

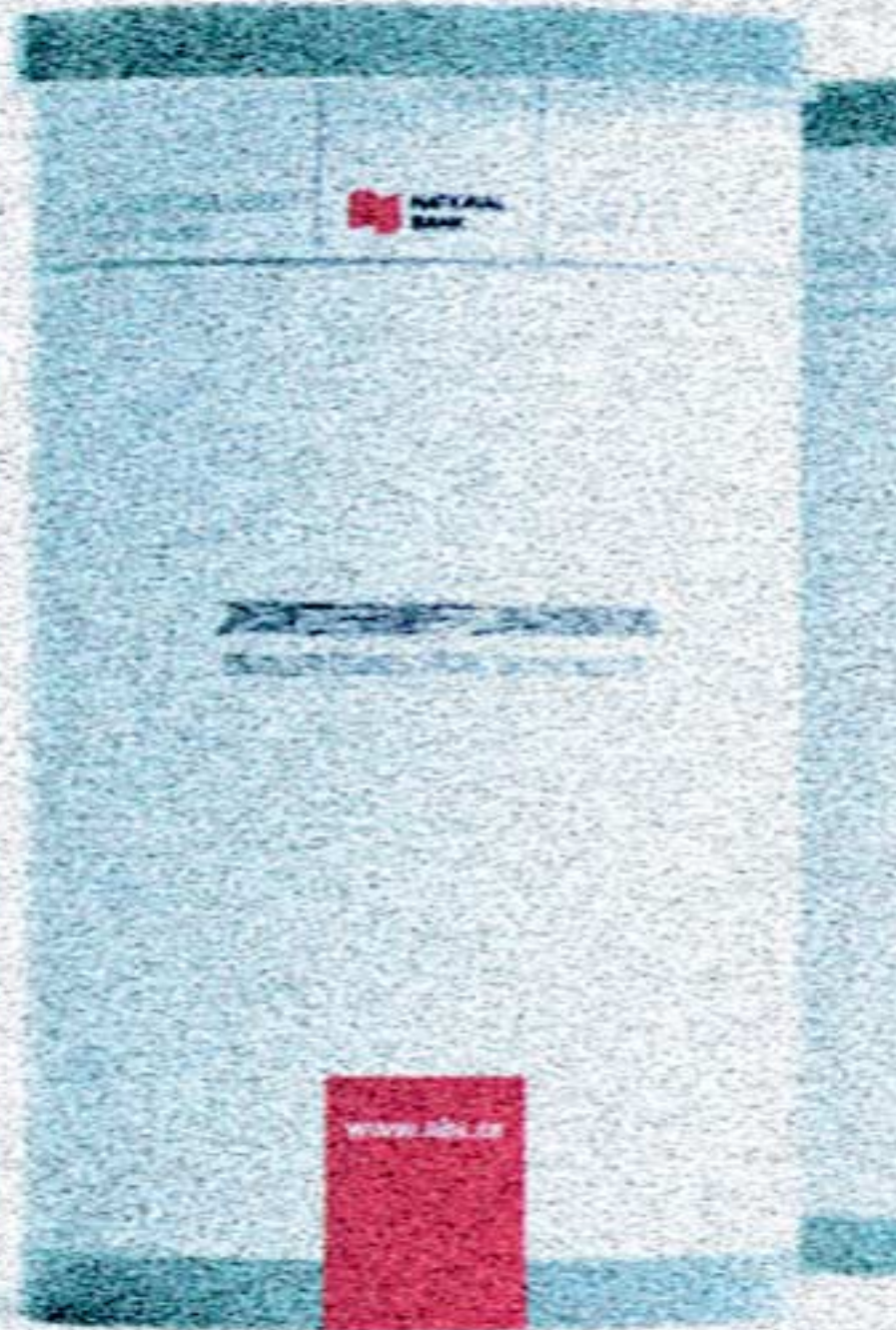


Analyst and Investor Presentation

Q1 2003 Results Conference Call

February 27, 2003

www.nbc.ca/investorrelations



First Quarter Highlights

- EPS growth +21%
- ROE at 17.6%
- Personal and Commercial Banking profitability high:
Net income at +32%
- High credit quality maintained
- Superior quarter for Capital Markets



All 2003 Performance objectives matched

	2003	Q1 03
Growth in earnings per share	5% to 10%	21%
Return on common shareholders' equity	14% to 16%	17.6%
Tier 1 capital ratio	8.75% to 9.50%	10.2%
Dividend payout ratio	30% to 40%	35%*

* Trailing 4 quarters, excluding impairment charge on investment



Quarterly snapshot

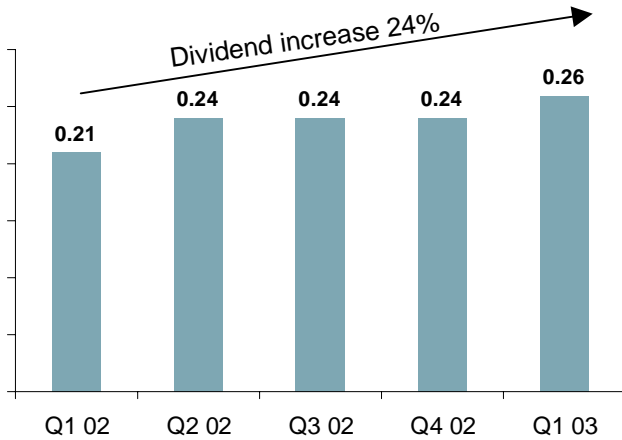
in millions of dollars

TEB

	Q1 03	Q4 02	Q1 02	Change Q103/Q402	Change Q1/Q1
Total Revenues	\$860	\$815	\$805	6%	7%
Operating expenses	548	540	501	2%	9%
Provision for credit losses	41	53	245	-22%	-83%
Net income	166	135	146	23%	14%
EPS	\$0.88	\$0.71	\$0.73	24%	21%
ROE	17.6%	14.5%	15.0%		

