Scotiabank

Investor Presentation
Third Quarter, 2004

August 31, 2004

Scotiabank

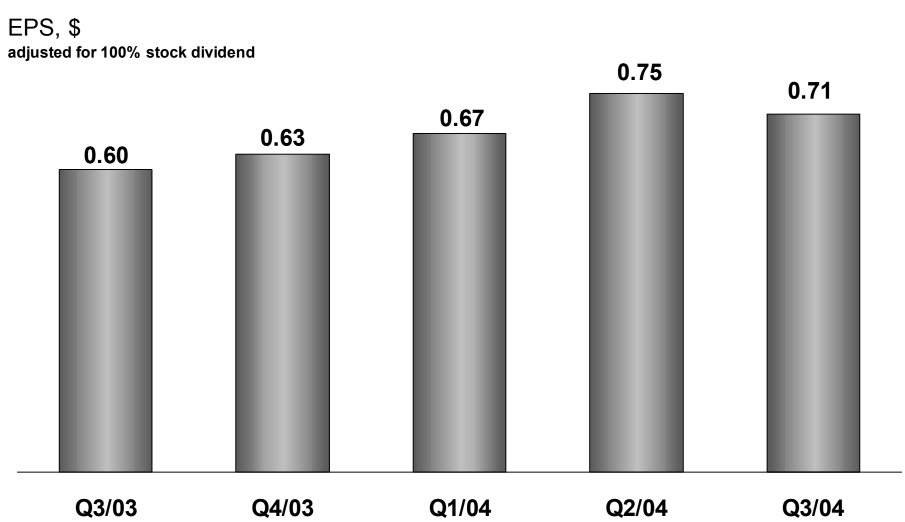
Third Quarter Overview

Rick Waugh
President & Chief Executive Officer

Performance highlights

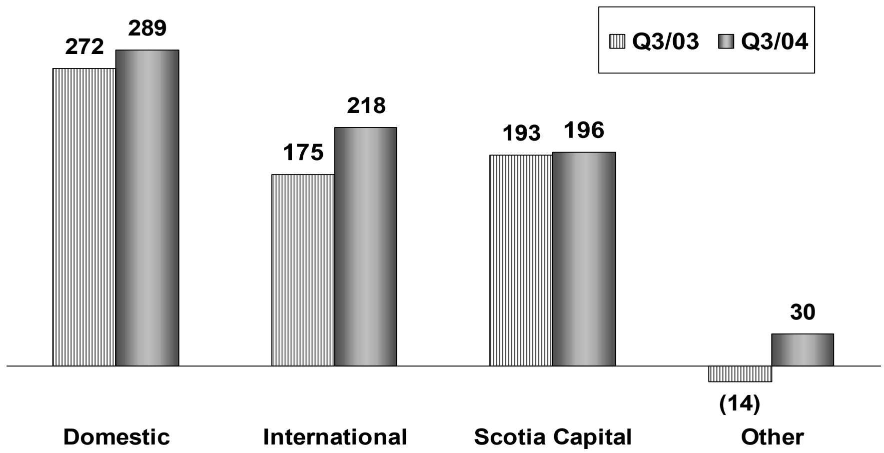
- **Solid earnings**
  - EPS: \$0.71 vs. \$0.60
  - ROE: 19.4% vs. 17.7%
- **Earnings well diversified across business lines**
- **Improving credit quality**
  - net impaired loans \$(227) mm
  - specific provisions \$100 mm
  - reduction in general allowance of \$50 mm
- **Strong capital ratios**
  - Tangible Common Equity (TCE): 9.5%

Solid earnings



Growth across all business lines

net income, $ millions



Exceeding 2004 targets to date

	Q3/04	YTD/04		Target
ROE	19.4%	20.2%	vs.	16-19%
EPS Growth	18%	25%	vs.	10-15%
Productivity	57.3%	55.3%	vs.	<58%

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Performance Review

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

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Impact of Canadian dollar

Foreign exchange impact, $ millions

Q3/04 vs. Q2/04		Q3/04 vs. Q3/03
-	Net interest income	(38)
6	Other income	(29)
6	Total revenue	(67)
2	Expenses	30
6	**Net income**	**(28)**
1c	**EPS impact (cents)**	**(3c)**

