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Attention Business/Financial Editors:
Scotiabank achieves record operating results
for the 11th consecutive year

Fiscal 2000 (year over year)
- net income of $1.926 billion, up $375 million or 24%
- earnings per share $3.67, up 25%
- ROE 17.6%, up from 15.3%

Fourth Quarter (versus Q4 1999)
- net income of $497 million, up $95 million or 24%
- earnings per share $0.95, up 25%
- ROE 17.0%, up from 15.3%

TORONTO, Dec. 6 /CNW/ - Scotiabank has achieved record results for the 11th consecutive year, surpassing virtually all performance targets. The Bank reported $1.926 billion in net income for the year ended October 31, 2000, 24% higher than 1999. Over the past five years, net income has grown at a compound annual rate of 17%. Both earnings per share and return on equity (ROE) rose significantly, while the productivity ratio improved to 56.5% from 59.3% year over year.

The Bank also had a strong fourth quarter to round out the record year, with net income of $497 million, up 24% from $402 million in Q4 1999. Earnings per share climbed to $0.95 for the quarter, compared to $0.76 in Q4 last year, and ROE was 17.0%, up from 15.3% for the same period in 1999.

"Scotiabank's record performance was driven by solid growth in Domestic Banking, which includes Wealth Management, as well as in international operations," said Peter Godsoe, Chairman and CEO. "Our customer focus continues to support our ability to successfully deliver some of the best and most consistent returns of any major Canadian company. Our growth and diversification strategies have served us well, once again, this year," he added.

BUSINESS LINE HIGHLIGHTS

Domestic Banking

Domestic Banking net income rose 36% to $882 million, contributing 46% of the Bank's total net income. "Our domestic retail and commercial operations performed exceptionally well in 2000, thanks to higher loan volumes, fee income, and good expense control. The Bank continued to experience solid growth in core personal lending, particularly from a lineup of innovative credit products, such as the Scotia Total Equity Program (STEP) and ScotiaLine VISA," said Mr. Godsoe.

"With our e-commerce subsidiary, e-Scotia, we are committed to playing a leadership role in promoting e-commerce in Canada, and in developing the latest technologies available in the marketplace today to offer Canadians anytime, anywhere access to their financial services. This quarter, we were the first Canadian bank to launch a consumer pilot of voice recognition telephone banking services with the Canadian National Institute for the Blind," said Mr. Godsoe. "During this past year, we expanded our wireless menu for consumers by offering financial services through Bell Mobility, Rogers AT&T, ClearNet and Telus. We also joined forces with others to create Procuron -- one of Canada's largest B2B electronic marketplaces."

Wealth Management, a key component of Domestic Banking's earnings, generated $858 million in revenues, an increase of 29% from the previous year. Assets under administration grew to $97 billion, an 18% increase from 1999. "We made substantial progress on a number of new product initiatives, increasing choice, flexibility and convenience for our customers. This included our mutual fund alliance with Capital International Asset Management

Limited, part of the Capital Group Companies Inc., one of the world's leading research and asset management organizations; the launch of Scotia Partners Portfolios, including 16 leading mutual funds; and, the creation of i:PARTNER, an all-in-one service, combining trusted advice from a ScotiaMcLeod Investment Executive with a vast range of research, plus access to online trading and banking," Mr. Godsoe said.

International Banking

International Banking contributed $364 million to the Bank's earnings this year, a 23% increase over 1999, and representing 19% of the Bank's net income. Caribbean and Central American operations continue to lead the division's earnings contribution, with net income of $221 million. Latin American net income was substantially above last year's level and our target. In Asia, where economic conditions have continued to improve, earnings rose year over year with good growth in assets and fee income.

After year end, the Bank announced the completion of a transaction to increase its stake in Mexico's Grupo Financiero Inverlat S.A. to 55% from 10%. The purchase price for the additional 45% was US$184 million, comprised of the conversion of debentures of US$144 million purchased in 1996, and a US$40 million payment. This brings the Bank's total investment in Inverlat to US$215 million.

