



Rick Waugh

President & CEO

Investing for Growth

Unique Opportunities

Scotia Capital Financials Summit 2005

September 13, 2005

 Scotiabank Group™



One Team, One Goal

Our Goal
**To be the best
Canadian-based international
financial services company**



**Generate *profitable*
and *sustainable* growth**



On Track to Meet 2005 Targets

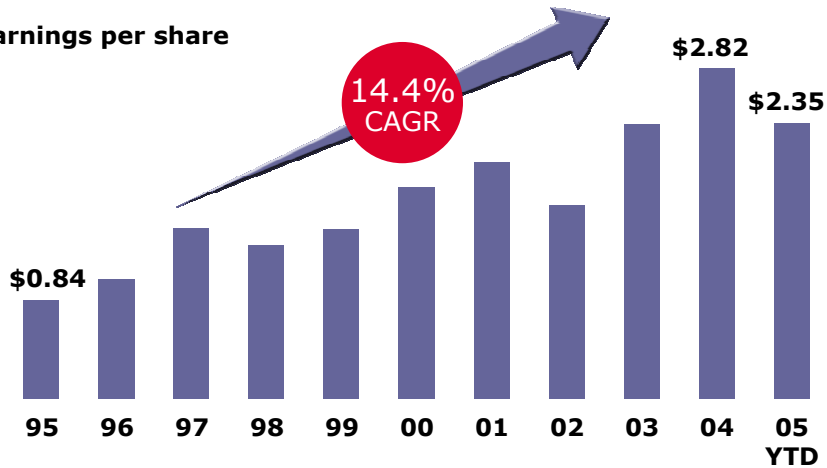
	2005 Target	2005 YTD Performance
EPS growth	5-10%	10%
ROE	17-20%	21.0%
Productivity ratio	Below 58%	55.9%
Capital ratio	Maintain strong capital ratios	TCE 9.3%