Continued pressure on margins

	Q3/04	vs. Q2/04	vs. Q3/03
Net interest margin	**2.15%**	**(6) bps**	**(13) bps**
Canadian currency (ex AcG 13)		(6)	(20)
Foreign currency (ex AcG 13)		(1)	7
AcG 13/Other		1	-
		(6) bps	**(13) bps**

Other income

$ millions

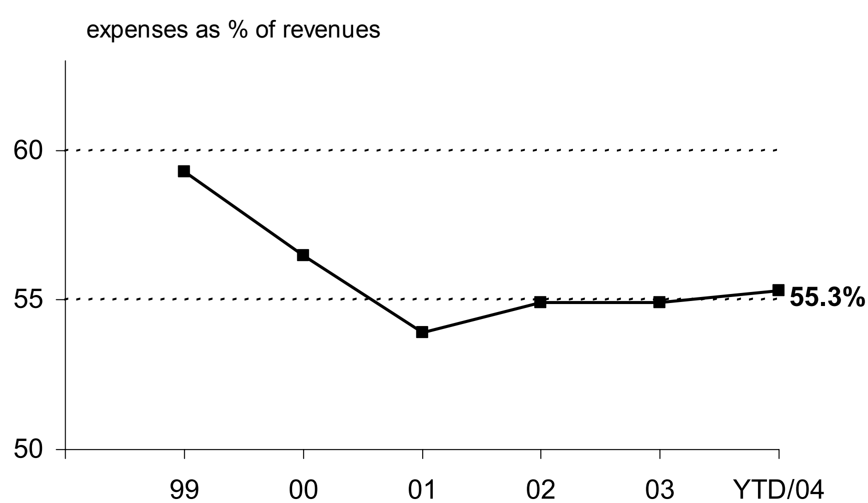
Change Q3/04 vs. Q2/04 $	Change Q3/04 vs. Q2/04 %		Change Q3/04 vs. Q3/03 $	Change Q3/04 vs. Q3/03 %
(214)	**(17)**	**Reported**	**26**	**3**
6		Impact of stronger Canadian dollar	(29)	
(220)	**(18)**	**Underlying**	**55**	**5**
(145)		Investment securities' gain	77	
8		Deposit & payment services	19	
5		Card revenues	11	
(16)		Retail brokerage	7	
5		Credit fees	(28)	
(22)		Securitization revenues	(26)	
(21)		Underwriting fees & other	(22)	
(34)		Other	17	

Expense reduction in 3rd Quarter

$ millions

Change Q3/04 vs. Q2/04 $	Change Q3/04 vs. Q2/04 %		Change Q3/04 vs. Q3/03 $	Change Q3/04 vs. Q3/03 %
(51)	**(3)**	**Reported**	**19**	**1**
2		Impact of stronger Canadian dollar	30	
(49)	**(3)**	**Underlying**	**49**	**3**
(17)		Pension & other staff benefits	21	
9		Mortgage acquisition/Dominican Republic	15	
-		Salaries	10	
(23)		Performance/stock-based compensation	(9)	
(18)		Other	12	

Continued productivity leadership



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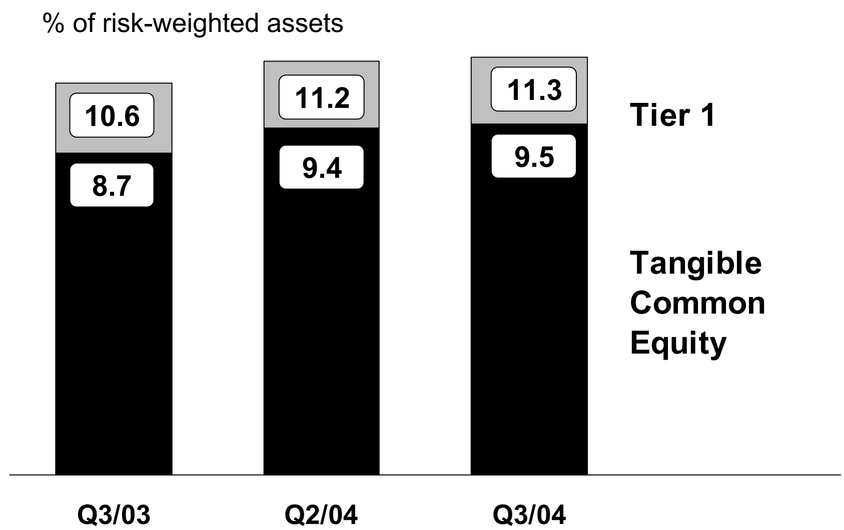
Very strong capital ratios