"The global reach of our international network -- in more than 50 countries around the world -- is unique among Canadian banks," said Mr. Godsoe. "We continue to target regions and countries where the financial sector is expected to achieve superior levels of growth -- Mexico is a prime example, where we are very optimistic about the country's prospects and the potential of Inverlat."

Scotia Capital

Scotia Capital earned $650 million in 2000, versus $745 million in 1999. In Canada, lending operations recorded a substantial increase in interest and fee revenues, in line with asset growth; however, this was more than offset by a return to more normal levels of loan loss provisions following significant recoveries in 1999. Institutional Equity's earnings rose 43% this year, with volatile markets and high trading volumes driving a record year for both commission and trading revenues.

Lending operations in the US and Europe achieved record levels of loan origination fees and higher interest spreads, however, net income was reduced by higher loan loss provisions, largely due to softening credit conditions in the US.

Global Trading reported record earnings in 2000, built on strong performances in virtually all areas. The Capital Markets Group, which includes derivatives and fixed income, reported its fourth consecutive year of record results. "Global Trading continued to have great success this year, playing a pivotal role in a number of large transactions, including the Rogers Communications financing, the BCE equity forward contract and hedging the Can-West Global acquisition financing," said Mr. Godsoe.

Other Highlights

Other initiatives, introduced during fiscal 2000:

Domestic Banking

- maintained No.1 ranking among Canadian banks for overall customer service;
- balances under the Scotia Total Equity Plan more than doubled expectations;
- launched a pilot with Canada Post to deliver basic banking services to 10 communities in Newfoundland that have never had face-to-face banking;
- enhanced customer relationship management capabilities resulting in significant improvements in response and renewal rates on products and services such as mortgages, GICs and ScotiaLine VISA.

Wealth Management

- Scotia Mutual Funds surpassed $10 billion in assets, supported by several initiatives to add new funds and effectively leverage the Bank's extensive distribution networks;
- increased new business in Personal Trust by 38% over the prior year;
- increased fee-based assets under management in Retail Brokerage by 30%;
- added new online features to the Discount Brokerage platform, including improved Web navigation and account access, online statements, market data and research capabilities.

E-Commerce

- introduced ScotiaWeb store in partnership with Microsoft, to help small businesses sell online;
- joined with WebMD Canada, the College of Family Physicians and the Royal College of Surgeons of Canada to create and provide financial services for the Canadian Doctors' Network, the first online portal of its kind in Canada;
- launched automobile loan financing with cars4u.com directly over the Internet;
- e-Scotia formed a strategic partnership with Creditwave to make it easier for small and medium-sized business to provide instant online credit to their customers;
- joined e-Route, a consortium of banks, to provide a comprehensive, fully integrated electronic bill payment system for bill issuers;
- launched smart card loyalty program across Canada.

Commercial and Small Business Banking

- introduced ScotiaLine VISA for business, an innovative borrowing solution that combines a line of credit with VISA card access;
- RoyNat, a subsidiary of Scotiabank specializing in providing long-term financial solutions for mid-size companies, launched RoyNat Ventures, a new division dedicated to investing in the high-tech sector;
- piloted a Small Business Resource Centre, which offers timely advice and information to help entrepreneurs make everyday business decisions, and improves the delivery of products through various electronic delivery channels.

International Banking

- increased ownership stake in Banco Sud Americano (BSA), Chile from 61% to 88% in fourth quarter and, subsequent to year end, increased ownership to 98%;
- partnered with International Finance Corporation to create a US$50 million loan facility to help small and medium-sized businesses in the Caribbean modernize and expand operations or fund export-oriented start-up projects;
- launched Scotia Americas Capital Purchase Program in the Caribbean, Central and Latin America;
- introduced new mortgage products in Mexico, Argentina and the Caribbean;
- launched Invertel telephone banking service in Mexico, signing up 190,000 customers.

