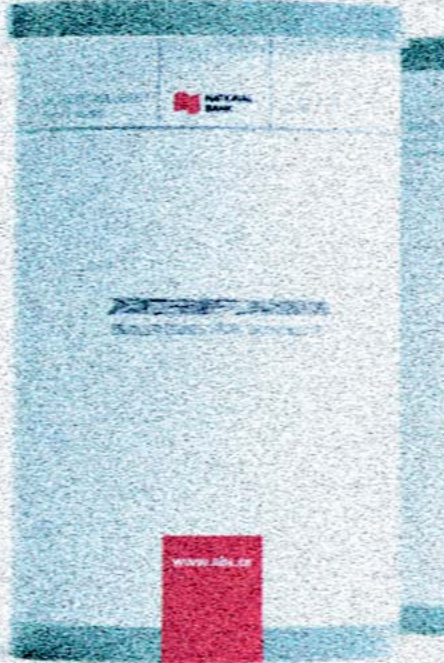


## Scotia Capital Financials Summit

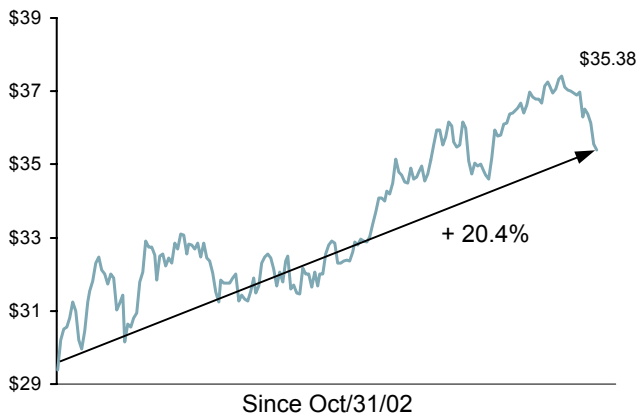
**Réal Raymond**  
President and CEO

**Toronto, September 9, 2003**

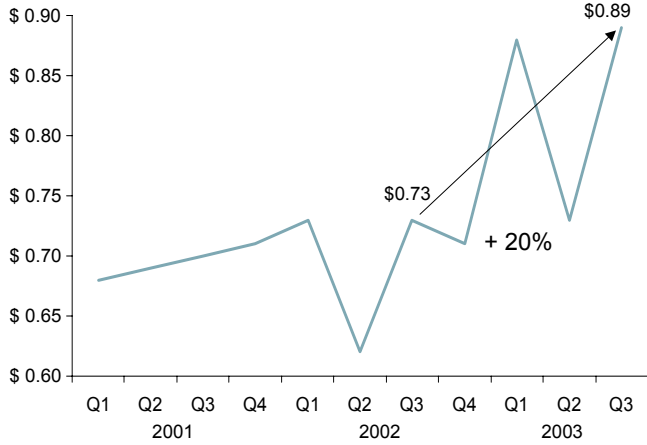


### Stock Price, NA

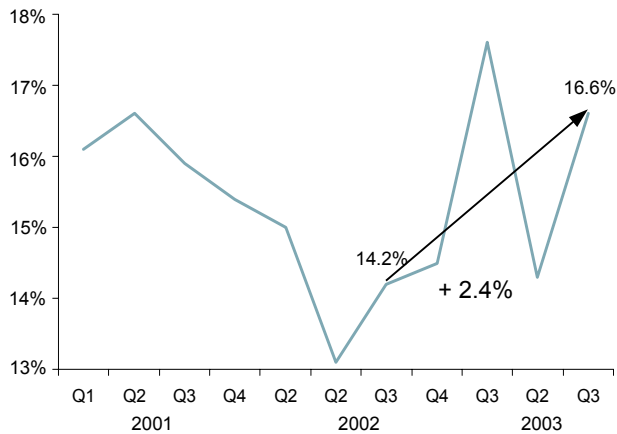
As at July 31, 2003



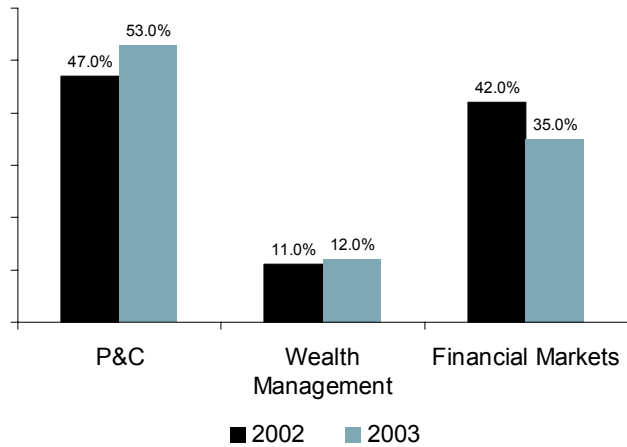
**EPS**  
Cumulative



**ROE**  
Cumulative



## Breakdown of Net Income



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### Our strategy is working

- Super-regional bank dominant in Quebec
- Sharp focus on sectors where we can add value
- Generate economies of scope in business lines
- Provide superior quality of service
- Build on strategic alliances
- Maintain strong capital base



