



**Investor Presentation
October 31, 2001**

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Overview of 2001 Results

Peter Godsoe
Chairman & C.E.O.

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2001 – record performance

Q4/01

- Diluted EPS \$1.05 – up 13% vs. Q4/00
- ROE 17.0% unchanged from Q4/00

2001

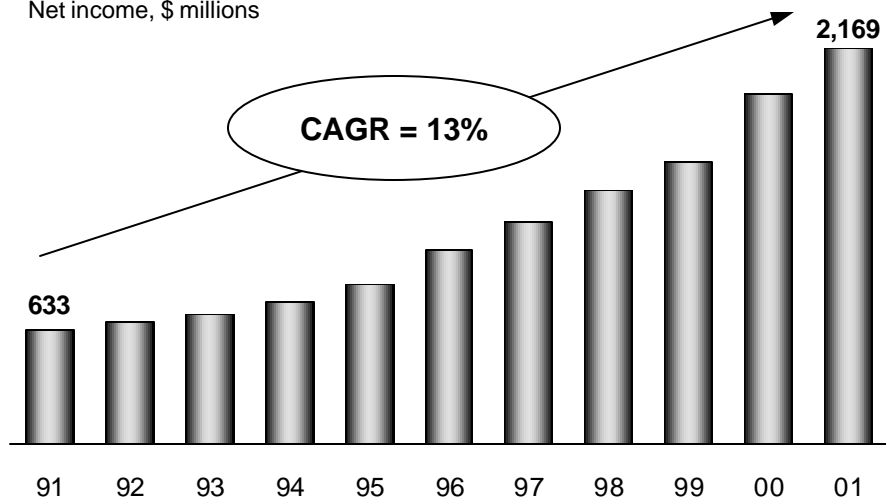
- Record results
 - Net income: +13% year over year
- ROE 17.3%
- Top-line revenue growth: +16%
- Improved productivity: 53.9% vs. 56.5%
- Aggressively managed credit quality
 - achieved year end target for net impaired loans
- Strong capital and reserves

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Over a decade of record earnings growth

Net income, \$ millions



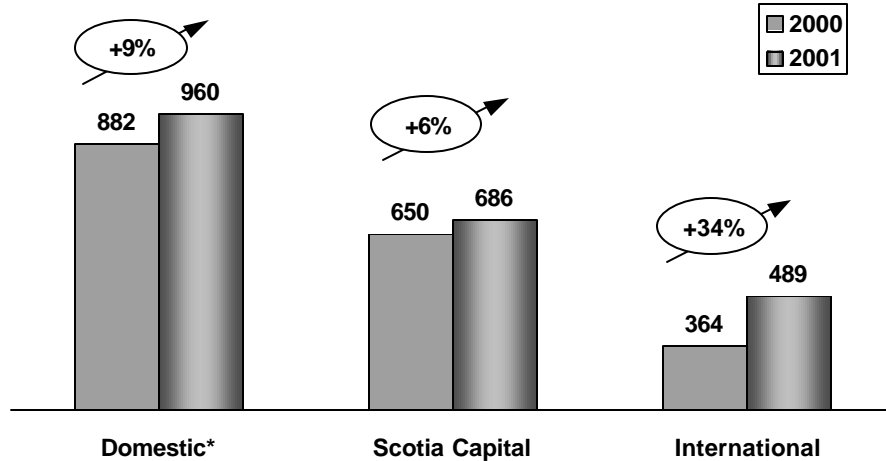
94 & 97 exclude unusual items

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All business lines contributed to growth

