



Investor Presentation

Q4 2002 Results Conference Call

December 5th, 2002

www.nbc.ca/investorrelations

Delivering on strategic promises

Action taken

Q1 02

- ✓ Sale of US Asset based lending operations
- ✓ Active loan book management
- ✓ Strong improvement in credit ratios
- ✓ Renewal of 10 year \$1.1 B IBM IT outsourcing contract

Q2 02

- ✓ Announced first common share buyback
- ✓ Acquisition of Putnam Lovell

Q3 02

- ✓ Acquisition of Altamira

November 02

- ✓ Banking product distribution agreement with Investors Group, Great-West Life and London Life

2002 in Review

Quarterly Performance:

- ROE (adjusted) 15.7% vs 11.9% in Q4 01
- 26% increase in Net income (adjusted):
 - +22% increase for Personal Banking and Wealth Management
 - +11% increase for Commercial
- NBF Institutional performance strong, offset by lower trading revenues

Yearly Performance:

- 50% decline in gross non performing loans
- Stable EPS
- Share buyback completed
- Common share dividend increase of 8%, raising it to \$0.26

Financials

Distinguishing one-time items to better understand underlying trends



Cash Basis (Millions \$)

	Q4 02	Q4 01	2002	2001
Reported Net Income	\$135	\$147	\$429	\$582
Adjustments Net of Income Taxes				
Gain on sale of Merchant Card business	-	(\$47)	-	(\$47)
Reevaluation of investments	\$1	-	\$113	-
Fixed assets write off	\$6	-	\$6	-
Revision of estimated allowance	-	-	\$118	-
Discontinued Operations	\$4	\$16	(\$111)	\$45
Adjusted Net Income	\$146	\$116	\$555	\$580
EPS - Reported	\$ 0.71	\$ 0.73	\$ 2.18	\$ 2.88
Adjusted	\$ 0.77	\$ 0.56	\$ 2.86	\$ 2.87
ROE - Reported	14.5%	15.4%	11.3%	16.0%
Adjusted	15.7%	11.9%	14.7%	15.9%

Quarterly Performance Review



Adjusted

Cash Basis
(Millions \$)

	Q4 02	Q3 02	Q4 01	Evolution	
				Y/Y	Q/Q
Revenues	\$817	\$804	\$799	2%	2%
Net income	\$146	\$141	\$116	26%	4%
EPS	\$0.77	\$0.74	\$0.56	38%	4%
ROE	15.7%	15.0%	11.9%		

Yearly Performance Review



Adjusted

Cash Basis
(Millions \$)

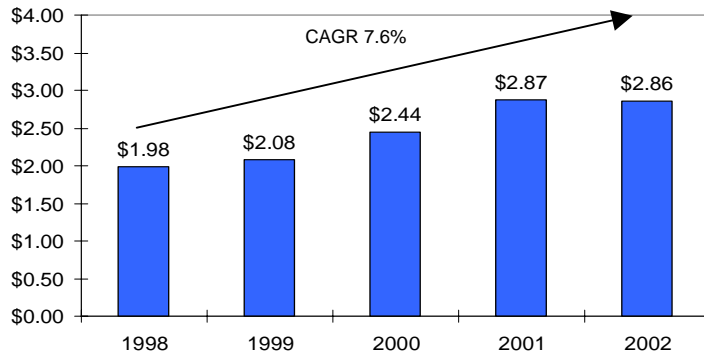
	2002	2001	2000	Evolution	
				2002/2001	2001/2000
Revenues	\$3,253	\$3,171	\$3,036	3%	4%
Net income	\$555	\$580	\$490	-4%	18%
EPS	\$2.86	\$2.87	\$2.44	0%	18%
ROE	14.7%	15.9%	14.7%		
Expense ratio	62.4%	62.7%	65.8%		

Strong fundamentals

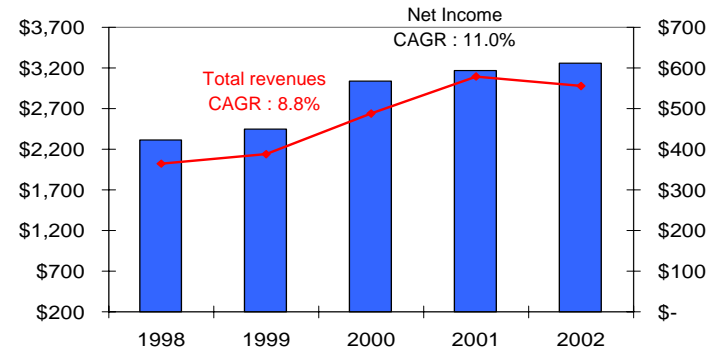
Adjusted, Cash basis



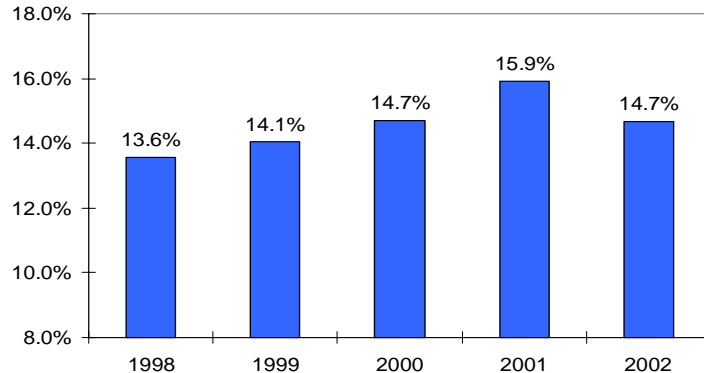
Earnings per Share



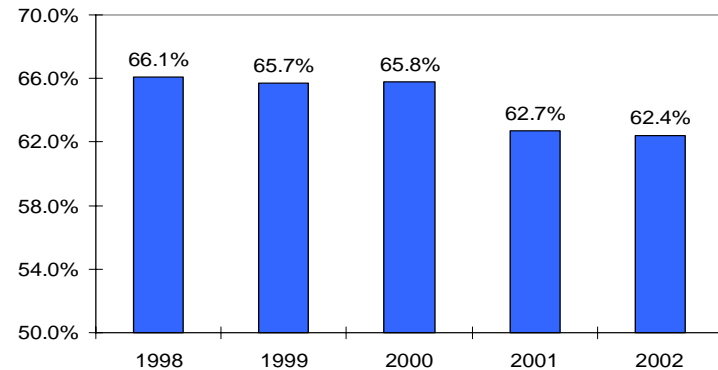
Total Revenues and Net Income (Millions \$)



