

- No impaired loans
- Portfolio 100 % Canadian
- Almost all projects significantly covered by long term purchase power agreements
- PPAs : Purchase Power Agreements



31

Aerospace Exposure

As at June 30, 2003
in millions of dollars
Outstanding

	Net loans and BAs	% Invest. grade	% Non-Invest. grade	% of loans and BAs
Aircraft manufacturing	\$145	52	48	0.34
Air Transportation	35	-	100	0.08
Services	68	6	94	0.16
TOTAL Aerospace	248	33	67	0.59
Versus Q4 02	317	58	42	0.78

- No impaired loans
- Important exposure reduction of \$69M vs Q4 02



32

Impaired loan formation

In millions of dollars

	Q3 02	Q4 02	Q1 03	Q2 03	Q3 03
Personal and Commercial *	26.6	(0.9)	33.5	5.1	13.2
Corporate	1.6	18.7	(6.3)	31.3	25.1
Other	<u>5.3</u>	<u>(0.5)</u>	<u>1.7</u>	<u>0.5</u>	<u>1.8</u>
	33.5	17.3	28.9	36.9	40.1

* Includes Real Estate

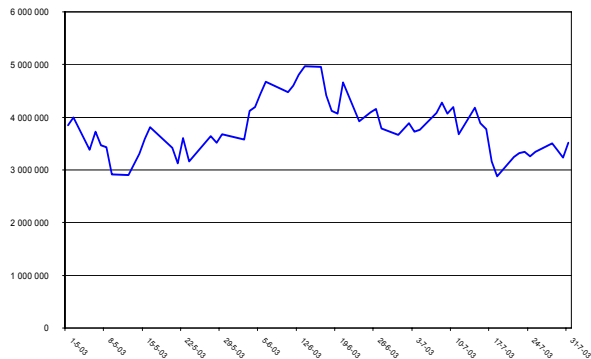
Formations include new accounts, disbursements, principal repayments and exchange rate fluctuation



33

Risk Management

VaR - Global Trading - Q2 2003 to Q3 2003
(Maximum 1-day loss at 99%)



34

Risk Management

- Excellent credit quality maintained again this quarter
- Stable impairment levels and formations



35

Continued Earnings Quality

Positive trends this quarter:

- Resilient earnings
- Momentum of franchise value
- Solid Business mix

Seeing strong pick up in Retail Brokerage

Maintaining focus on cost control

Well positioned to leverage capital markets improvement

Solid overall credit quality

Strong Balance sheet



36

This presentation may contain certain forward looking statements about the operations, objectives and strategies of the National Bank of Canada. Such statements are subject to risk and uncertainties. Actual results may differ materially due to a variety of factors, including legislative or regulatory developments, competition, technological change and economic conditions in Canada, North America or internationally. These and other factors should be considered carefully and readers should not place undue reliance on National Bank of Canada's forward-looking statements.

Please address any inquiries to:

Investor Relations: 514.394.0296

Public Relations: 514.394.8644