Net income, \$ millions



* includes Wealth Management

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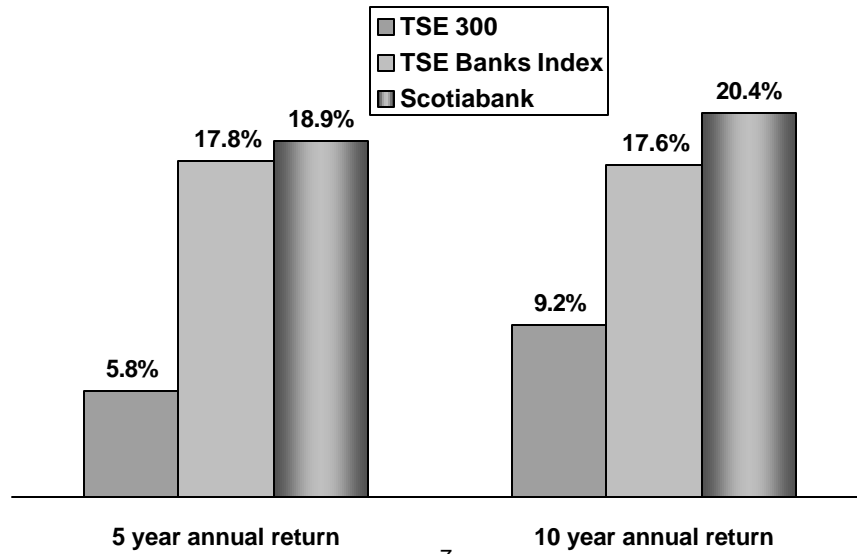
Met or exceeded performance targets

	<u>Q4/01</u>	<u>2001</u>		<u>Target</u>
ROE	17.0%	17.3%	vs.	16-18%
EPS Growth	13%	12%	vs.	12-15%
Productivity	54.6%	53.9%	vs.	<60%
Tier 1	9.3%	9.3%	vs.	8%+

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Excellent returns to shareholders



Performance Review

Sabi Marwah
Executive Vice-President &
Chief Financial Officer



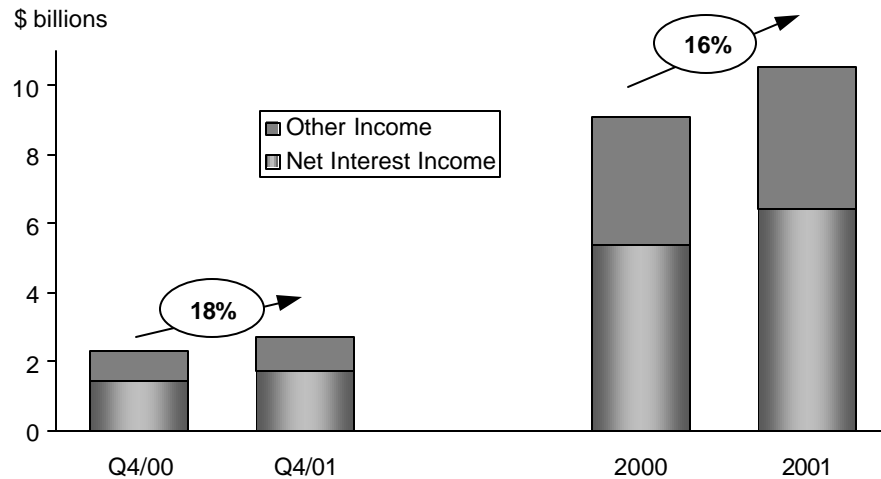
Solid earnings in Q4

	\$MM	EPS (\$)
Reported net income	\$566	\$1.05
Includes:		
Corporate Trust gain (\$65MM pre-tax)	(52)	(0.10)
Argentina:		
– higher provision for credit losses (\$50MM pre-tax)	29	0.06
– reserve against bonds (\$40MM pre-tax)	24	0.04
	\$567	\$1.05

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Strong top-line revenue growth



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Higher margins

<u>Q4/01</u>	<u>Inc. vs. Q4/00</u>		<u>2001</u>	<u>Inc. vs. 2000</u>
2.46%	14bps	Net interest margin	2.37%	11bps
		Increase due to:		
	5	Inverlat		6
	7	Lower funding costs		3
	4	Securities income		3
	<u>(2)</u>	Other		<u>(1)</u>
	14bps			11bps