ROE



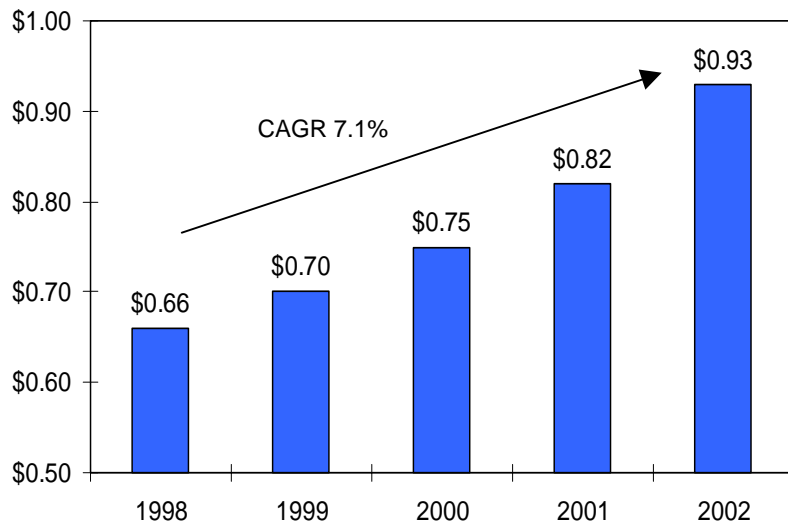
Expense Ratio



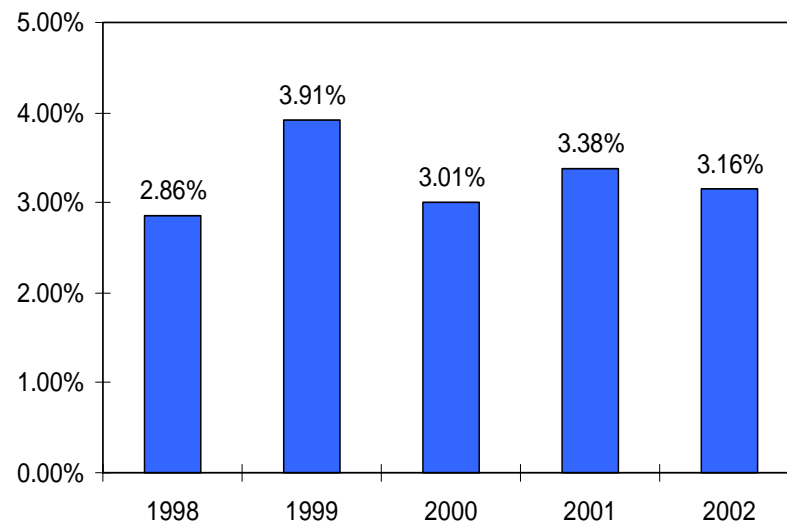


Steady growth of Common Share dividend

Per common share dividend



Dividend Yield

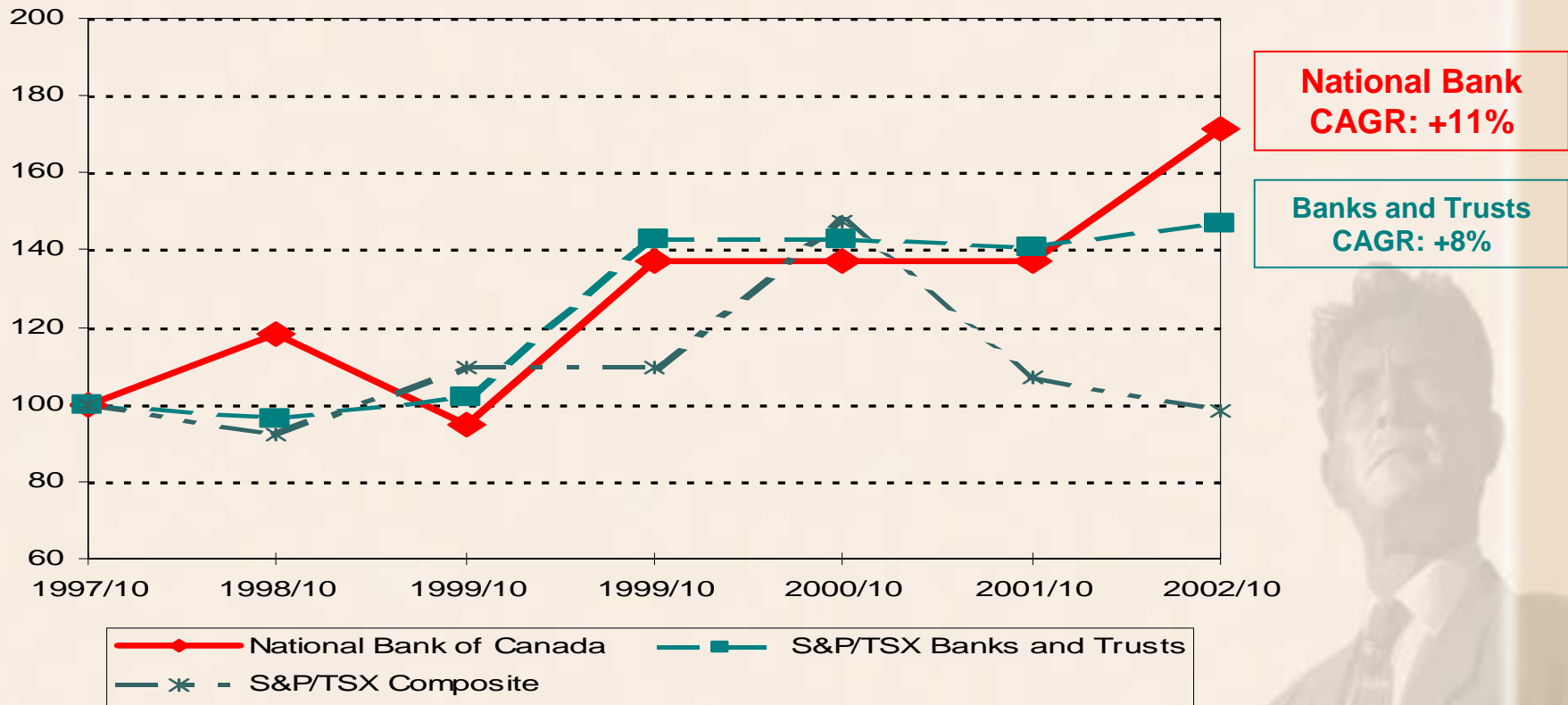


*Yield calculation:
closing price/trailing four quarters dividend*