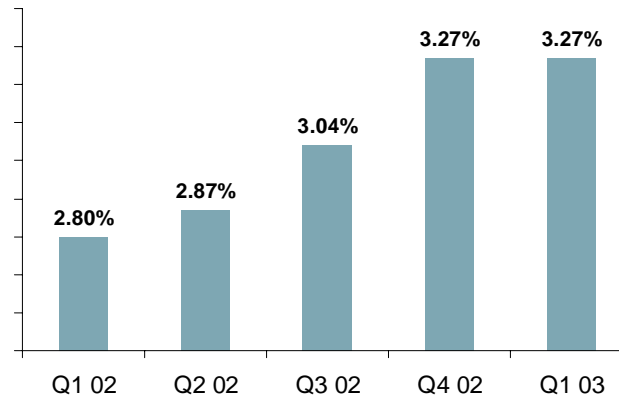


Dividend per share



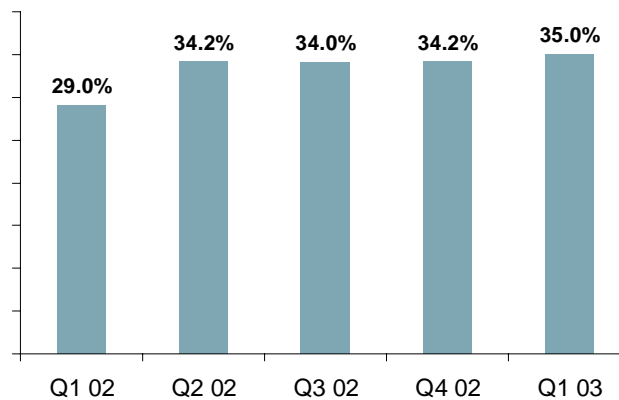
Dividend Yield

Annualized

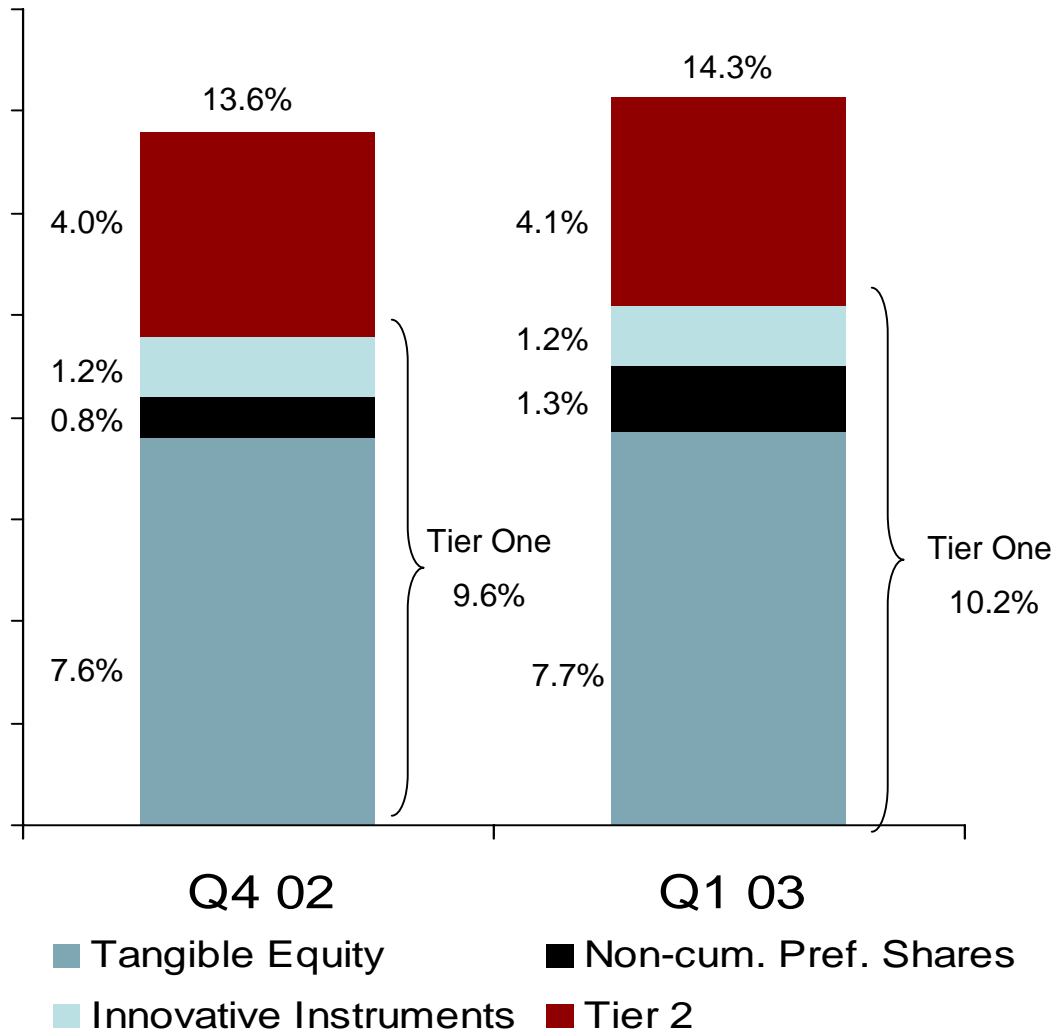


Dividend Payout

Trailing 4 quarters, excluding impairment charge on investment



Continued strong Capital ratios



Share buyback status at January 31st:

- 1.4 M shares bought back on 9.1M program
- Equals 15.7% or \$46 M
- \$200 M Preferred share issue



Economic and market environment Canada

Reference period December 2002

Retail sales	5.3%
Consumption	2.5%
Manufacturer's inventories	-3.3%
Investment (machinery and equipment)	-4.2%

Average annual growth (%) of past 12 months

Source: National Bank Financial

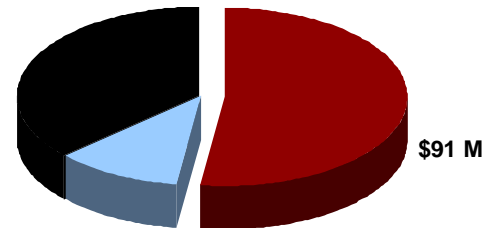


Personal and
Commercial Banking

Wealth Management

Financial Markets

Q1 03 Net Income



- Personal and Commercial Banking
- Wealth Management
- Financial Markets



Personal and Commercial Banking highlights

- **Acquisition of Standard Life Trust deposit portfolio:**
 - Boosts the Bank's deposit volumes by \$38.4 million

- **Continued innovative product launches:**
 - New Canadian *Blue Chip* Portfolio-linked note
 - Complete suite of variable return GIC's
 - MoneySense Magazine (Dec/Jan 03) ranks National Bank's family of funds top of list with high scoring on investor reward, performance and choice
 - Media recognition of National Bank's strong market position