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Good growth in other income

\$ millions				<u>2001</u>	<u>2000</u>	<u>change</u>
<u>Q4/01</u>	<u>Q4/00</u>	<u>change</u>				
989	865	14%	Reported	4,071	3,665	11%
-	-		Tax settlement – refund interest	(82)	-	
(28)	(46)		Gain on investment securities	(217)	(358)	
(65)	-		Gains on sale of businesses	(92)	(82)	
896	819	9%		3,680	3,225	14%
88	-	100	Inverlat	229	-	100
48	26	85	Cards	170	116	47
80	86	(7)	Underwriting	352	278	27
60	80	(25)	Trading	412	326	26
68	90	(24)	Brokerage	307	389	(21)
-	-	-	Stock transfer	-	57	(100)
552	537	3	Other	2,210	2,059	7
896	819	9%		3,680	3,225	14%

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Tight control of expenses

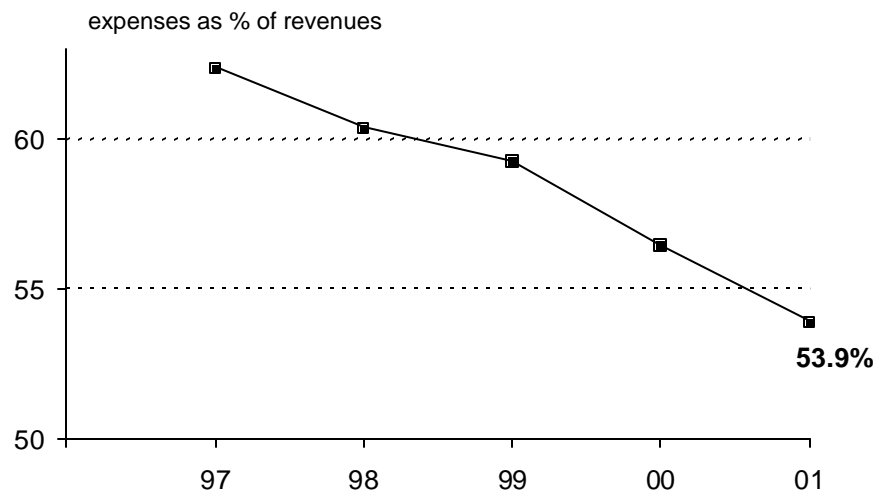
Q4/01 vs. Q4/00			2001 vs. 2000		
\$MM	%		\$MM	%	
\$199	15.4%	Change in expenses	\$543	10.6%	
(178)	(13.8)	Inverlat/Chile	(563)	(11.0)	
15	1.2	Performance-related (mainly SARs*)	(30)	(0.6)	
(12)	(0.9)	Business restructuring/divestitures	151	2.9	
\$24	1.9%	Change in base expenses	\$101	1.9%	

* Stock appreciation rights

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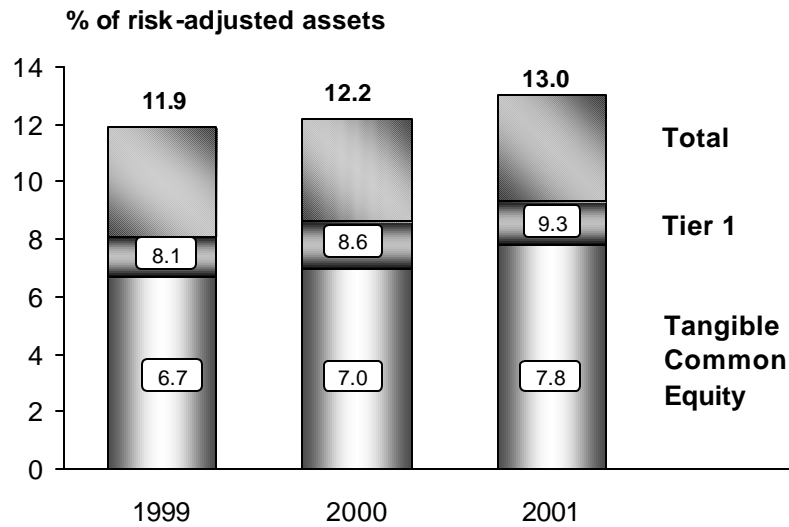
Continued productivity leadership



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Capital ratios – best in industry