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## Results (\$ Millions)

	9M03	9M02*	Change
<b>P&amp;C</b>	249	216	15.3%
<b>Wealth Management</b>	57	50	14.1%
<b>Financial Markets</b>	162	190	-14.7%
<b>Sub-total</b>	468	456	2.1%
<b>Other</b>	-2	-50	96.0%
<b>Total</b>	466	406	14.8%

\* Reported 2002 figures exclude reevaluation of investment



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## P&C (\$ Millions)

	9M03	9M02	Change
<b>Revenues</b>	1,396	1,329	5.0%
<b>Costs</b>	(850)	(820)	3.7%
<b>Expected losses</b>	(156)	(166)	-6.0%
<b>Net Income</b>	249	216	15.3%
<b>Expense ratio</b>	60.9%	61.7%	-0.8%



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## Personal and Small Businesses (\$ Millions)



	9M03	9M02	Change
Revenues	1,059	1,007	5.1%
Costs	(726)	(704)	3.1%
Expected losses	(83)	(90)	-8.0%
Net Income	159	134	18.8%
Expense ratio	68.6%	69.9%	-1.3%



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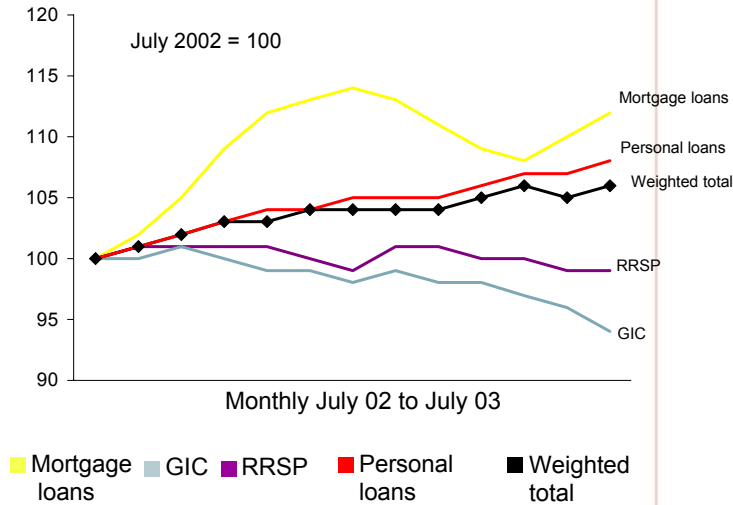
## Competitive structure in Quebec

- No to price wars
- Sticking to strategy of stable and profitable growth
- Taking advantage of market development opportunities



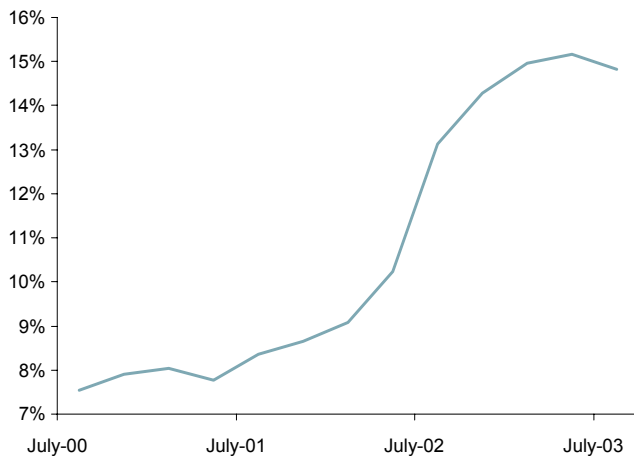
10

## Margin variation, Retail Term Products



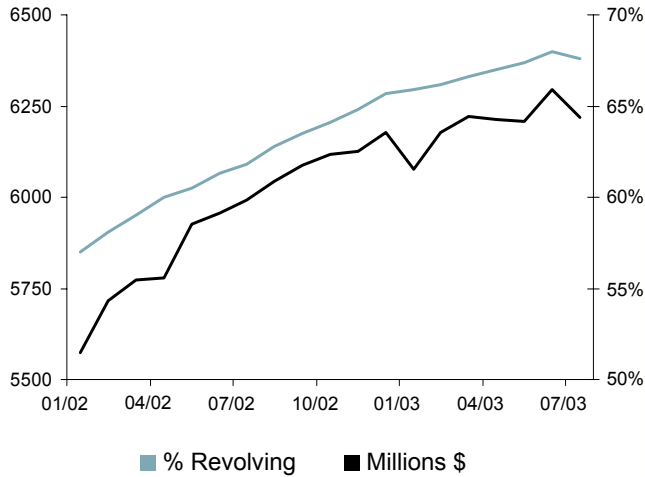
11

## Money-Saver Mortgages (% of total)



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## Personal non-mortgage loans