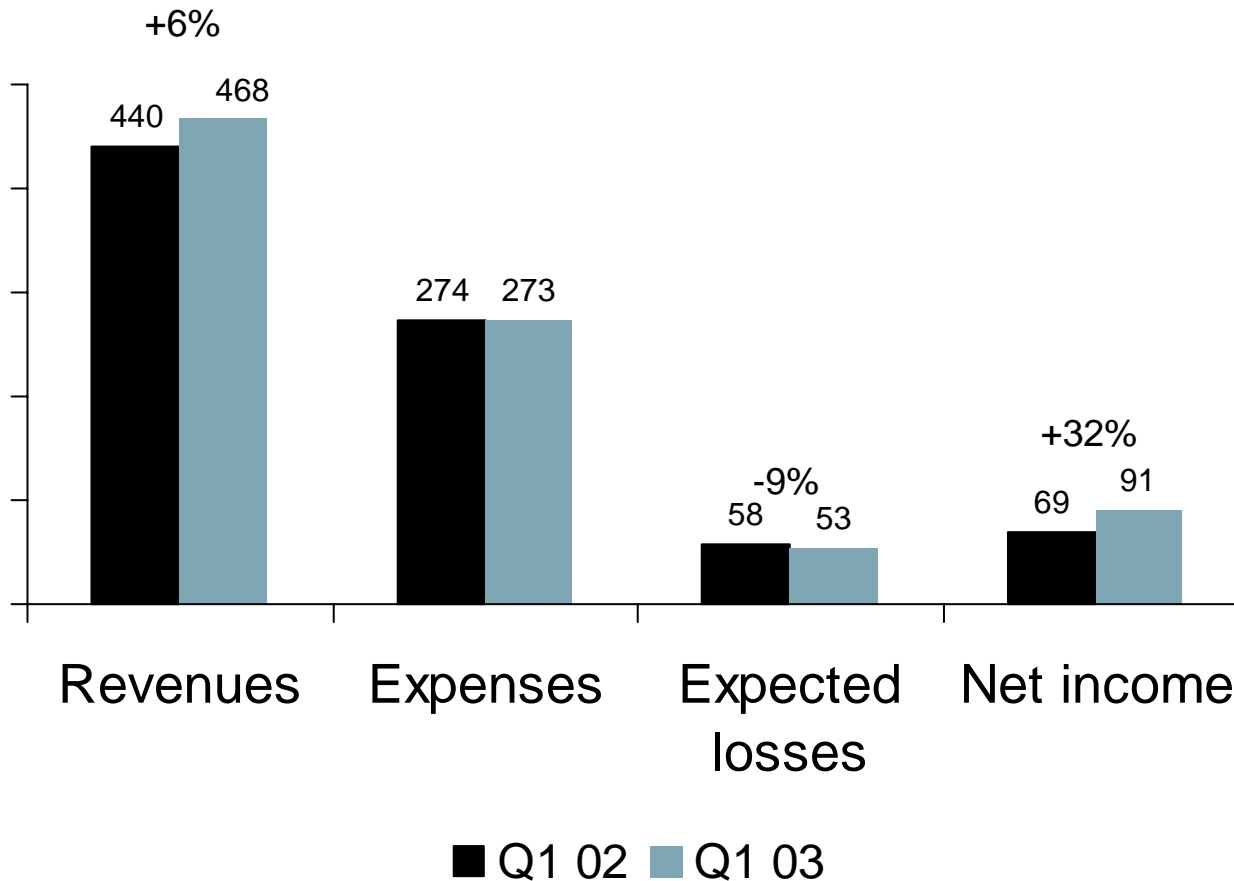
- **Combination of 400 Financial Planners, Personal Bankers and support teams currently servicing clients**

- **Improvements made to Business Services section of web page**



Personal and Commercial Banking

in millions of dollars



Increase driven by:

Volume

- Mortgage loans +2%
- Credit card receivables +11%
- Personal loans +3%
- Commercial loans -6%
- Deposits
 - Personal +3%
 - Commercial +15.6%

Overall margins +17bps

- Credit card receivables +123bps
- Retail Banking +7bps
- Commercial Banking +15bps