5 Year Total Shareholder Return



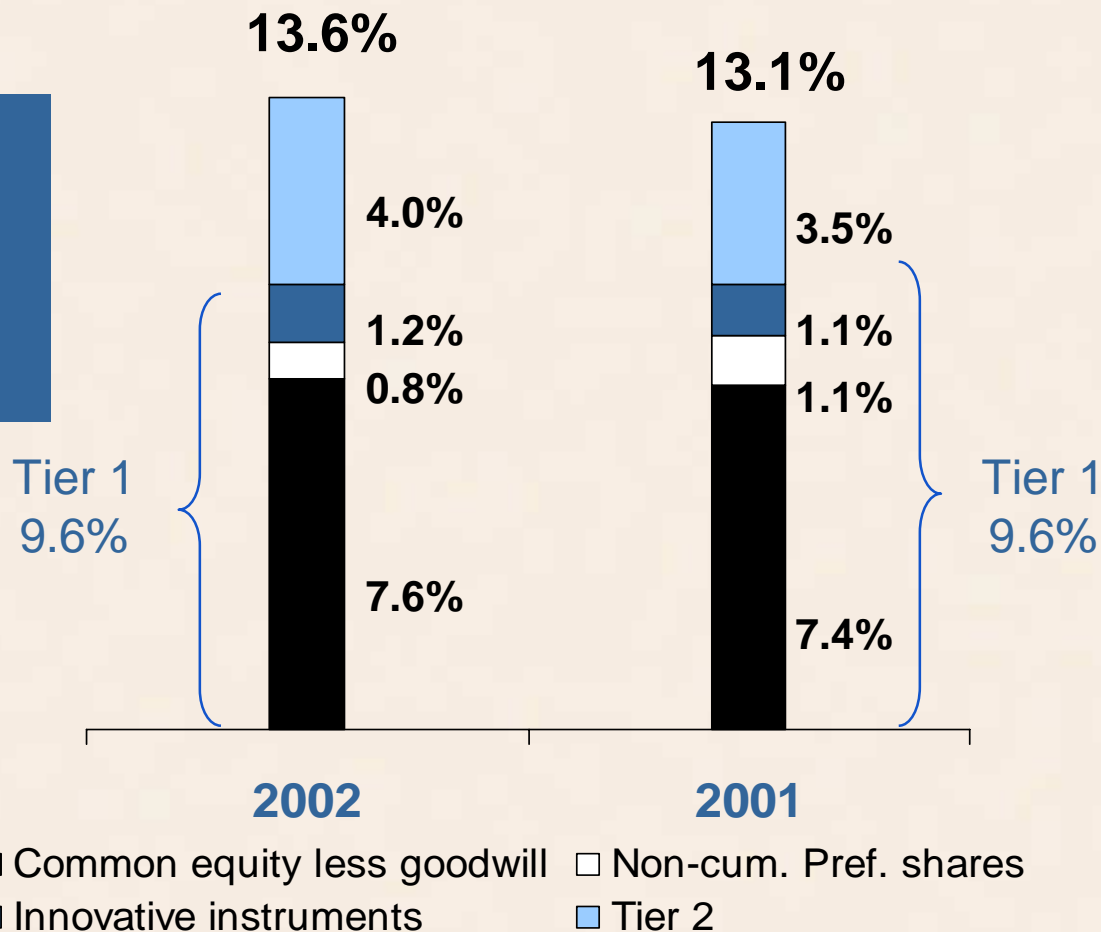
Total Return Index Values



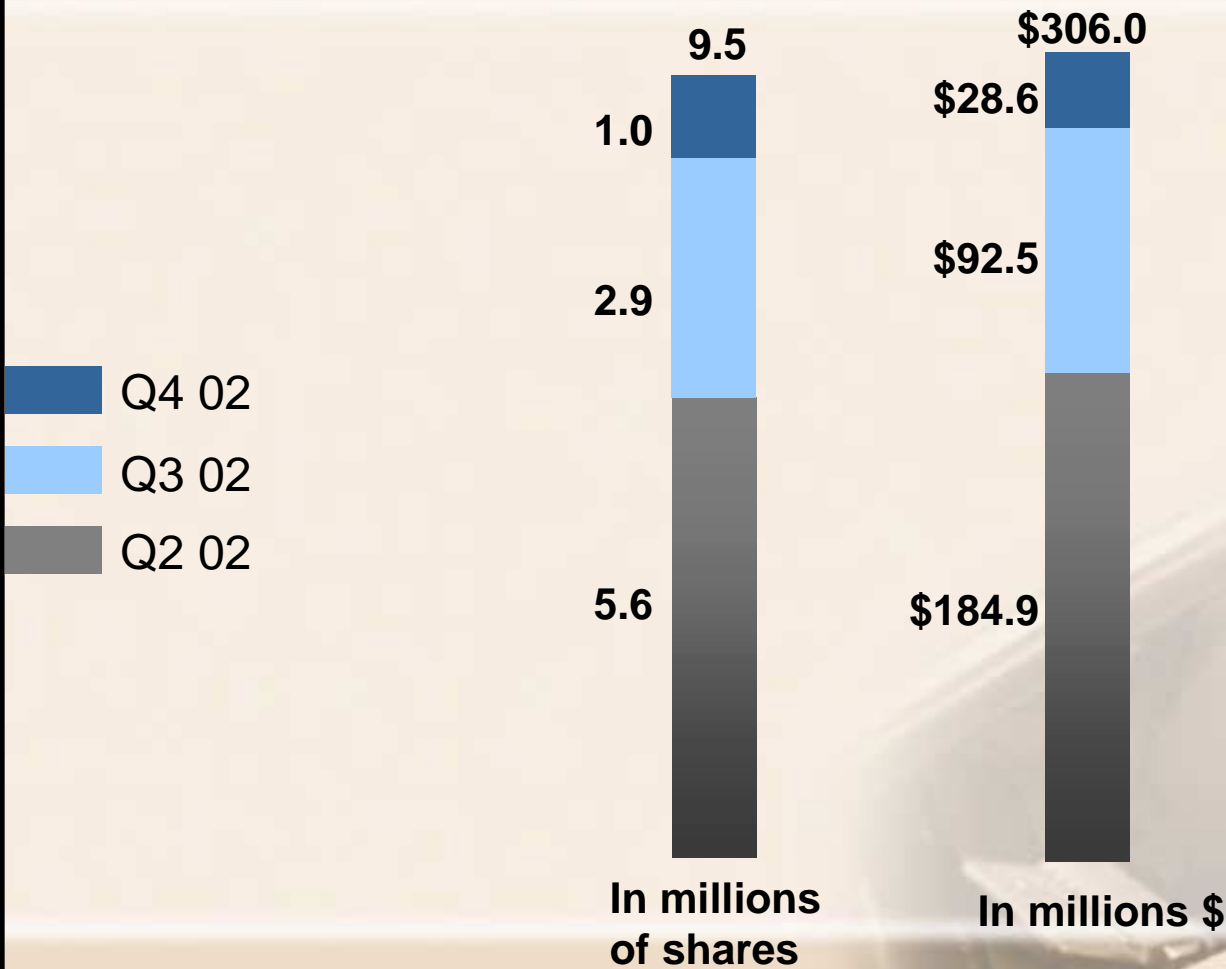
Best overall capital ratios of industry



Levels remain high even following completion of share buyback program, Putnam Lovell and Altamira acquisitions