Scotia Capital

- awarded the Investment Dealer Digest Project Finance Deal of the Year for its work with Calpine Construction Finance Corporation;
- served as lead arranger for the TrizecHahn Hollywood Hotel, the first hotel development to be syndicated in the market in almost two years;
- led the largest medium-term note issue in Canadian history, a five-year $750 million note for Daimler Chrysler;
- Scotia Capital Europe arranged a US$1.1 billion series of securitizations to fund shipbuilding contracts in Finland;

- co-led the $1 billion initial public debt offering of Hydro One Inc.;
- acted as sole underwriter and arranger of the Alberta Energy Corporation's acquisition financing of $1 billion;
- launched ScotiaFX, an Internet-based trading application, allowing corporate, institutional and commercial clients to execute, settle and monitor foreign exchange trades rapidly from their computer terminals.

FINANCIAL RESULTS

Revenues

This year's strong results were driven by excellent revenue growth. Total revenues -- comprised of net interest income, on a taxable-equivalent basis, and other income -- rose to $9.1 billion, a significant increase of 13% over last year's total of $8.0 billion. The Bank's total revenue growth has been very strong for the last decade, with annual increases averaging 12%.

Net Interest Income

Net interest income, on a taxable-equivalent basis, grew 12% to $5.4 billion in 2000. This resulted from solid growth in residential mortgages and business loans, in part arising from the first time inclusion of BSA Chile. The Bank's net interest margin, which expresses net interest income as a percentage of average assets, was 2.26%, an increase of 15 basis points from the previous year.

Other Income

Other income climbed 15% from the prior year to $3.7 billion in 2000. For the past five years, these revenues have grown at an average rate of 20%, and now represent 41% of the Bank's total revenues. The substantial increase in 2000 was the result of broad-based growth across all categories.

Revenues from wealth management activities showed remarkable gains, with full-service and discount brokerage businesses increasing by 42% following record customer demand. Credit-related fees rose 16%, with solid growth across all lending products. Trading income was 12% higher as a result of strong performances in securities trading and derivatives. Securitization revenues were up 33%, reflecting the full-year impact of securitizations undertaken in 1999.

Special items in 2000 included a $21 million gain relating to the sale of the Bank's investment in Solidbank in the Philippines, and $61 million from the sale of the Bank's stock transfer business.

Expenses

Scotiabank led all major Canadian banks in productivity in 2000. Through a continued focus on expense management, the productivity ratio -- non-interest expenses as a percentage of total revenues -- improved to 56.5% in 2000 versus 59.3% last year.

Operating expenses were $5.1 billion in 2000, a $363 million or 8% increase over last year. However, excluding the effect of consolidating BSA Chile and the increase in performance-driven compensation, expenses were flat.

Included in expenses in the fourth quarter was a $33 million provision established for the closure of certain non-strategic international locations. As well, the Bank reversed $34 million of the National Trust restructuring provision, representing amounts no longer required.

Credit Quality

At October 31, 2000, the allowance for credit losses exceeded gross impaired loans, resulting in negative net impaired loans of $61 million. This represented a modest increase of $95 million in net impaired loans since last year end. The Bank continued to maintain a substantial general provision of $1.3 billion in 2000, representing 0.83% of risk-weighted assets, as at October 31, 2000.

In fiscal 2000, specific provisions for credit losses were $765 million, an increase of $280 million over last year. Almost all of this growth was attributed to Scotia Capital, particularly in the US, as provisions were increased following softening credit conditions, consistent with market trends. Credit quality in Canadian retail and commercial lending improved, reflecting a continuation of the downward trend experienced over the past few years.