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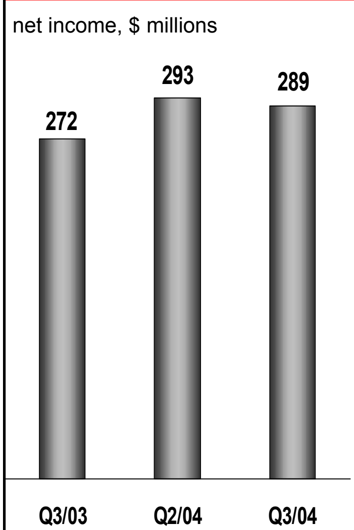
Large securities' surplus

$ millions

	Q3/04	Q2/04	Q3/03
Securities' Surplus (Deficit)			
- Equities	438	518	155
- Emerging market debt	451	489	477
- Fixed income	(2)	-	27
	887	**1,007**	**659**

Business Line Results

Domestic – another solid quarter



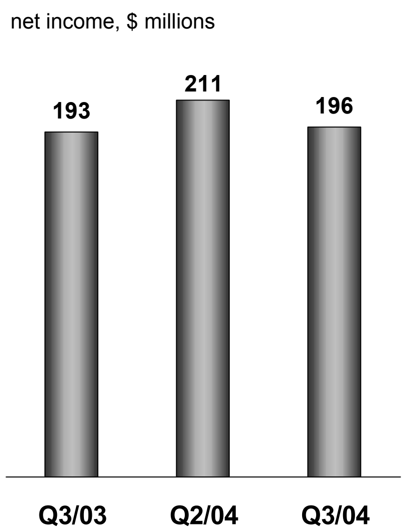
- **Net income: up 6% vs. Q3/03**
  - down 1% qtr/qtr
- **Revenue up 3% yr/yr**
- **Strong retail asset and core deposit growth**
  - residential mortgages up 17% vs. Q3/03
  - revolving credit up 16% vs. Q3/03
  - core deposits up 22% vs. Q3/03
- **Higher expenses yr/yr**
  - merit-based salary growth, higher pension costs
  - higher mortgage acquisition & processing costs

Market share gains in Canada

Canadian bank market share

	June 2004 (%)	vs. June 2003 (bps)
Residential mortgages	**16.0**	+60
Chequing & savings	**13.5**	+70
Business current accounts	**13.8**	+140

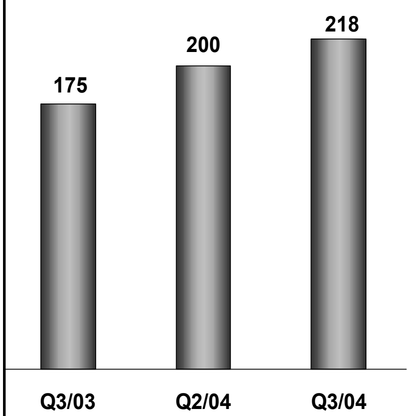
Scotia Capital – credit quality continues to improve



- **Lower provisions**
  - down $104 million vs. Q3/03
- **Revenues down 17% yr/yr, 9% qtr/qtr**
  - lower drawn loan asset levels
  - good capital markets revenues
- **Decline in expenses**
  - lower performance-related compensation
- **ROE 19% in Q3/04**
- **Best Investment Bank in Canada - *Global Finance* magazine**