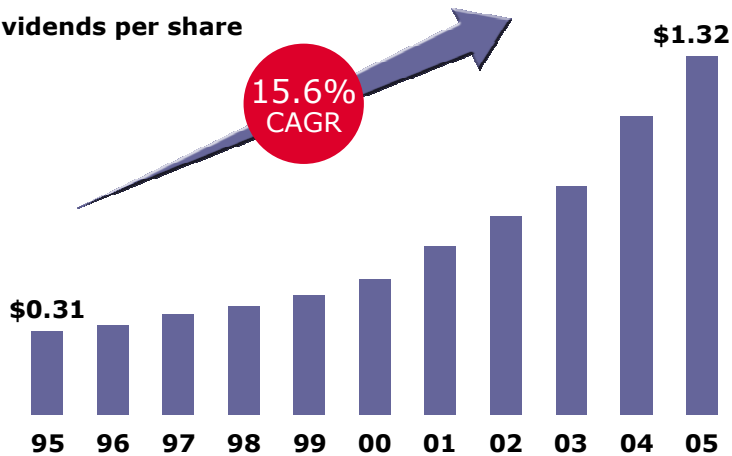
Record of Consistent Earnings Growth

Earnings per share



Record of Consistent Dividend Growth

Dividends per share

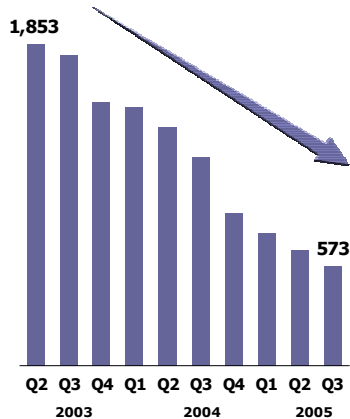


Target payout ratio of 35% to 45%



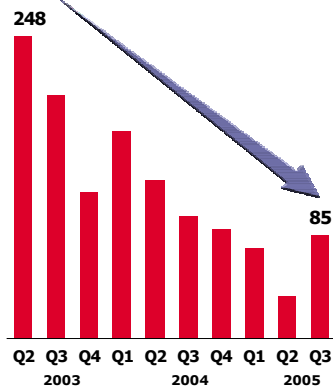
Improved Credit Quality

Net Impaired Loans*
\$ mm



* after deducting specific allowance for credit losses

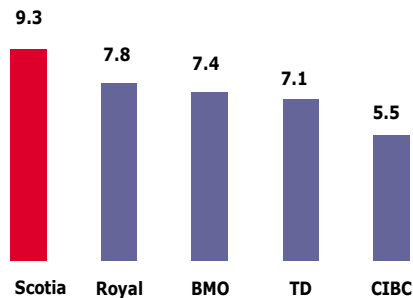
Specific Loan Loss Provisions
\$ mm



Strong Capital Base

- **Business growth**
 - acquisitions
 - organic
- **Dividend increases**
- **Share buybacks**

Tangible Common Equity
July 31, 2005, %





Revenue Growth #1 Priority

Invest for **profitable** and **sustainable** revenue growth

- **Strategic external acquisitions**

- businesses
- portfolios

- **Organic growth**

- retain & grow share of wallet with existing customers
- new customer acquisition



Acquisition Criteria

- **Bring value**
 - leverage core strengths
- **Obtain value**
 - market share/scale
 - leverage distribution network
 - complementary businesses
- **Be opportunistic**
- **Maintain financial discipline**



Acquisition Challenges

- **Competing against global FI's with deep pockets**
- **Regulatory constraints in many foreign markets**
- **Prices remain high**



Growth Through Acquisitions

- **What types of businesses?**
 - personal & commercial
 - wealth management
 - insurance
 - capital markets – global specialties (mining, energy)
- **Where? Existing markets**
 - Central America
 - Mexico/Chile/Peru
 - Caribbean
 - Asia
 - Canada



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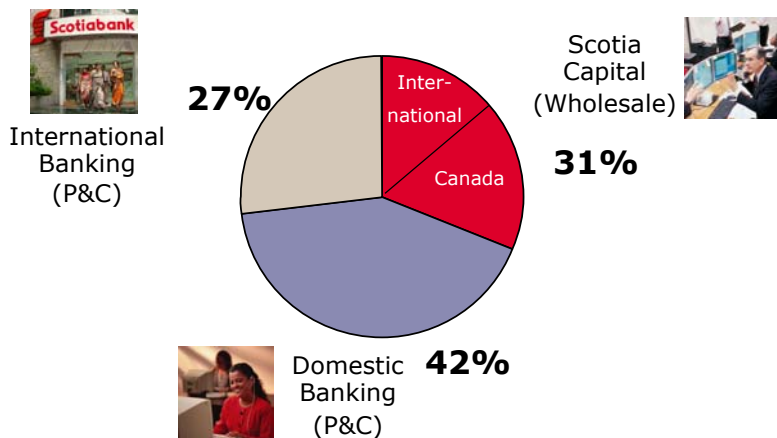
- **Organic growth**

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Three Strong, Diversified Growth Platforms

Breakdown of 2004 Net Income
(excluding Other)





Domestic Banking: Strong Franchise

Net Income* (\$ millions)



- Consistent financial performance
- #1 retail credit quality
- #1 online banking
- leading customer loyalty
- strong customer service
- leading customer analytics/
data warehouse



* net income available to common shareholders



Domestic Banking: Retain & Grow

- Continued focus on market-leading asset growth
 - retention
 - product innovation
- Significant focus on improving investment sales
 - new automated financial planning sales tools
 - comprehensive investment sales training
 - new sales metrics
- Revitalizing small business offering

Market share gains* in key products

- mortgages – up 67 bp
- chequing/savings – up 14 bp

* June 2005 vs. June 2003



Domestic Banking: Expanding Customer Base

- **Increasing sales capacity in identified high priority markets**
 - additional sales staff
 - new branches and branch formats
- **Leverage indirect channels & small business alliances**
- **Increasing marketing efforts**