Balance Sheet

Total assets as at October 31, 2000, were $253 billion, up 14% or $30 billion from last year. Total loans grew by $21 billion, which included $2 billion in residential mortgages, $8 billion in loans to businesses diversified over the major business lines, and higher assets purchased under resale agreements of $10 billion. Securities rose $7 billion, mainly in trading securities in Scotia Capital.

Total deposits grew by $17 billion or 11% in 2000. Personal deposits were up 5%, reflecting customer demand for the Bank's various personal deposit products, such as stock-indexed GICs.

Capital

Scotiabank has always maintained a solid capital base, and this was further strengthened during the year. Total regulatory capital increased by more than $2.1 billion to $19 billion in 2000. Growth in Tier 1 capital accounted for 91% or $1.9 billion of this increase. Of this, $1.5 billion came from strong earnings retention, as well as a $500 million issue of Scotiabank Trust Securities (BaTS), an innovative Tier 1 capital instrument. Over the past five years, $4.7 billion in capital has been internally generated through record levels of net income.

The Tier 1 capital ratio rose substantially by 50 basis points in the year to 8.6%. The total capital ratio rose to 12.2%, an increase of 30 basis points from the prior year.

Outlook

"Our strategy, combined with our proven ability to execute effectively and efficiently across our core businesses -- Domestic Banking, including Wealth Management, International Banking and Scotia Capital -- forms a solid foundation for the future," said Godsoe. "With a clear focus on our customers, and first-rate expense and risk-management, we are confident that Scotiabank will continue its strong growth and successful performance in the years ahead for our shareholders, our customers and our employees."

The Bank expects steady growth in its retail and commercial businesses in Canada. A sales and service focus will continue to emphasize building deeper customer relationships, which will drive asset, deposit and revenue growth. Branch support functions are being restructured, emphasizing sales support and centralizing administrative functions into a common shared services unit. As well, a relentless focus on managing costs and improving productivity, will be ongoing.

Strong revenue growth in Wealth Management is expected to continue. The Bank's retail brokerage division will be a key contributor, with continued emphasis on disciplined pricing and building fee-based business. Mutual fund sales will benefit substantially from an enhanced domestic and global fund lineup and an increased focus on maximizing distribution capabilities.

Scotia Capital should see continued growth in revenues in 2001 from higher assets, fee income and trading revenues. Moderately higher loan losses are expected due to weaker credit conditions in the US market.

Higher net income is anticipated in International Banking for 2001, with continued record growth in the Caribbean and Central America. The Bank also expects a substantial rise in earnings from Latin America, with the addition of earnings from Inverlat in Mexico, and stronger performance in Argentina and Chile. In Asia, reasonable growth in earnings is expected.

2001 Targets

The Bank has established the following targets for 2001:

- ROE -- 16 to 18%
- Earnings per share growth -- 12 to 15%
- Productivity Ratio -- less than 60%
- Credit quality -- moderately higher specific provisions for credit losses are expected (excluding Inverlat)
- Capital ratios and credit ratings -- maintain strong capital ratios and credit ratings

Community Involvement

"Community involvement is not something we just talk about, it is an important part of the way we live, work and do business every day. This year we contributed more than $18 million to community groups and non-profit organizations in Canada and around the world," said Mr. Godsoe.

The Bank continued with a number of large sponsorships and donations, with an ongoing focus on breast cancer through support of Breast Cancer Awareness Day, Dialogue on Breast Cancer and the Willow Breast Cancer Support and Resource Services Workshops. The Scotiabank Fraud Awareness Program: the ABCs of Fraud continues to help make seniors tough targets against fraud in six cities across Canada.

"Over the last year we have made a conscious effort to support more community-based organizations, by expanding our local employee-based giving as well," he concluded.