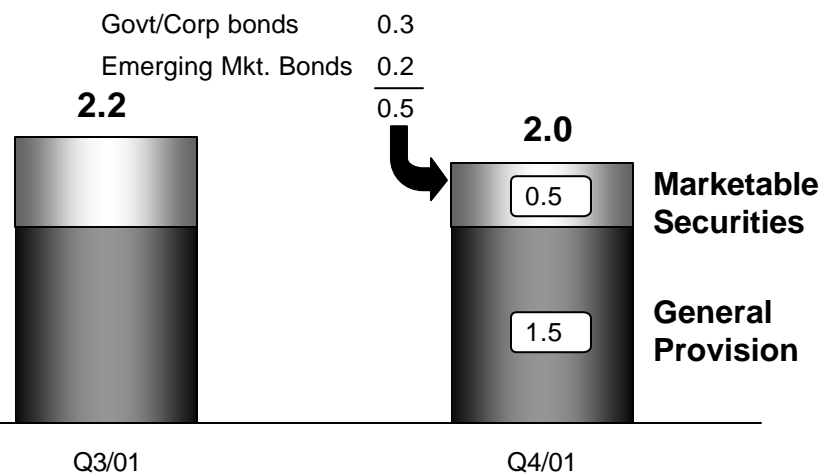


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Strong reserves maintained

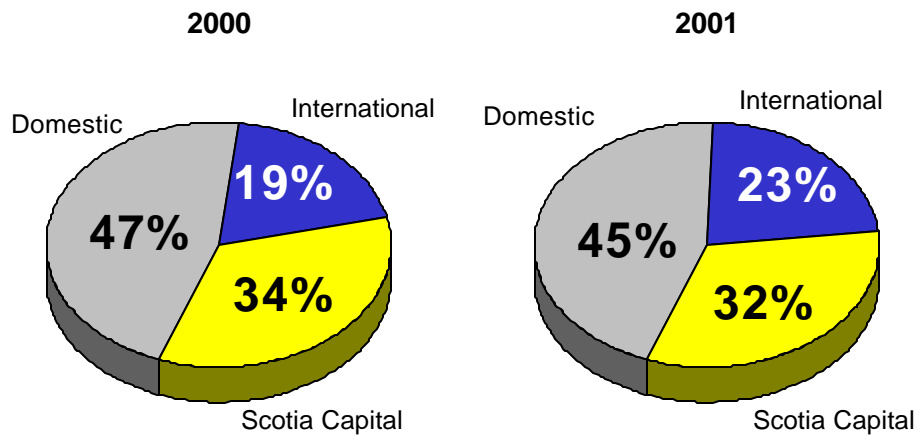
\$ billions



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Business Line Results

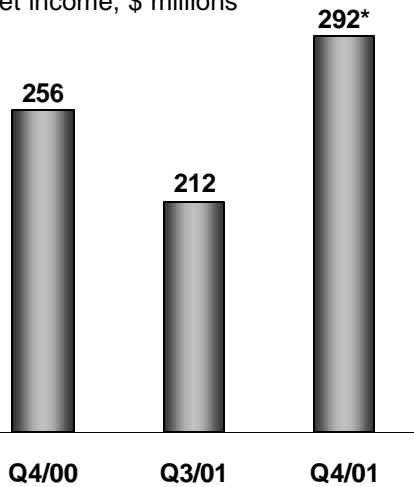
Strength in diversification





Domestic – steady upward performance

Net income, \$ millions



- Net income up 14% yr/yr
- Higher margins
- Strong yr/yr growth in assets
 - mortgage volume +5%
 - ScotiaLine VISA: market share +100bps
- Lower retail brokerage fees
 - down 22% yr/yr
- Excellent expense control
 - ≈1000 staff savings

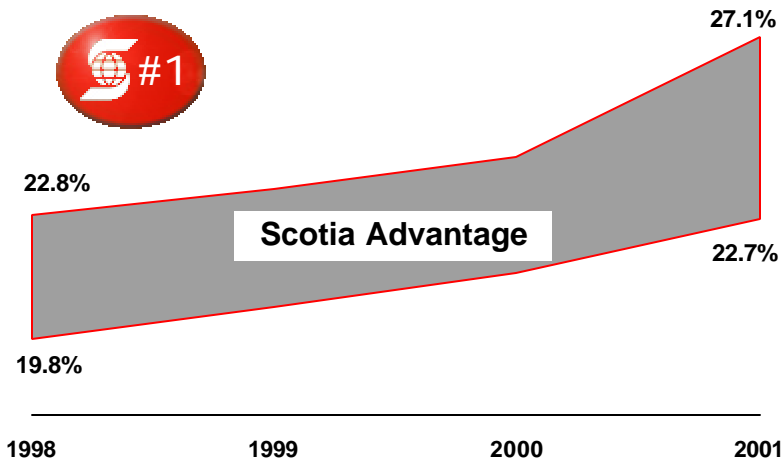
* Includes gain on sale of Corporate Trust