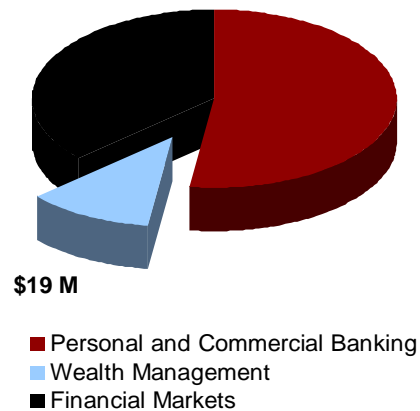


Personal and
Commercial Banking

Wealth Management

Financial Markets

Q1 03 Net Income



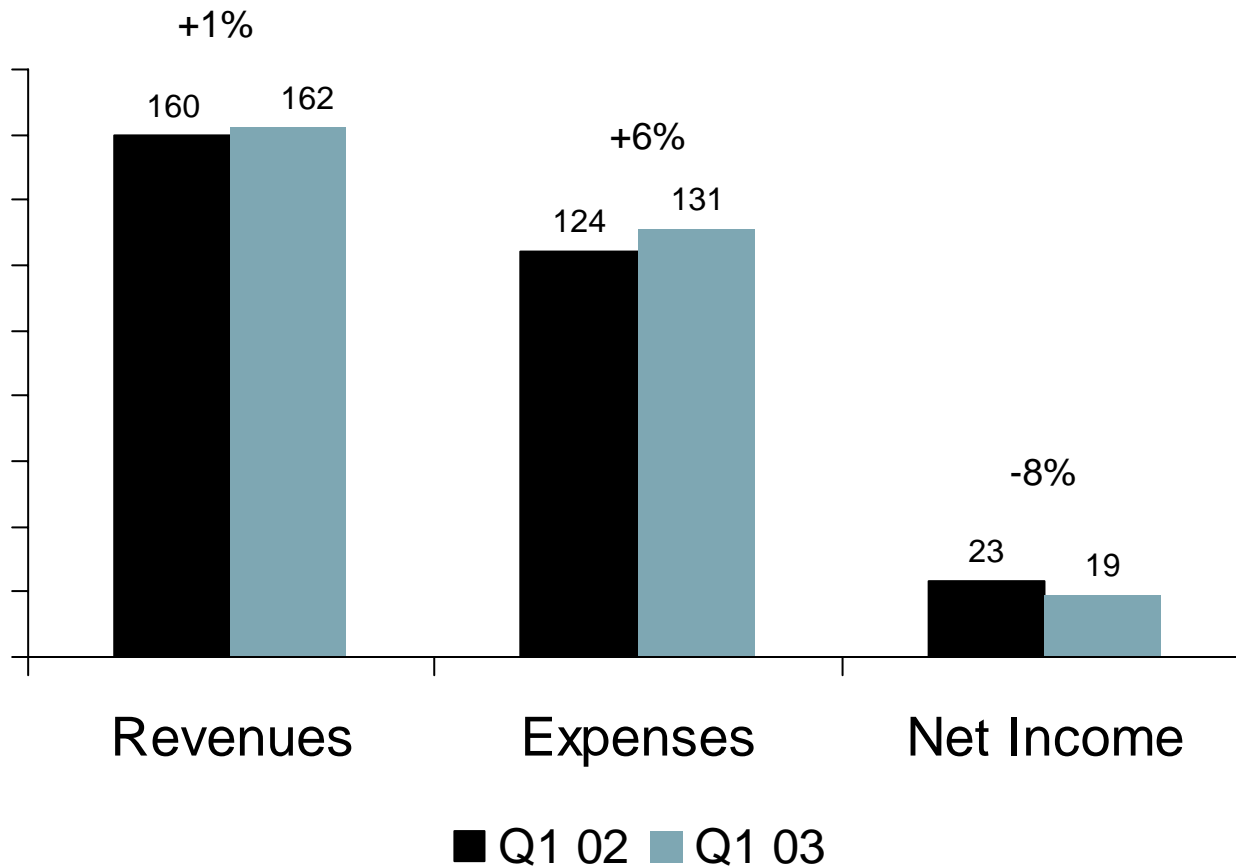
Wealth Management highlights

- **NB Discount Brokerage and Altamira – Dalbar winners!**
 - For the fourth quarter in a row, Dalbar has ranked National Bank Discount Brokerage in first place, tied with another brokerage firm, for the quality of its customer service.
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- Altamira has received the 2002 DALBAR Mutual Fund Service Award for outstanding client service in both English and French in Canada. Altamira has won the English award in four of the five years since it was first established and the French award in all four years of its existence.
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- **NBF Retail** has now launched its brand-new Turnkey Solutions. With these innovative products, discretionary management previously reserved for major investors – is now accessible to the greatest possible number of our clients.



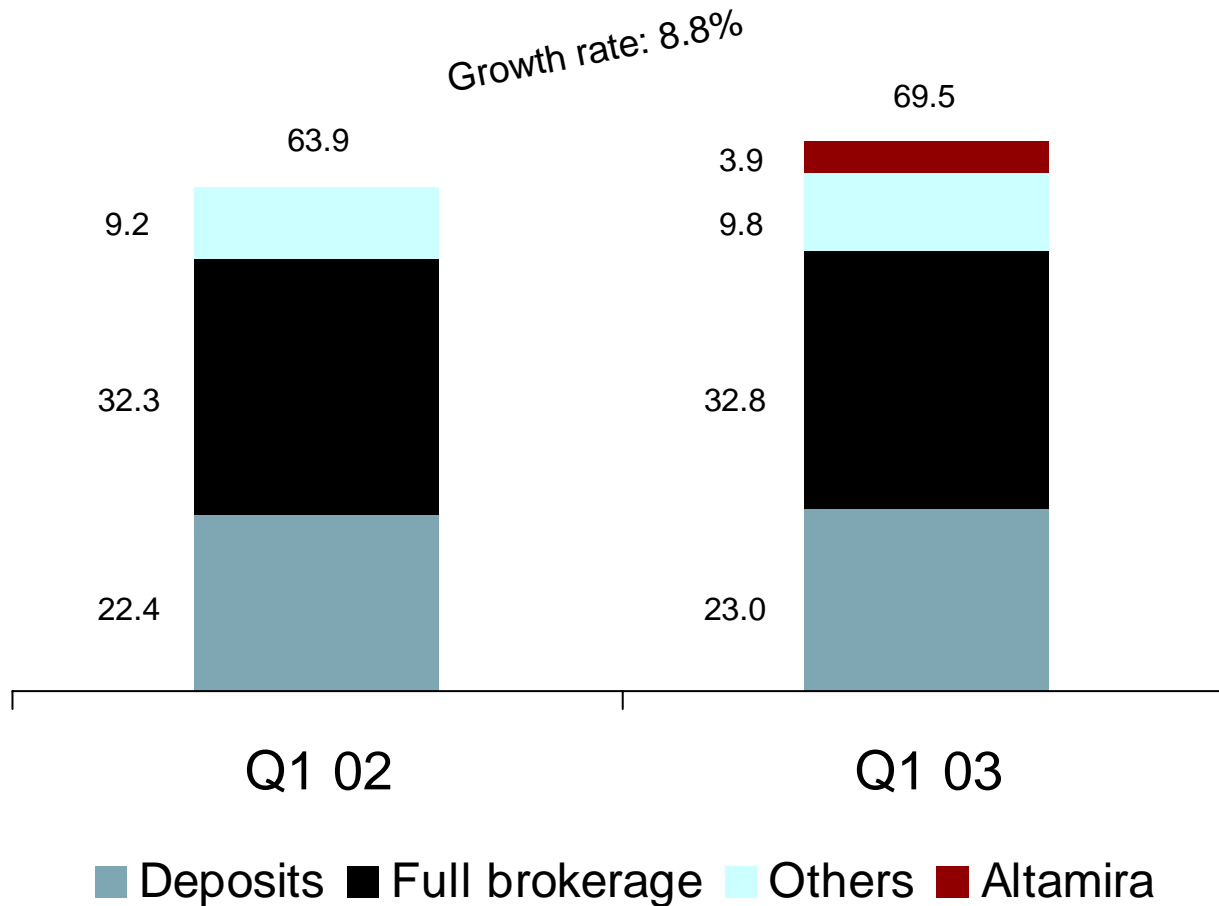
Wealth Management

in millions of dollars



Assets under Management growth

In billions of dollars
As at January 31



Others include Mutual Funds, Discount Brokerage and Trust Services



Asset Management trends

- **Industry in temporary pause**
 - **Asset gathering slower**
 - **Customers focusing on mortgages and GIC's**

- **Altamira**
 - **New volume coming from NB products offered by Altamira sales force (implementation Dec/Jan 03):**
 - **GIC (Regular, Multifund, Active Management and Index Linked)**
 - **RSP Loans**
 - **Cash performer**
 - **Cost control on target, continuing work on fund administration**

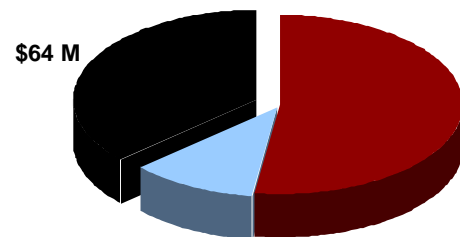


Personal and
Commercial Banking

Wealth Management

Financial Markets

Q1 03 Net Income



- Personal and Commercial Banking
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- Financial Markets