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Performance Highlights — Scotiabank

	For the three months ended		
	October 31 2000	July 31(1) 2000	October 31(2) 1999
Net income (millions)	$497	$548	$402
Earnings per share: - basic	$0.95	$1.05	$0.76
- fully diluted	$0.93	$1.03	$0.75
Return on equity	17.0%	19.8%	15.3%
Productivity ratio	55.9%	54.0%	59.8%

	For the twelve months ended	
	October 31(1) 2000	October 31(2) 1999
Net income (millions)	$1,926	$1,551
Earnings per share: - basic	$3.67	$2.93
- fully diluted	$3.62	$2.91
Return on equity	17.6%	15.3%
Productivity ratio	56.5%	59.3%

(1) Excluding special items recorded in Q3/2000, the financial ratios for the three months ended July 31, 2000 and for the twelve months ended October 31, 2000, would have been as follows: EPS $0.94, $3.56; ROE 17.8%, 17.1%; and productivity ratio 55.9%, 57.0%.

(2) The above financial results have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), including the accounting requirements of the Superintendent of Financial Institutions Canada, other than recording the increase to the general provision for credit losses as a direct charge to retained earnings in the fourth quarter of 1999, which is in accordance with the accounting requirements specified by the Superintendent of Financial Institutions Canada under the Bank Act, as described in Note 22 of the Consolidated Financial Statements. Had the one-time increase in the general provision been recorded as a charge to the Consolidated Statement of Income, the above financial results would have been as follows: a) for the three months ended October 31, 1999 -- net income $88 million, earnings per share (basic) $0.12, earnings per share (fully diluted) $0.12, return on equity 2.5%; b) for the twelve months ended October 31, 1999 - net income $1,237 million, earnings per share (basic) $2.29, earnings per share (fully diluted) $2.28 and return on equity 12.0%.

Consolidated Statement of Income Scotiabank

	For the three months ended			For the twelve months ended	
($ millions)	October 31 2000	July 31 2000	October 31(1) 1999	October 31 2000	October 31(1) 1999
Interest income					
Loans	$3,296	$3,182	$2,650	$12,129	$10,654
Securities	622	577	496	2,286	1,874
Deposits with banks	250	252	213	916	943
	4,168	4,011	3,359	15,331	13,471
Interest expense					
Deposits	2,213	2,118	1,783	8,192	7,284
Subordinated debentures	87	77	82	324	314
Other	475	431	322	1,616	1,201
	2,775	2,626	2,187	10,132	8,799
Net interest income	1,393	1,385	1,172	5,199	4,672
Provision for credit losses	226	227	159	765	635
Net interest					

income after provision for credit losses	1,167	1,158	1,013	4,434	4,037
Other income					
Deposit and payment services	157	158	150	624	602
Investment, brokerage and trust services	156	178	153	733	604
Credit fees	164	168	154	632	543
Investment banking	202	201	186	756	706
Net gain on investment securities	46	115	102	379	343
Securitization revenues	50	52	42	206	155
Other	90	118	53	335	230
	865	990	840	3,665	3,183
Net interest and other income	2,032	2,148	1,853	8,099	7,220
Non-interest expenses					
Salaries	678	661	582	2,594	2,297
Pension contributions and other staff benefits	86	91	73	350	330
Premises and equipment, including depreciation	209	270	245	995	1,007
Other	352	288	356	1,214	1,142
Restructuring provision for National Trustco Inc.	(34)	-	(20)	(34)	(20)
	1,291	1,310	1,236	5,119	4,756
Income before the undernoted:	741	838	617	2,980	2,464
Provision for income taxes	223	272	206	990	867
Non-controlling interest in net income of subsidiaries	21	18	9	64	46

Net income	$497	$548	$402	$1,926	$1,551
Preferred dividends paid	$27	$27	$27	$108	$108
Net income available to common shareholders	$470	$521	$375	$1,818	$1,443

(1) Refer to footnote (2) on Performance Highlights page.

Certain comparative amounts in these financial statements have been reclassified to conform with current period presentation.