Share buyback status: Completed





Sectoral Results **Financial Performance**

Adjusted

*For the period ending October 31
in millions of dollars*

	Q4 02	vs Q4 01		2002	vs 2001	
		\$	%		\$	%
Revenues	496	↑ 22	5	1,936	↑ 25	1
Non interest expenses	374	↑ 9	2	1,443	↑ 23	2
Expected loan losses	25	↓ 2	(7)	97	↓ 1	(1)
Net income	62	↑ 11	22	253	↑ 9	4



Sectoral Results **Financial Performance**

Adjusted

*For the period ending October 31
in millions of dollars*

	Q4 02	vs Q4 01		2002	vs 2001	
		\$	%		\$	%
Revenues	353	↑ 11	3	1,381	↑ 28	2
Non interest expenses	249	↑ 5	2	966	↑ 10	1
Expected loan losses	23	↓ 3	(12)	94	↓ 2	(2)
Net income	51	↑ 7	16	205	↑ 19	10

Very strong performance despite a challenging environment
 Net income increase of 16% for quarter and 10% for year
 Consumer loan increase of 5.2%
 Credit card volumes +10%
 Personal Banking margins slightly improving: + 2 bps



Sectoral Results **Financial Performance**

Adjusted

*For the period ending October 31
in millions of dollars*

	Q4 02	vs Q4 01		2002	vs 2001	
		\$	%		\$	%
Revenues	143	↑ 11	8	555	↓ 2	-
Non interest expenses	125	↑ 4	3	477	↑ 13	3
Expected loan losses	2	↑ 1	100	3	↑ 1	50
Net income	11	↑ 4	57	48	↓ 10	(17)

Quarterly results reflect Altamira acquisition

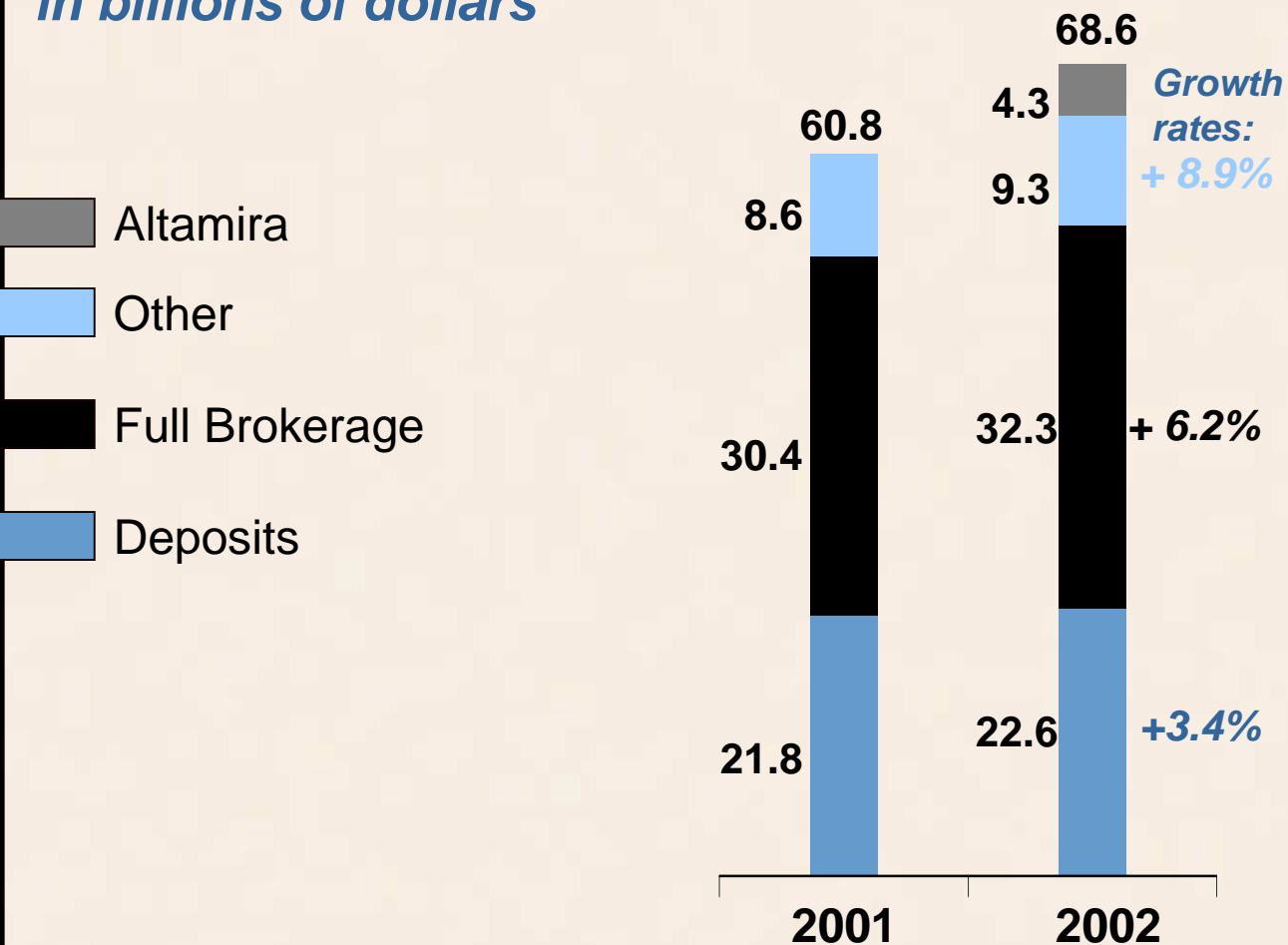
Reduced expense level for Trust Services and Mutual Funds



Continuing Assets under Management growth

As at October 31
in billions of dollars

Growth rate: 12.6%



Other includes Mutual Funds, Discount Brokerage and Trust Services

Financial Performance



Adjusted

For the period ending October 31
in millions of dollars

	Q4 02	vs Q4 01		2002	vs 2001	
		\$	%		\$	%
Revenues	106	↓ 5	(5)	425	↓ 7	(2)
Non interest expenses	37	↓ 3	(8)	153	↑ 1	1
Expected loan losses	20	↓ 6	(23)	83	↓ 5	(6)
Net income	31	↑ 3	11	119	stable	stable

Positive migration in expected losses

Reduced revenues due to lower volumes offset by lower expected losses



Sectoral Results Financial Performance

Adjusted

*For the period ending October 31
in millions of dollars*

	Q4 02	vs Q4 01		2002	vs 2001	
		\$	%		\$	%
Revenues	207	↑ 13	7	861	↑ 126	17
Non interest expenses	124	↑ 28	29	431	↑ 65	18
Expected loan losses	7	↓ 3	(30)	31	↓ 1	(3)
Net income	48	↓ 6	(11)	250	↑ 46	23