Financial Markets highlights

- **Continued weakness in global markets**

- **NBF signs IT agreement with IBM**

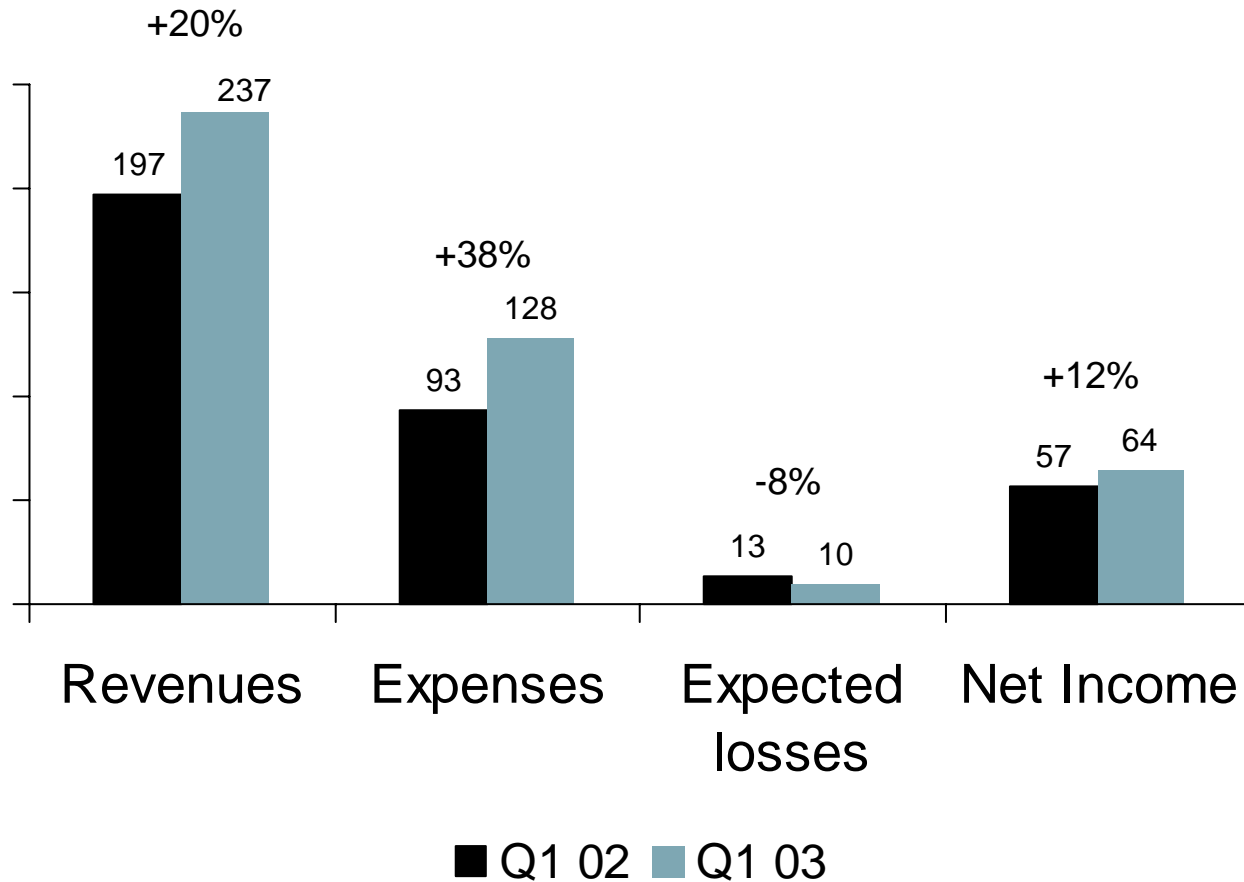
- **Fixed income continues to turn in strong performance**