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Superior customer service

Customer Satisfaction – % Excellent vs. Peer Group

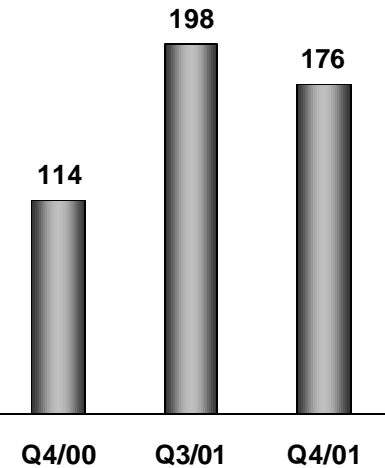


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Scotia Capital – solid quarter

Net income, \$ millions



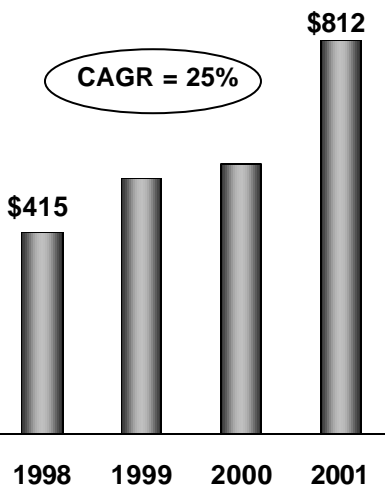
- Revenue up 10% yr/yr
 - > Global Trading +28%
- Expenses well controlled
 - > down 4% yr/yr
- Credit quality stabilizing
 - > falling NILs

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Strength in Global Trading

Revenue, \$ millions



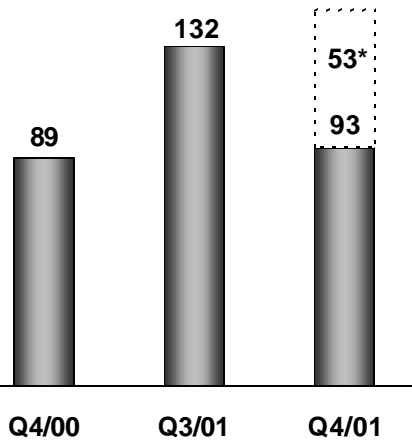
- Revenues: +45% vs. 2000
 - > derivatives/fixed income +74%
 - > foreign exchange: record year
- #1 dealer in Canadian fixed income
- *Euromoney*: top Canadian performer for foreign exchange

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International – Good growth in underlying earnings

Net income, \$ millions



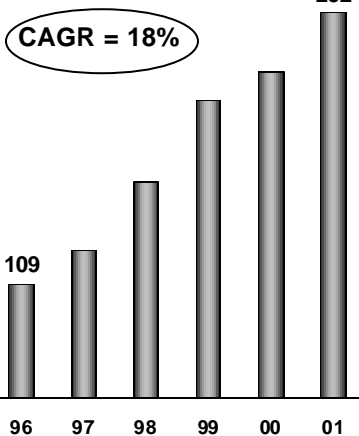
- **Caribbean**
 - > net income: +18% vs. Q4/00
- **Latin America**
 - > growing contribution from Inverlat
 - > extra reserves of \$100MM against Argentina (\$90MM in Q4)
- **Asia**
 - > steady earnings growth

* \$53MM after-tax reserves against Argentina
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Caribbean – another record year

Net income, \$ millions



- 14% increase in net income
 - > 11th record year
- Top-line revenue growth: +11%
 - > nearly all countries contributed
 - 70% had double-digit asset growth
- Expanded network/electronic technology
 - > 7 new branches
 - > 14% growth in ABMs
 - > 24/7 telephone banking
 - Jamaica & Trinidad