International – growing contribution

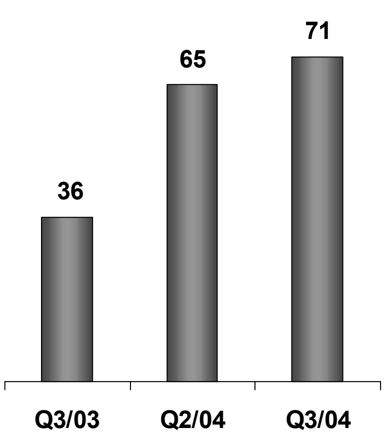
net income, $ millions



- **Caribbean**
  - net income up 21% yr/yr
  - growth in retail loans and deposits
  - offset by foreign currency translation
- **Latin America**
  - Inverlat up significantly yr/yr
  - partly offset by lower securities gains
- **Asia net income up yr/yr**
  - due to lower credit losses

Scotiabank Inverlat – continued growth

$ millions



- **Net contribution rose to $71 million**
  - nearly double Q3/03 levels
  - recognition of tax loss carry forwards
- **High ROE – 25%**
- **Strong asset growth (yr/yr):**
  - retail loans up 42%
  - high-margin credit card and auto loans up 54%
  - commercial lending up 6%
- **Deposits up 6% yr/yr**

Risk Review

Warren Walker
Executive Vice-President
Global Credit Risk Management

Credit risk overview

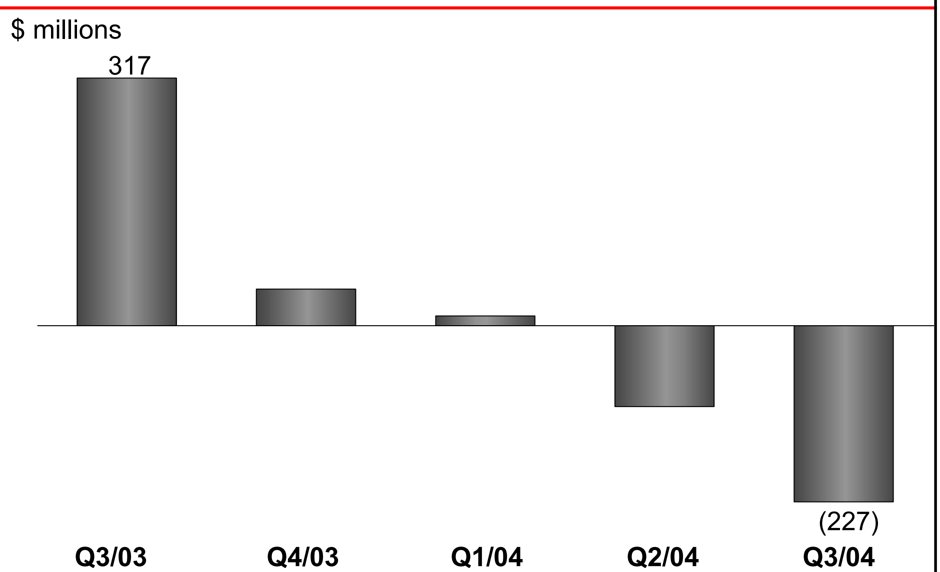
- **Lower net impaired loans: $(227) mm**
  - – down $123 mm vs. Q2/04
  - – down $544 mm vs. Q3/03
- **Lower specific provisions: $100 mm**
  - – down $30 mm vs. Q2/04
  - – down $100 mm vs. Q3/03
- **Release of $50 mm from general allowance**

Negative net formations this quarter

$ millions

Domestic		
- Retail	53	
- Commercial	5	
		58
International		**(24)**
Scotia Capital		
- Canada	(10)	
- U.S.	(30)	
- Europe	(1)	
		(41)
Total		**(7)**