- **Ongoing reduction of Putnam cost base**



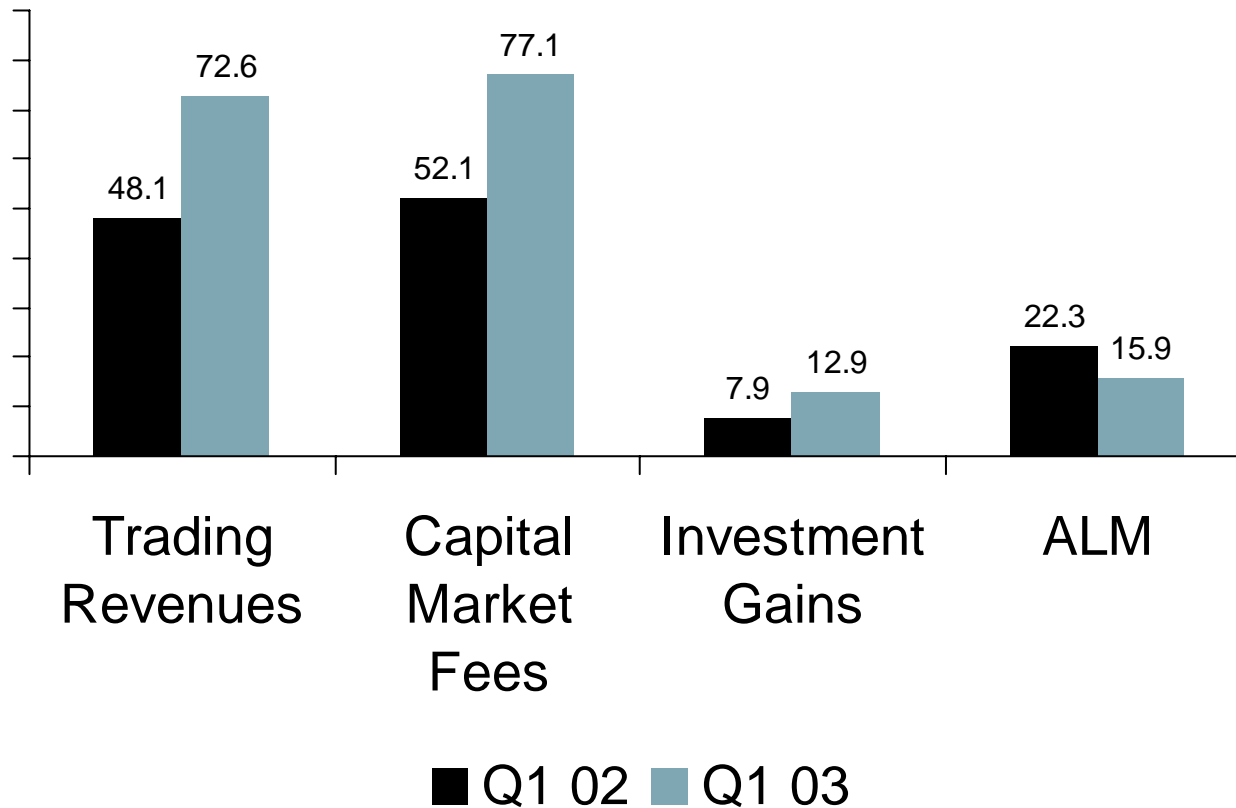
Financial Markets

in millions of dollars



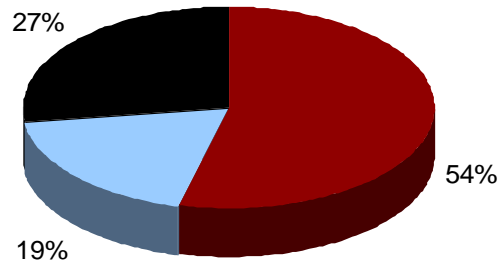
Treasury and Capital Market Activity

in millions of dollars



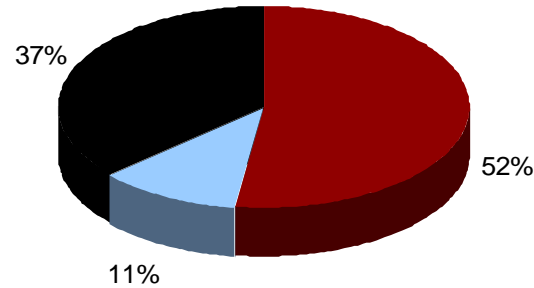
Business Line Breakdown

Revenues



- Personal and Commercial Banking
- Wealth Management
- Financial Markets

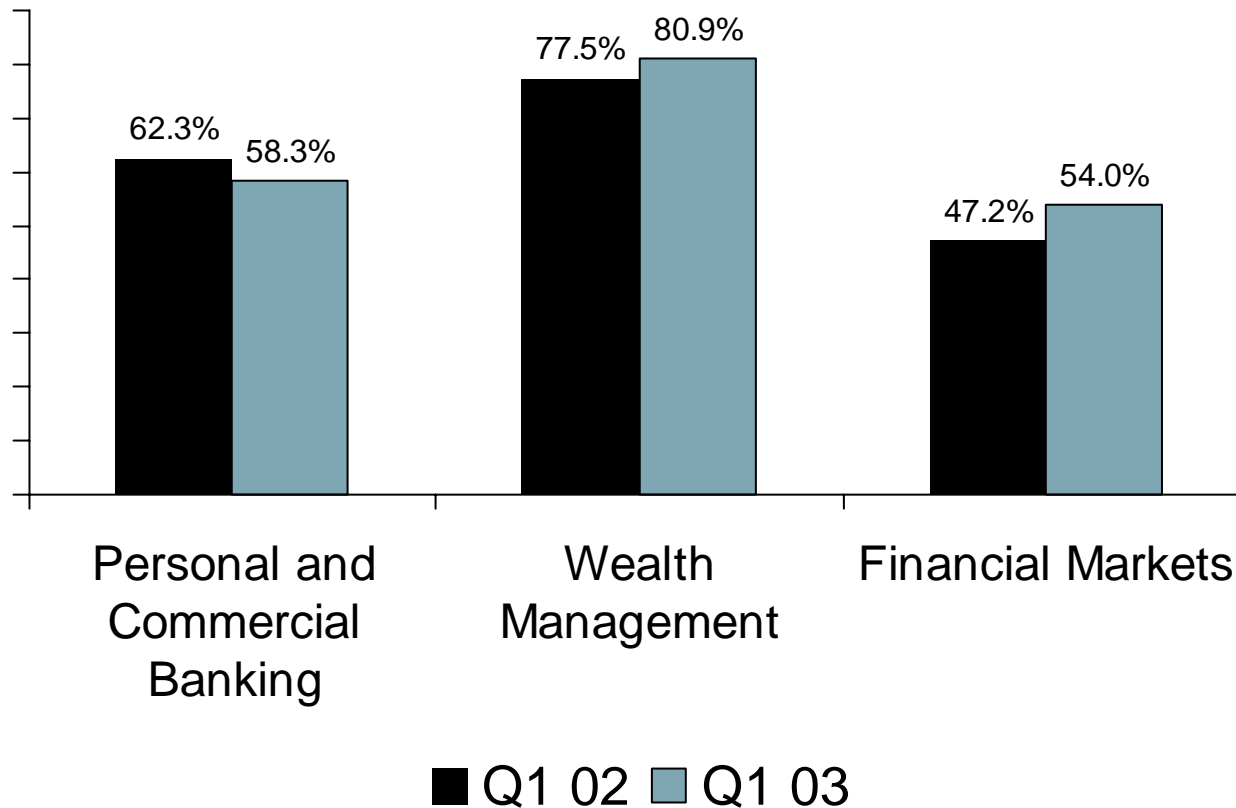
Earnings



- Personal and Commercial Banking
- Wealth Management
- Financial Markets



Business Line Expense Ratio



Continued implementation of major productivity enhancement programs balanced with business development investments