Scotiabank Inverlat – growing earnings

- **Growing retail business**
 - increase in credit cards and other retail loans
 - +24,000 credit card accounts; +15,000 car loans
 - increase in retail & commercial deposits: +20%
- **Record call centre volumes**
 - 545,000 visits to Inverweb in October 2001
 - 5.5 million calls year-to-date: +30% yr/yr
- **Very good penetration of commercial & corporate market**
 - loans up 25%



VOLKSWAGEN



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Risk Review

John Crean
Senior Executive Vice-President
Global Risk Management



Risk Overview

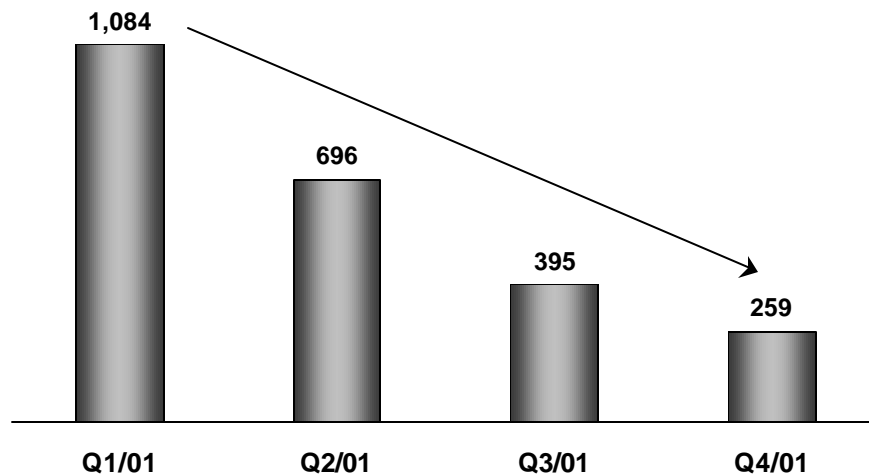
- Met net impaired loans target
 - \$259 million in Q4/01, down \$136 million from last quarter
- Aggressive provisioning in 2001
- No material impact of September 11
- Argentine risks manageable
 - \$100 million reserve established against Argentine risk
 - \$50 million in specific provisions
 - \$40 million in securities writedown
 - \$10 million other

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Met net impaired loans target

Net impaired loans, \$ millions



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Dealt with Q1/01 classifications

\$ millions

Industry	Classification in Q1/01	Q4/01 Balance
Financial Services	345	0
Entertainment	305	0
Utilities	215	94
Apparel	125	0
Asbestos	70	61
Steel	50	49
Media	45	0
	<u>1,155</u>	<u>204</u>

Total sales in 2001 = \$716MM

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Aggressive provisioning – U.S. portfolio

Specific provisions, \$ millions

	<u>2001</u>	<u>2000</u>
Scotia Capital – U.S.	671	308
– Other	83	104
Domestic	246	168
International	250*	185
	<u>1,250</u>	<u>765</u>

* includes \$50 million set aside against Argentine exposure

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Cable & Telecom exposure

Loans & acceptances, \$ millions, October 31, 2001

Sector*	Investment Grade	Non-Investment Grade	Total
Cable operators	396	1,392	1,788
Regulated telephone	1,003	51	1,054
Unregulated telephone/wireless	270	1,278	1,548
Long-haul fibre cable	165	135	300
CLECs	-	227	227
	1,834	3,083	4,917

Net impaired loans: \$93 million

* no Paging exposure

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No material impact of September 11

Loans & acceptances, \$ millions, October 31, 2001

Sector	Investment Grade	Non-Investment Grade	Total
Airlines – operating airlines	-	162	162
– aircraft finance	234	183	417
– airport operations	54	67	121
Insurance	97	91	188
Hotels/Leisure – hotels	1,171	1,950	3,121
– cruise ships	20	158	178
– tour operators	2	38	40
	1,578	2,649	4,227