## Strong benefits from partnership strategy

- Five year agreement with MD Management:
  - Over \$14 billion in assets under management
  - Serves tens of thousands of Canadian physicians and students
  - Clients will be referred to NBC for banking products
- First steps taken at making NBC banking products available to Investors/Great-West/London Life clients



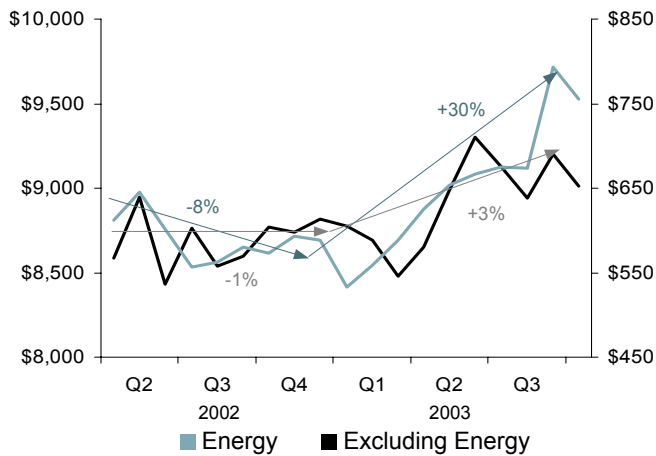
### Commercial & Real Estate (\$ Millions)

	9M03	9M02	Change
Revenue	337	322	4.7%
Costs	(125)	(116)	7.4%
Expected losses	(73)	(76)	-3.6%
Net Income	89	81	9.5%
Expense ratio	37.0%	36.1%	0.9%



### Volume, Commercial Sector (\$ Millions)

Loans & BAs



**Primary challenge: to better serve small borrowers**

- Introduction of « Latitude Solutions »
- Automation of credit decision process
- New push of virtual banking



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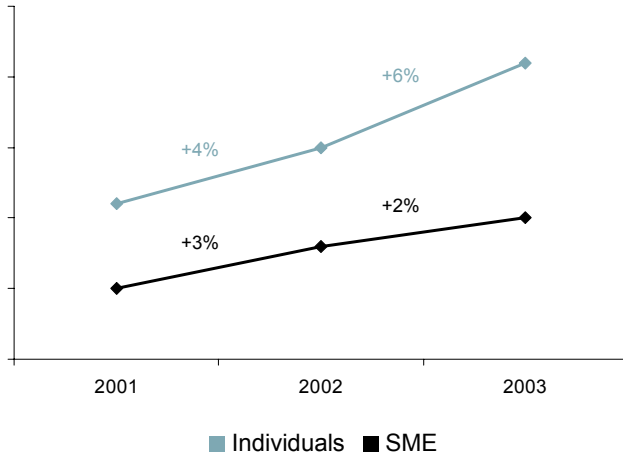
**Commercial credit risk**

- Particular attention paid to quality of loan portfolio
- Average rating remained stable during last cycle
- Recovering in 2003:
  - Growing business volumes
  - Improving credit quality
  - Stable and improved margins

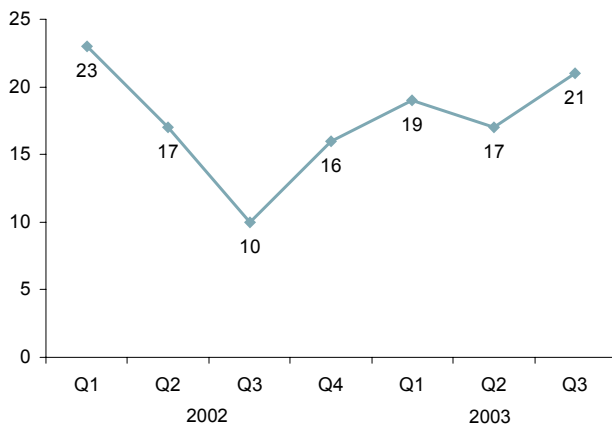


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**Customer Satisfaction, Quebec**  
**% of very satisfied**