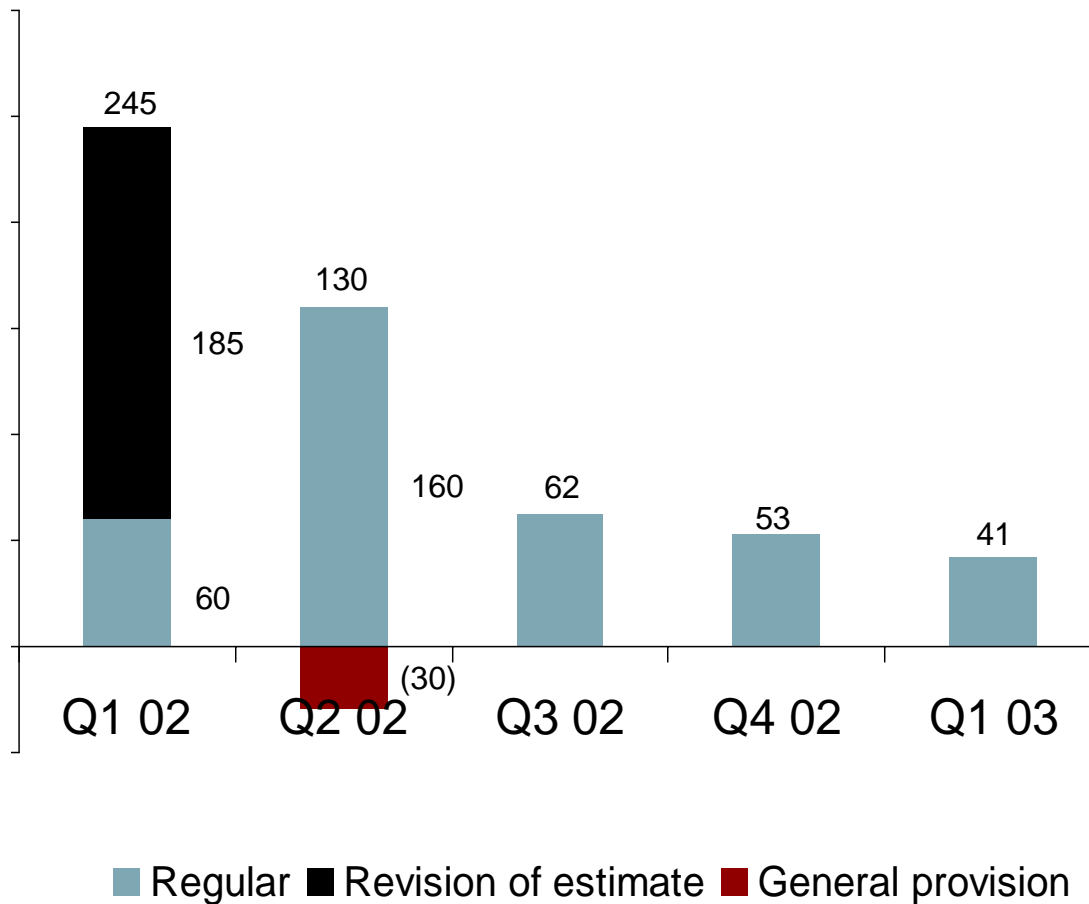
Risk Management

- **Successful at lowering credit risk**
 - Lower impairment
 - Lower loan losses
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Provision for credit losses

in millions of dollars



2003 Guidance:

45 to 55 bps of loans and BAs



Impaired loans

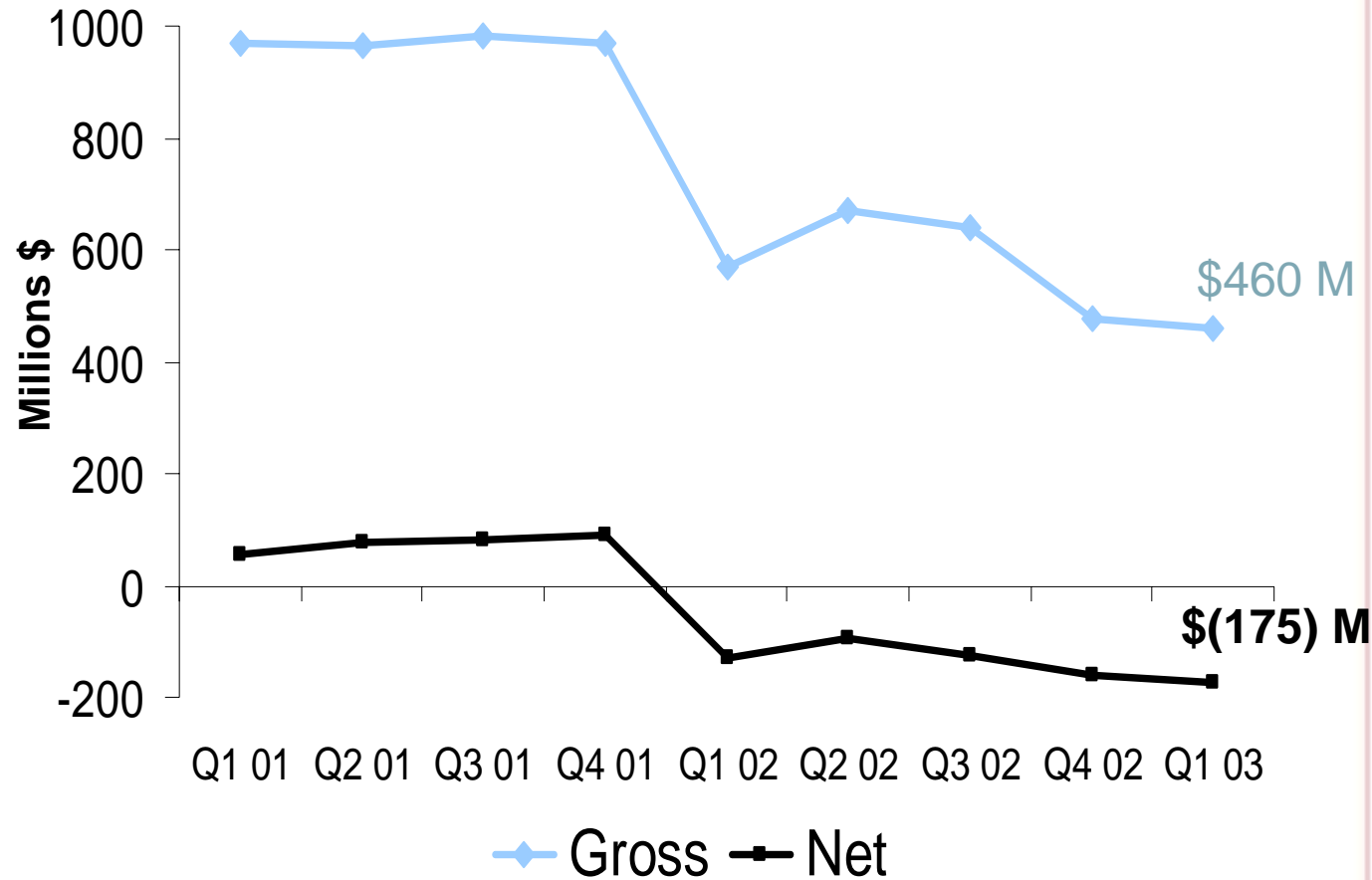
In millions of dollars

	Q1 03	Q4 02
Gross impaired loans	\$460	\$503
Gross impaired loans as a % of tangible capital & reserves	12.7%	14.1%
Net impaired loans		
Individuals and small businesses	42	59
Commercial Canada	119	99
Corporate	19	36
Real Estate	45	44
Treasury	3	3
Other	<u>0</u>	<u>5</u>
Sub-total	228	246
General allowance for credit risk	<u>(405)</u>	<u>(405)</u>
Total - Net impaired loans	(175)	(159)
Net impaired loans as a % Loans and BA's	(0.43%)	(0.38%)