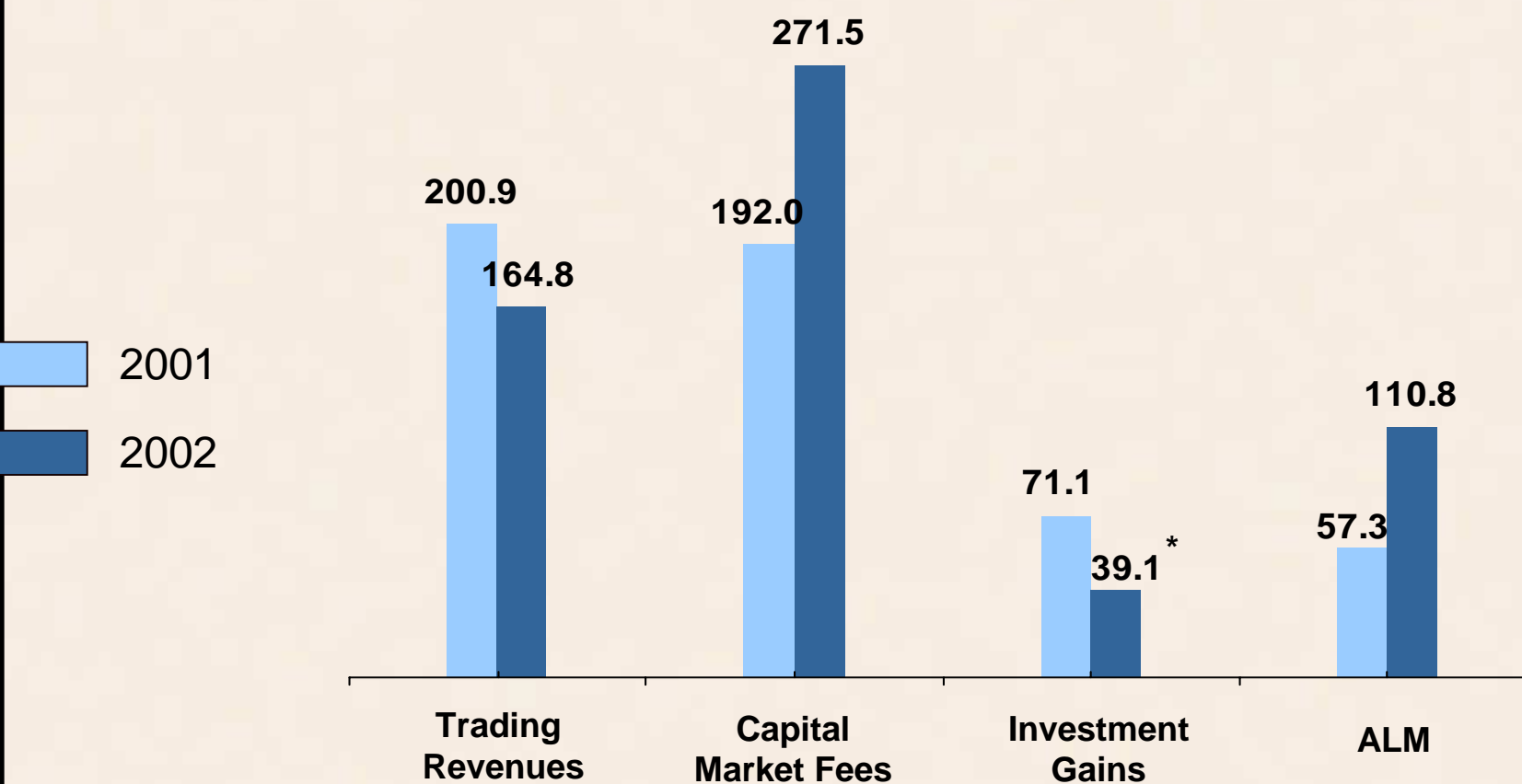
Strong Asset Liability Management
Continued slowdown in trading activities
NBF Institutional performing well