Positive trend in net impaired loans

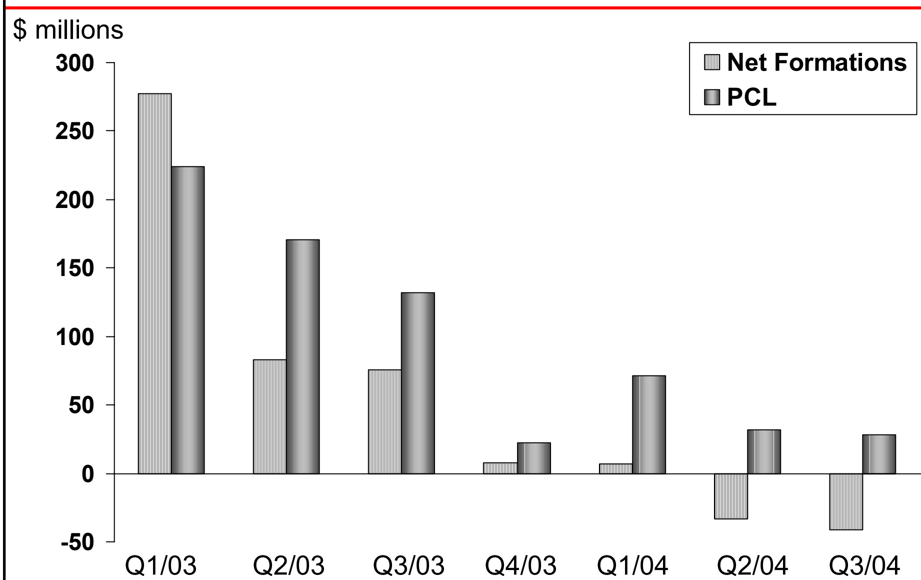


Lower specific provisions

$ millions

	Q3/04	Q2/04	Q3/03
Domestic:	70	81	71
International:	2	18	(3)
Scotia Capital:			
- Canada	(11)	(2)	22
- U.S.	20	18	85
- Europe	19	16	25
	28	32	132
Other	-	(1)	-
Total	**100**	**130**	**200**

Scotia Capital – positive trend in net formations and provisions



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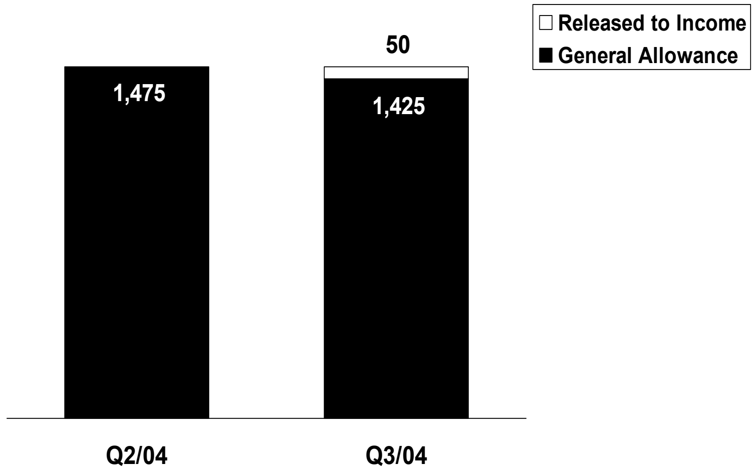
General Allowance

$ millions



% of risk-assets **0.95%** **0.92%**

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Continued decrease in cable & telecom exposure

Loans & acceptances, $ millions

Sector	Investment Grade		Non-Investment Grade		Total	
	Q3/04	**Q2/04**	**Q3/04**	**Q2/04**	**Q3/04**	**Q2/04**
Cable operators	18	20	1,188	1,251	1,206	1,271
Regulated telephone	388	397	123	96	511	493
Unregulated telephone	11	53	126	148	137	201
Wireless	194	92	220	453	414	545
Long-haul fibre cable	-	-	15	17	15	17
CLECs	-	-	28	28	28	28
Total	**611**	**562**	**1,700**	**1,993**	**2,311**	**2,555**