**Wealth Management, Net Income**  
**(\$ Millions)**



## Wealth Management (\$ Millions)

	9M03	9M02	Change
<b>Revenues</b>	482	455	5.6%
<b>Costs</b>	(389)	(375)	3.5%
<b>Net Income</b>	57	50	14.0%
<b>Expense ratio</b>	80.7%	82.4%	-1.7%



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## Altamira synergies in 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



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## Altamira Fund Performance

As at July 2003



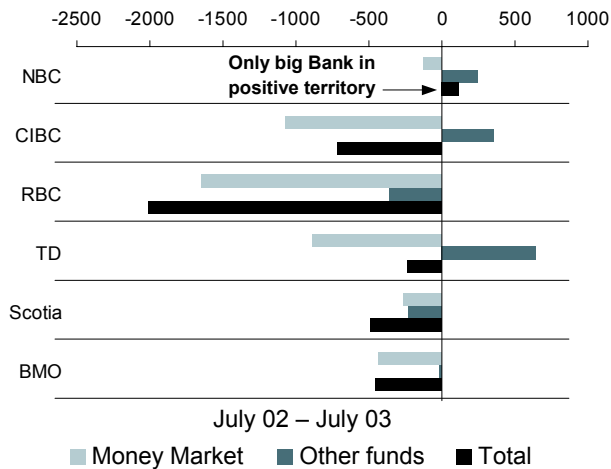
### % of Funds Above Median

	3 Months	6 Months	1 Year
Equity	73.1	53.8	61.5
Fixed Income	62.5	62.5	75.0
All Funds	70.6	55.9	64.7

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



## Net Sales National Bank Funds (\$ Millions)



### NBC's strategy for managed assets

- Minimize number of portfolios

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- Better organize distribution channels by type of client

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- For each core asset class:
  - Favor single investment strategy
  - Seasoned managers
  - Mix of NBC funds, Altamira funds, private wealth segregated funds, institutional portfolios

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- Fund management economies of scale and distribution channel savings



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### Financial Markets (\$ Millions)

	9M03	9M02	Change
<b>Revenues</b>	656	629	4.4%
<b>Costs</b>	(374)	(296)	26.1%
<b>Expected losses</b>	(31)	(32)	-3.1%
<b>Net Income</b>	162	192	-15.6%
<b>Expense ratio</b>	57.0%	47.1%	9.8%



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**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**

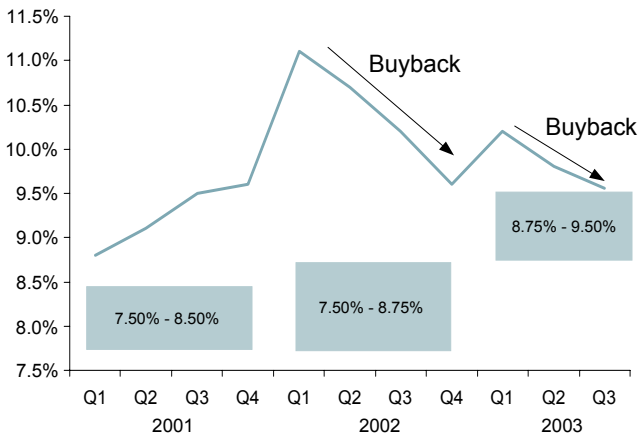
**Evolution of strategic elements:**


- 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**



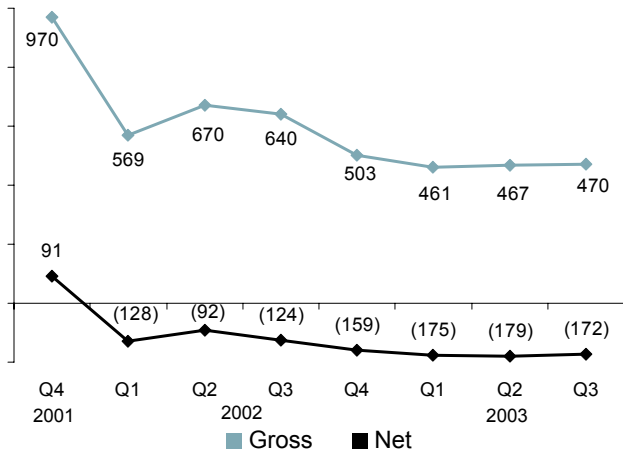
**Tier 1 Capital Ratio**



 = Annual objectives



### Impaired Loans (\$ Millions)



### On target to meet all 2003 performance objectives

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

<sup>(1)</sup> Figures exclude Q3 02 impairment charge on investment

<sup>(2)</sup> Trailing 4 quarters



### **Take a look at our performance**

- ✓ We've followed our strategy

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- ✓ We've delivered on EPS and dividend growth

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- ✓ We've delivered on credit quality

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- ✓ We've delivered shareholder value

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**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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