2.3% of total loans & acceptances

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Argentina – risks manageable

cross-border exposure, October 31, 2001, \$ millions

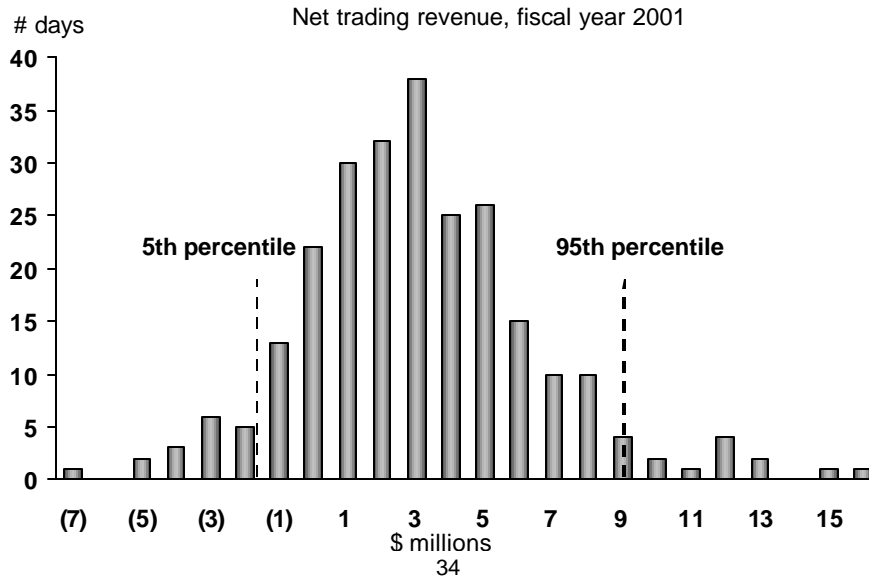
Brady Bonds (collateralized)	143
Lending – high-grade corporate/other	346
– trade/interbank	199
Investment – Scotiabank Quilmes	326
	1,014
 % of total loans & acceptances	 0.5%

Additional \$100 million in reserves

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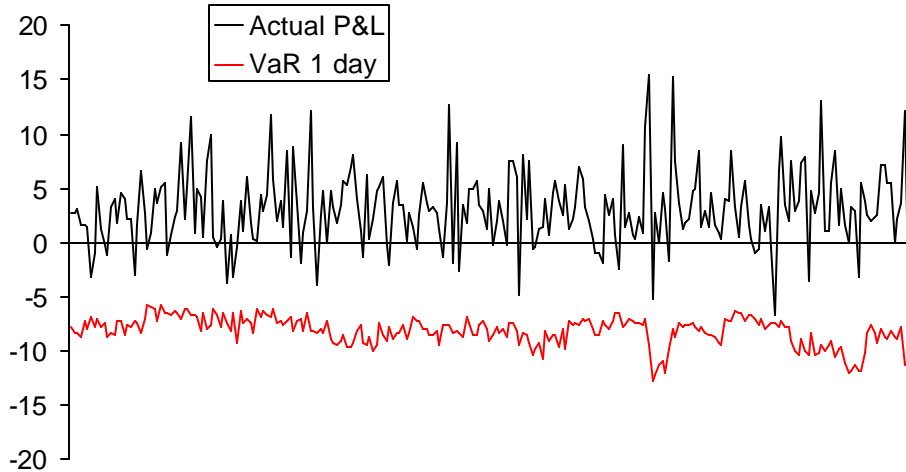


Low variability of trading revenue...



...reflecting moderate market risk

\$ millions, November 1, 2000 to October 31, 2001



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Risk summary

- Aggressive provisioning in 2001 against U.S. loans
 - portfolio stable
- Monitoring events in Argentina closely
- Other portfolios:
 - Domestic Retail: excellent
 - Canada Commercial/Corporate: stable
 - Other International: stable

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Outlook

Peter Godsoe
Chairman & C.E.O.

Expect another record year in 2002

- **Economic slowdown**
 - pickup expected in second half of 2002
- **Closely managing credit portfolios**
 - specific credit losses for 2002 on par with 2001
- **2002 performance targets**
 - EPS growth: 7% to 12%
 - ROE: 15% to 17%



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