Impaired Loans: Gross $299 mm, Net $218 mm

Stable power & energy trading exposure

Loans & acceptances, $ millions

Sector	Investment Grade		Non-Investment Grade		Total	
	Q3/04	Q2/04	Q3/04	Q2/04	Q3/04	Q2/04
Regulated Utilities	705	577	146	174	851	751
Diversified Generation	-	-	176	249	176	249
Independent Power Projects with PPAs*	361	309	291	294	652	603
Other Power Projects	-	46	380	373	380	419
Total	**1,066**	**932**	**993**	**1,090**	**2,059**	**2,022**

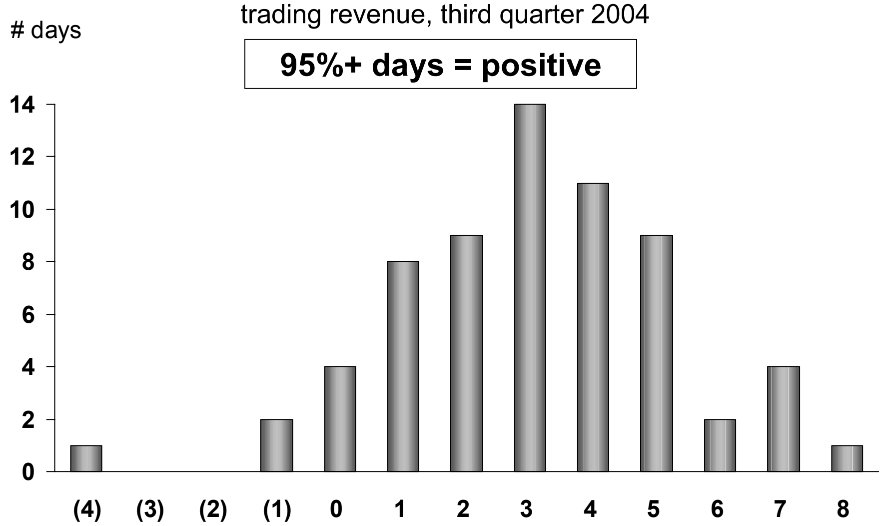
Impaired Loans: Gross $444 mm, Net $258 mm

* Power Purchase Agreements

Low variability of trading revenue...

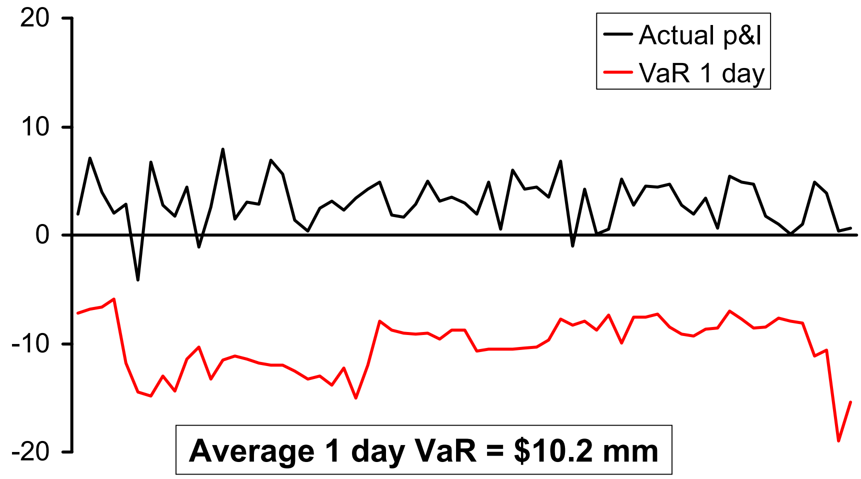
trading revenue, third quarter 2004

95%+ days = positive



...reflecting moderate market risk

$ millions, May 1, 2004 to July 31, 2004



Risk summary

- **Improving credit performance**

  Domestic Retail – Excellent

  Domestic Commercial – Stable

  International – Good

  Scotia Capital – Continues to improve

- **Market risk well contained**

- **Possible future reduction in general allowance**

Outlook

Rick Waugh
President & Chief Executive Officer

Outlook

- **Challenges remain**
  – strong Canadian dollar
  – low corporate loan demand
  – margin compression
- **Strength from diversification**
  – 3 strong growth platforms
- **Strong capital and reserves**
- **Expect to meet 2004 performance targets**

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