Treasury and Capital Market activities

Adjusted

For the year ending October 31
in millions of dollars

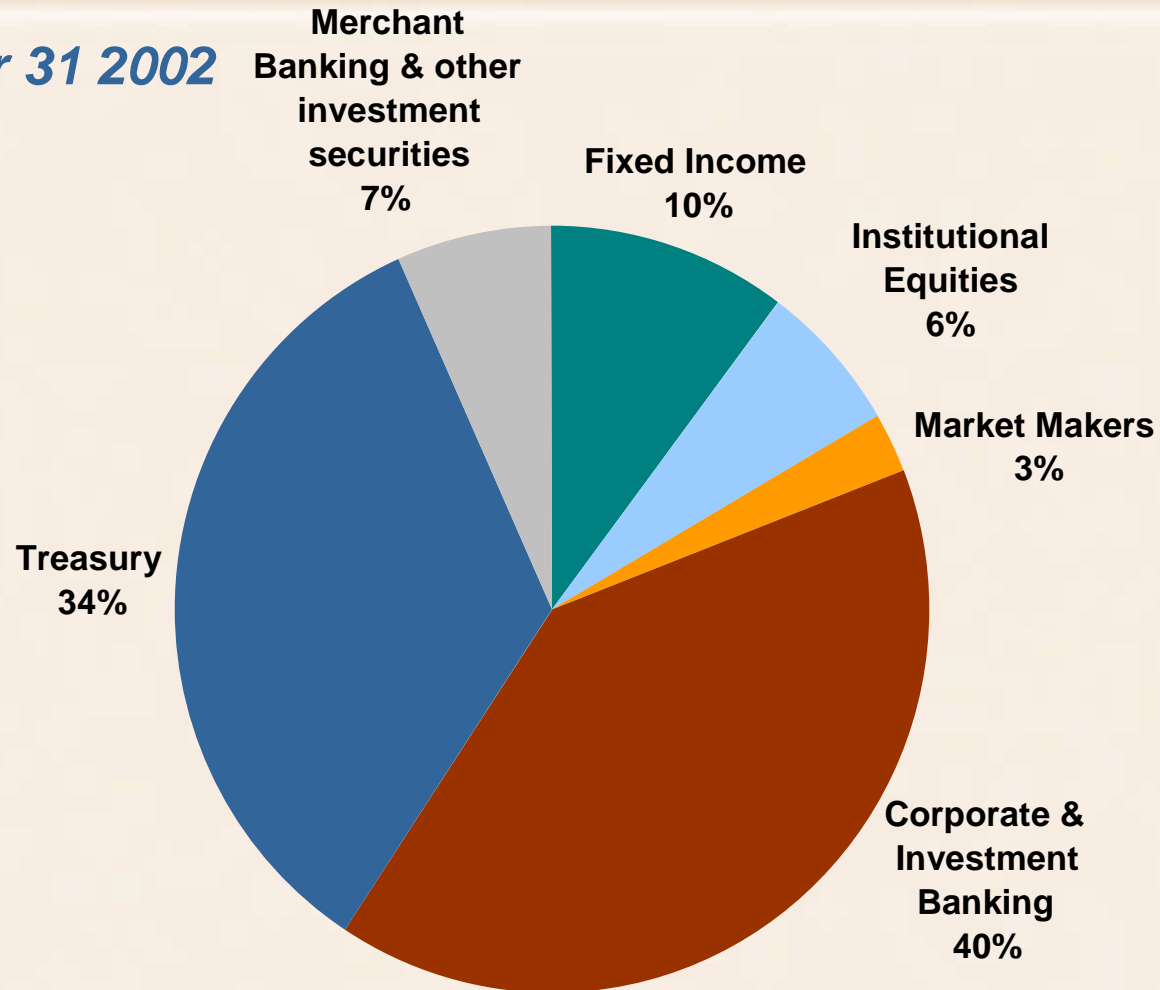


* Excluding investment reevaluation



Composition of revenue

As at October 31 2002

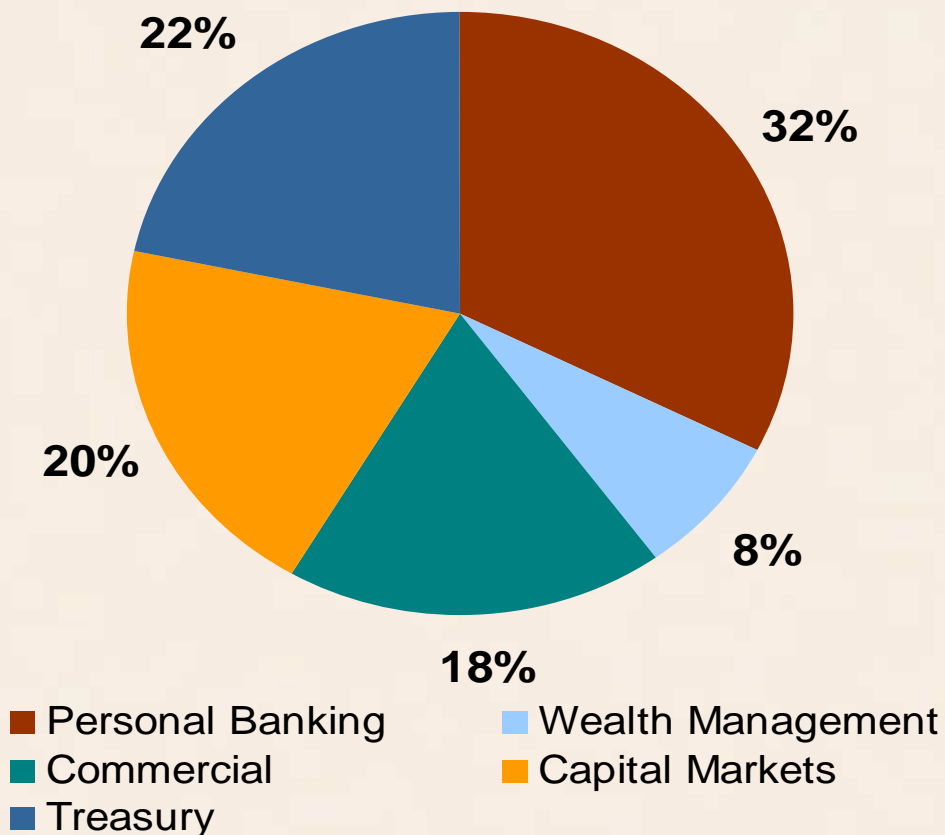




Composition of Earnings Contribution

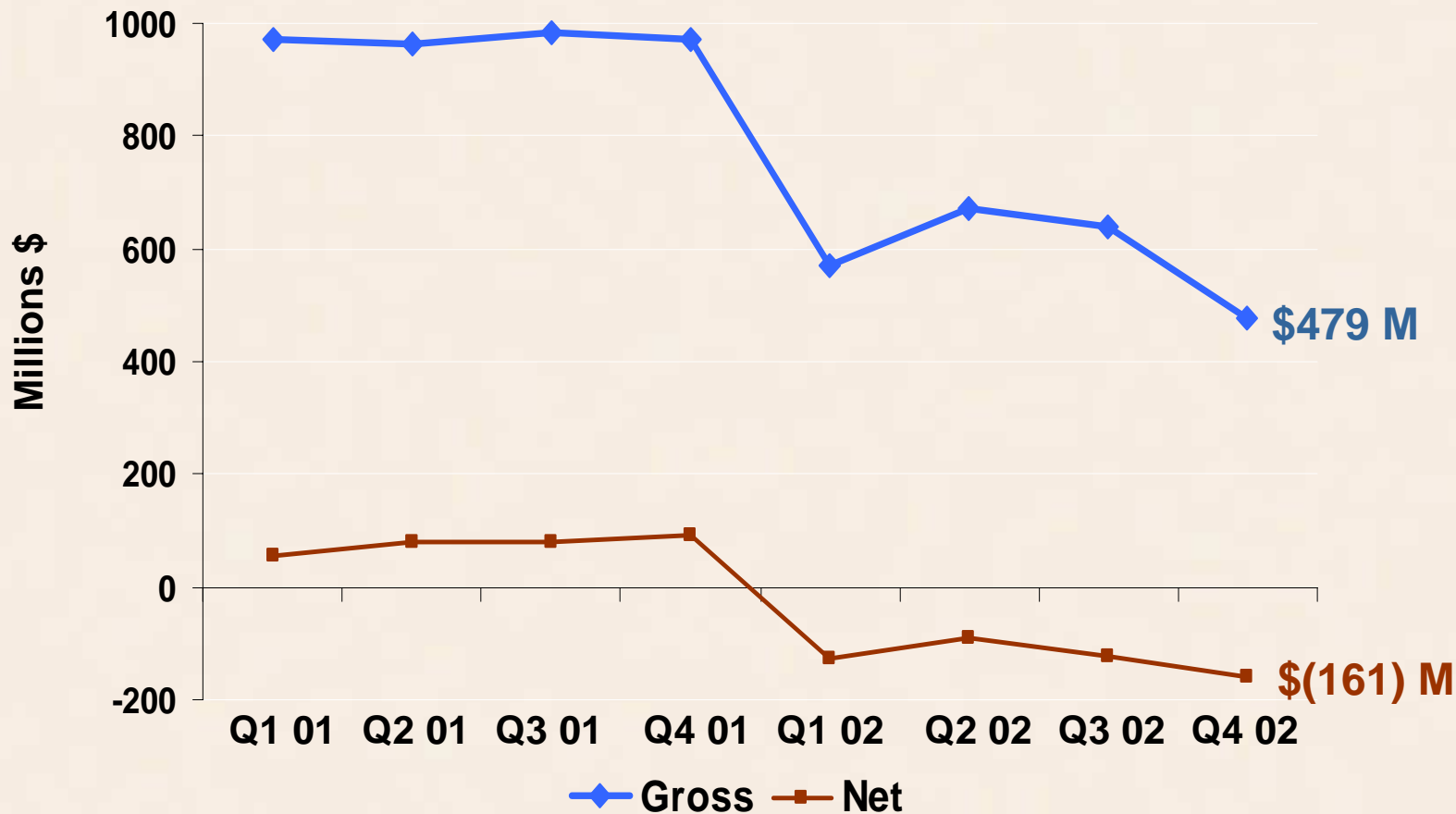
Adjusted

For the year ending October 31 2002



Continued improvement in credit portfolio

Private risk





Impaired loans

Millions \$

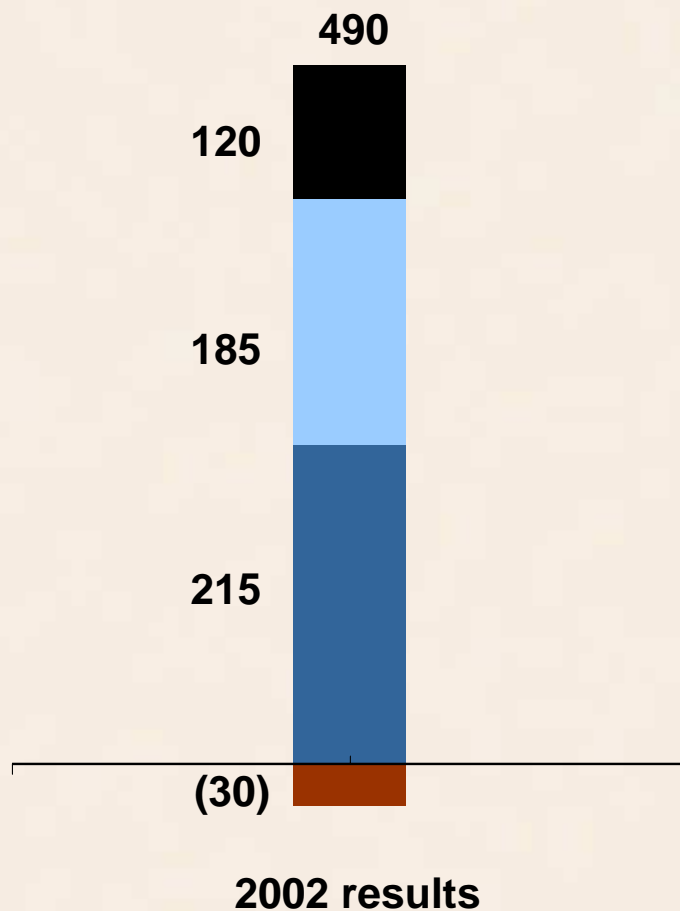
	Q4 02	Q3 02	Q4 01
Gross impaired loans	\$479	\$615	\$932
Gross impaired loans as a % of tangible capital & reserves	14.1%	15.7%	22.5%
<u>Net impaired loans</u>			
Individuals and small businesses	62	66	211
Commercial Canada	99	123	211
Corporate	36	49	15
Real Estate	44	37	32
Treasury	-	3	2
Other	3	3	3
Discontinued operations	<u>0</u>	<u>0</u>	<u>117</u>
Sub-total	244	281	591
General allowance for credit risk	<u>(405)</u>	<u>(405)</u>	<u>(500)</u>
Total - Net impaired loans	(161)	(124)	91
Net impaired loans as a % Loans and BAs	(0.42)%	(0.24)%	0.19%