Condensed Consolidated Balance Sheet

	As at		
($ millions)	October 31 2000	July 31 2000	October 31 1999
Cash resources	$18,744	$19,043	$17,115
Securities	41,386	36,891	33,939
Loans	166,903	161,364	145,859
Other assets	26,138	25,826	25,748
Total assets	$253,171	$243,124	$222,691
Deposits - Personal	$68,972	$68,588	$65,715
- Business and governments	76,980	74,742	64,070
- Banks	27,948	24,395	26,833
Total deposits	173,900	167,725	156,618
Other liabilities	60,926	57,578	49,293
Subordinated debentures	5,370	5,327	5,374
Equity - Preferred	1,775	1,775	1,775
- Common	11,200	10,719	9,631
Total liabilities and equity	$253,171	$243,124	$222,691

Components of Net Income and Average Assets Scotiabank

	For the three months ended			For the twelve months ended	
	October 31 2000	July 31 2000	October 31(1) 1999	October 31 2000	October 31(1) 1999
Net Income ($ millions)					
By business line:					
Domestic Banking	$256	$234	$167	$882	$649
International Banking	89	104	83	364	296
Scotia Capital	114	211	158	650	745
Other(2)	38	(1)	(6)	30	(139)
	$497	$548	$402	$1,926	$1,551
By geography:					
Canada	$347	$377	$320	$1,309	$1,089
United States	39	66	13	308	343
Other International	112	142	124	472	463
Corporate adjustments	(1)	(37)	(55)	(163)	(344)
	$497	$548	$402	$1,926	$1,551
Average Assets ($ billions)					
By business line:					
Domestic Banking	$90	$89	$88	$89	$86
International Banking	32	32	27	31	26
Scotia Capital	108	103	92	101	97
Other(2)	17	17	19	18	20
	$247	$241	$226	$239	$229
By geography:					
Canada	$148	$142	$136	$143	$133
United States	41	42	35	39	37
Other International	55	55	52	54	54
Corporate adjustments	3	2	3	3	5
	$247	$241	$226	$239	$229

(1) Refer to footnote (2) on Performance Highlights page.

(2) Represents corporate adjustments and smaller operating segments, including Group Treasury.

Capital and Common Share Information — Scotiabank

	As at		
	October 31 2000	July 31 2000	October 31 1999
Capital ratios			
Tier 1	8.6%	8.5%	8.1%
Total	12.2%	12.1%	11.9%
Common shares outstanding (millions)	498.0	496.4	494.3
Book value per share	$22.49	$21.60	$19.49
Market value per share	$43.50	$37.55	$33.60

	For the three months ended		
	October 31 2000	July 31 2000	October 31 1999
Common dividends paid			
Total (millions)	$139.3	$119.1	$118.5
Per share	$0.28	$0.24	$0.24

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This report includes forward-looking statements about objectives, strategies and expected financial results. Such forward-looking statements are inherently subject to risks and uncertainties beyond the Bank's control, including, but not limited to, economic and financial conditions globally, regulatory developments in Canada and elsewhere, technological developments and competition. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements, and the reader is therefore cautioned not to place undue reliance on such statements.

A live audio Internet broadcast of the Bank's analysts' conference call will begin at 3:00 p.m. today. As well, media and retail investors will be able to join the conference call on a listen-only basis by calling (416) 640-4120 between 2:45 p.m. and 2:55 p.m. A replay of the conference call will be available from December 6 to 20 by calling (416) 640-1917 and inputting the following identification code: 72574 (Pound key).

The Web broadcast will include both audio and slide presentations by Bank executives, and a subsequent question and answer period. The full presentation will be available on the Web at about 5:00 p.m. today. Please visit www.scotiabank.com for more information about the broadcast.

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/For further information: please contact Sabi Marwah, Executive Vice-President and Chief Financial Officer, (416) 866-6808, or Kevin Harraher, Vice-President, Investor Relations, (416) 866-5982 or Diane Flanagan, Senior Manager, Public Affairs, (416) 866-6806/

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