Credit Portfolio

Private Risk



Impaired loan formation

In millions of dollars

	Q1 02	Q2 02	Q3 02	Q4 02	TOTAL	Q1 03
Retail	11.6	12.2	1.3	6.8	31.9	2.6
Commercial	35.1	0.6	18.2	(18.1)	35.8	32.0
Corporate	22.9	146.8	1.6	18.7	177.0	(6.4)
Real Estate						
Canada	13.2	9.9	7.1	10.4	40.6	(1.1)
United States	(3.2)	-	-	-	(3.2)	-
Other	(0.7)	12.5	5.3	(0.5)	29.6	1.8
Discontinued operations	<u>44.3</u>	=	=	=	<u>44.3</u>	=
	123.2	182	33.5	17.3	356.0	28.9

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



Telecom Exposure

As at December 31, 2002
in millions of dollars
Outstanding

Loans and BAs	Invest. grade	Non-Invest. grade	Total	% of loans and BAs	Net Impaired loans and BAs
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Telecommunications

Wireless	\$29	\$72	\$101	0.23	5
Wireline	11	50	61	0.14	2
Total	40	122	162	0.37	7

Cable	34	84	118	0.28	-
TOTAL	74	206	280	0.67	7

Decrease of net impaired loans and BAs from last quarter 16M\$



Electric Power and Power Generation Exposure

As at December 31, 2002
in millions of dollars
Outstanding

Loans and BAs	Invest. grade	Non-Invest. grade	Loans and BAs	% of loans and BAs
Regulated Utilities	\$2	\$0	\$2	0.00
Generation Proj. with PPAs *	31	128	160	0.38
Other Generation Projects	10	9	18	0.04
TOTAL	43	137	180	0.42

No impaired loans

Portfolio 100 % Canadian

Almost all projects significantly covered by long term purchase power agreements

* PPAs : Purchase Power Agreements



Aerospace Exposure

As at January 31, 2003
in millions of dollars
Outstanding

	Net Loans and BAs	% Invest. grade	% Non-Invest. grade	% of loans and BA's
Aircraft manufacturing	\$222.7	66	34	0.53
Air Transportation	82.8		100	0.20
Services	31.6	33	67	0.08
TOTAL Aerospace	337.1	47	53	0.81

No impaired loans



Automotive Exposure

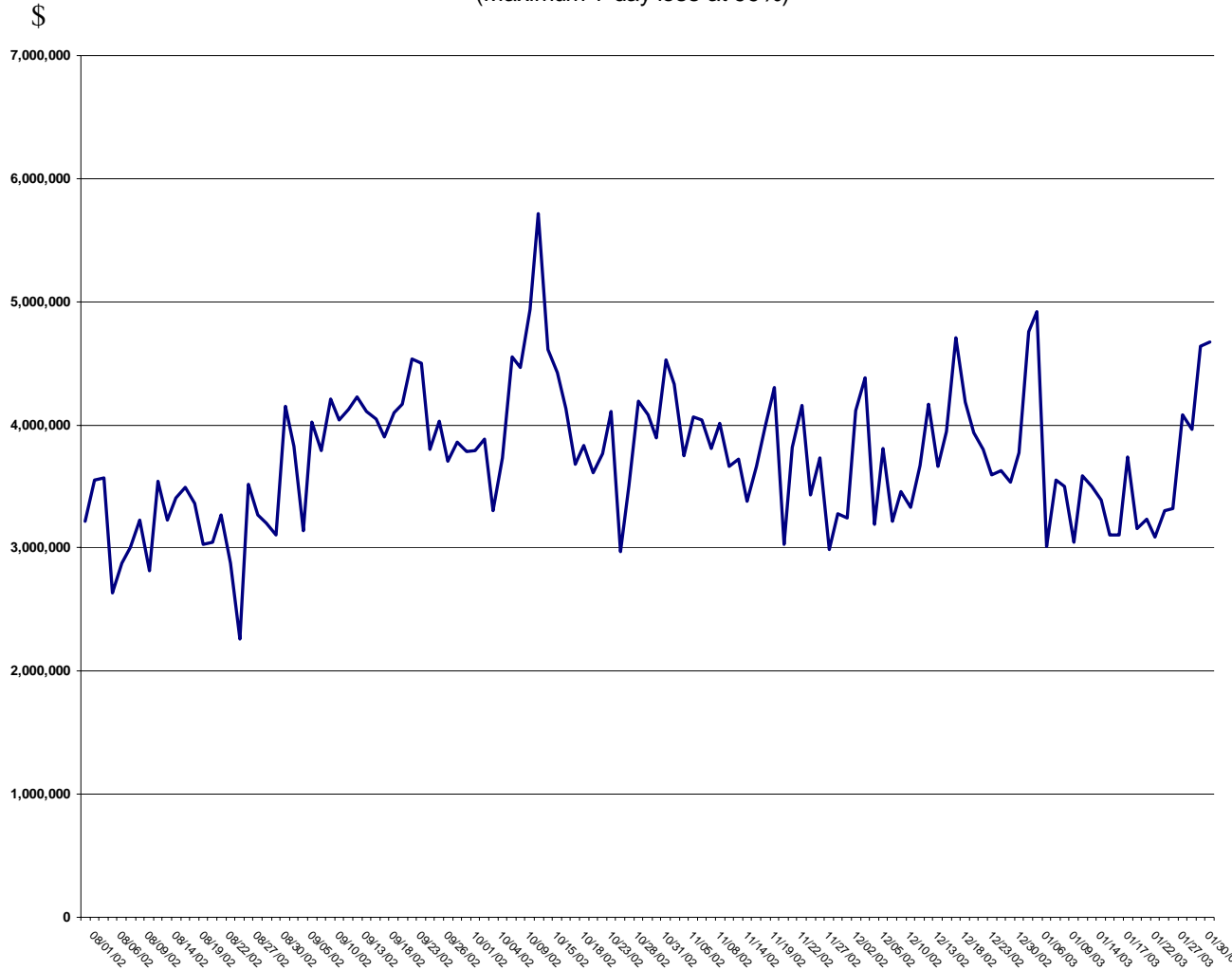
As at December 31, 2002
in millions of dollars
Outstanding

	Loans and BAs	% Invest. grade	% Non-Invest. grade	% of loans and BA's	Net Impaired loans and BAs
Automotive motor vehicle	-	-	-	-	-
Automotive parts	\$137.1		100	0.33	2



Risk Management

VaR - Global Trading - Q4 2002 to Q1 2003
(Maximum 1-day loss at 99%)



Possible opportunities in market of utilization of VaR limits



Strategic guidelines intact:

- Productivity enhancement continues to be a priority
- Solid capital base
- Ongoing integration of recent acquisitions
- Continued overall high credit quality
- Shareholder value and returns complemented by business line performance



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.

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