Provisions for credit losses

Millions \$

- Teleglobe
- Revision of estimate
- Regular
- General provision

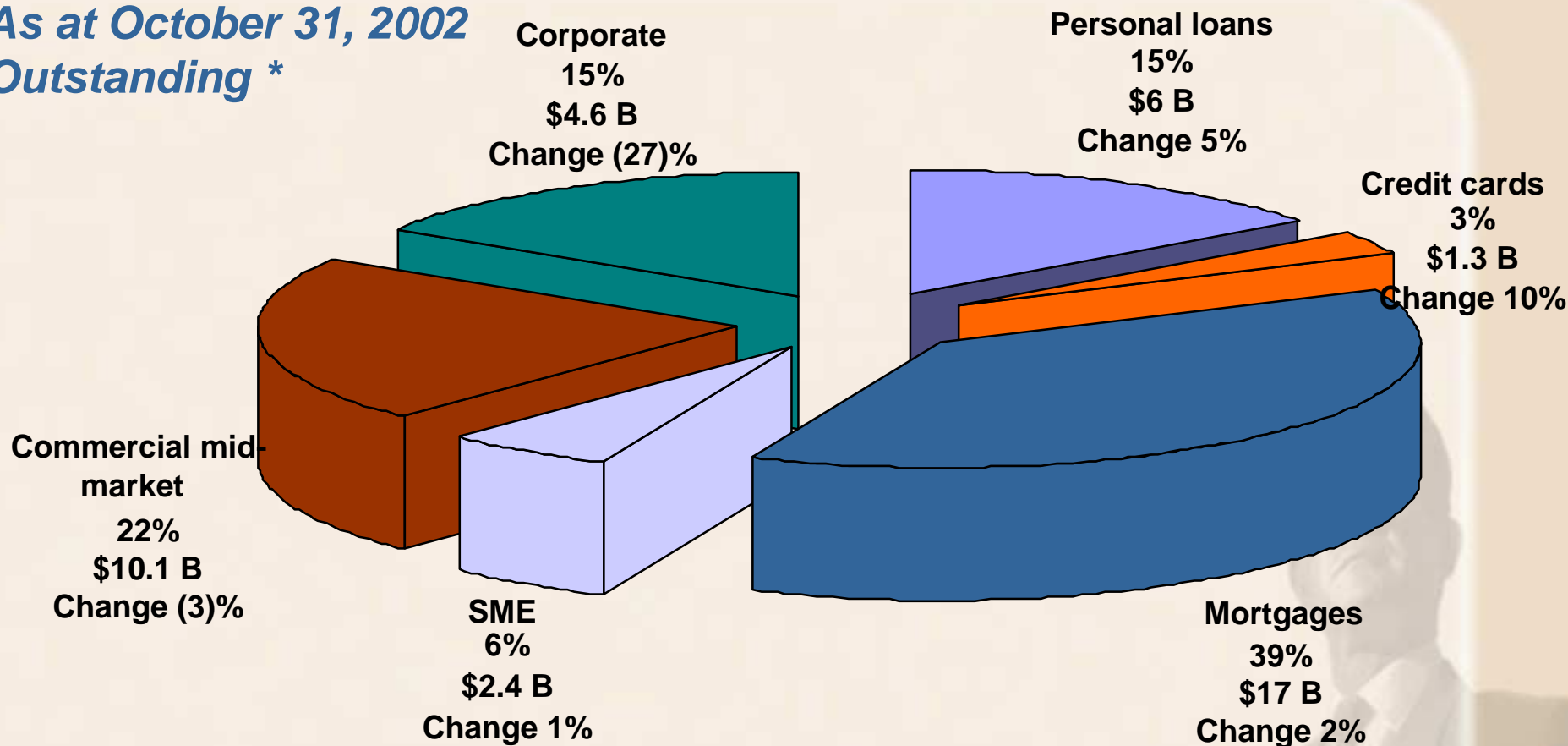


2003 guidance:
45 to 55 bps as a %
of loans and BAs



Loan Portfolio Mix

As at October 31, 2002
Outstanding *



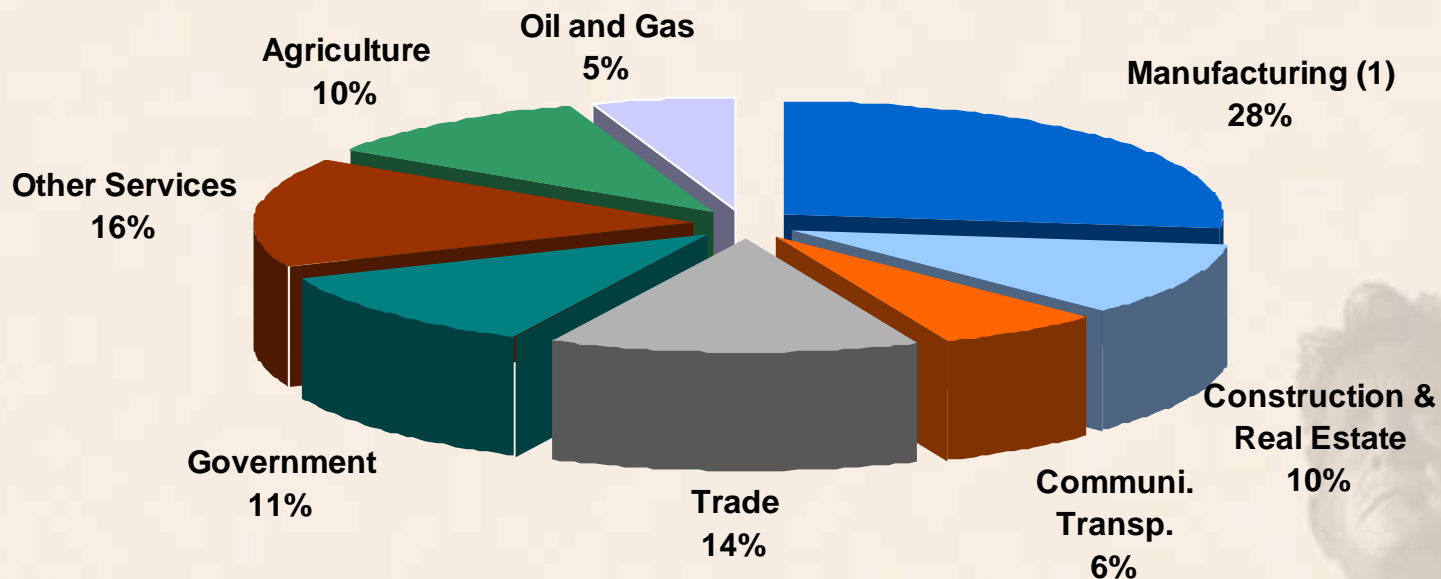
* Adjusted for the securitization and excludes Reverse Repos

Business & Government loan diversification



As at October 31, 2002

Outstanding *



(1) No sector exceeds 10%. The 5 major exposures are:

Forest Products:	4.9%
Food and Beverage:	3.2%
Auto and Aerospace parts:	1.9%
Metal Products:	1.7%
Textile and clothing:	1.7%

**Excludes Reverse Repos*



Telecom Sector exposure

*As at October 31, 2002
in millions of dollars
Outstanding*

	Loans and BA's			% of loans and BAs	Net Impaired loans and BAs
	Invest. grade	Non-Invest. grade	Total		
Telecommunications					
Cable	\$40	\$86	\$126	0.30	-
Wireless	27	68	95	0.23	7
Wireline	12	45	57	0.14	9
TOTAL	78	200	278	0.67	16

- Decrease of \$293 M since Y/E October 2001, mainly from wireless and wireline sectors





Electric Power and Power Generation

*As at October 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 *	67	111	178	0.43
Other Generation Projects	10	19	29	0.07
TOTAL	79	130	209	0.50

Regulated Utilities
Generation Proj. with PPAs *
Other Generation Projects

TOTAL

- No impaired loans
- Portfolio 100 % Canadian
- Almost all projects significantly covered by long term purchase power agreements

* PPAs : Purchase Power Agreements



Impaired Loan Formation

Millions \$

Q1 02 Q2 02 Q3 02 Q4 02 TOTAL

Retail	11.6	12.2	1.3	6.8	31.9	
Commercial	35.1	0.6	18.2	(18.1)	35.8	
Corporate	9.9	146.9	1.6	18.7	177.1	
Real Estate						
	Canada	13.2	9.9	7.1	10.4	40.6
	United States	(3.2)	0.0	0.0	0.0	(3.2)
Treasury		0	(0.1)	0.0	0.0	(0.1)
Other		13.0	(2.3)	4.3	(0.2)	14.8
Designated countries		(0.7)	14.8	1.0	(0.3)	14.8
Discontinued operations		<u>44.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>44.3</u>
TOTAL		123.2	182.0	33.5	17.3	356.0

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

2002 Scorecard



	2002 Objectives	Fiscal 2002
Growth in earnings per share: Reported Adjusted ⁽²⁾	4% to 6%	(3)% ⁽¹⁾ stable
Return on common shareholders' equity Reported Adjusted ⁽²⁾	15% to 17%	14.3% ⁽¹⁾ 14.7%
Expense ratio (2003 target) ⁽²⁾	61%	62.4%
Tier 1 capital ratio	7.75% - 8.75%	9.6%

⁽¹⁾ Excluding investment reevaluation

⁽²⁾ Refer to reconciliation of reported net income to adjusted net income

Looking ahead to 2003 and beyond



	2003	Medium term objectives
Growth in earnings per share	5% to 10 %	>8%
Return on common shareholders' equity	14% to 16%	15% to 17%
Tier 1 capital ratio	8.75% to 9.50%	8.25% to 9.00%
Dividend payout ratio		30% to 40%

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.

Question and Answer Session

Please address any inquiries to:

Investor Relations: 514.394.6061

Public Relations: 514.394.8644