Expand Wealth Management

- **Opportunity: emerging affluent investor segment**
- **Improving quality of referrals**
- **Increase sales capacity**
 - expand ScotiaMcLeod sales force
 - double financial consultant sales force
- **Emphasis on mutual fund distribution**
 - strong sales – Partners Portfolio
 - new funds – *Scotia Vision™*
- **Pursue acquisition opportunities**

Customer Investment Balances
(\$250K+ Investable Assets)



■ With Scotia ■ At Other FI's

Retail Brokerage

Mutual Funds

Private Client

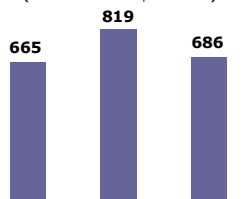


Scotia Capital: Strong & Improving Franchise

- **Ranked top 3 in all products offered in Canada**
- **Established relationships**
 - 260 clients in Canada
 - 620 clients in U.S.
- **Focus on revenue growth**
 - higher cross-sell
 - lending discipline, improved credit quality
- **Grow global industry specialties**
 - mining
 - energy
 - hospitality
 - health care

Scotia Capital

(Net Income* \$millions)



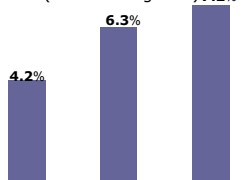
2003 2004 2005 YTD

* net income available to common shareholders

Scotia Capital U.S.

Higher cross-sell

(Non-Lending ROE) 7.2%



2003 2004 2005 YTD



Scotia Waterous: Leading Global Energy Advisor

- **Leading global energy advisory firm focused on mergers, acquisitions & divestitures**
- **Advised 24 of world's 30 largest private oil & gas companies over past three years**
- **In 2004, advised on transactions in excess of \$US 8 billion**
- **Expected synergies**
 - expanded client relationships
 - one-stop financing for M&A clients



Scotia Capital: NAFTA Platform

Integration of Inverlat's wholesale banking group with Scotia Capital now complete

- cross-sell to multi-national and Mexican clients
- increase activity in areas such as IPOs, structured deals, derivatives, fixed income, securitizations, cash management
- coverage of 7 broad industry groups


 \$5,000,000,000
 Short Term Corporate Bond
 Lead Manager




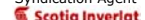
 \$2,500,000,000
 Short Term Corporate Bond
 Lead Manager



 \$4,000,000,000
 Short Term Corporate Bond
 Distribution Group



 \$4,000,000,000
 Short Term Corporate Bond
 Joint Lead Manager



 US\$125,000,000
 Senior Secured Mexican Peso Credit Facility
 Joint Lead Arranger, Bookrunner and Syndication Agent




International Banking: Significant Growth Opportunity

- **Very attractive demographics**
- **Low banking penetration**
- **Strong presence in local markets**



40+ Countries
840+ branches & offices
1,790+ ABMs
17,800+ employees



International Banking: Four Revenue Growth Drivers

1. Acquisitions
2. Leverage Sales & Service platform
3. Develop complementary businesses
4. Improve efficiency platform



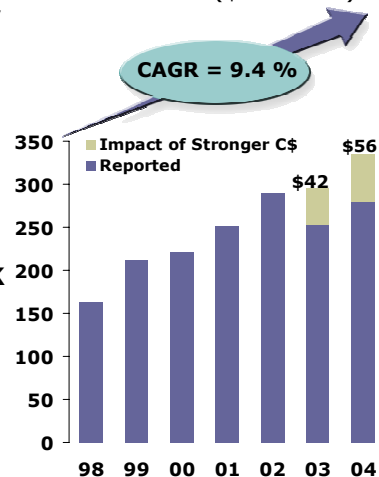
* net income available to common shareholders



Caribbean: Dominant Franchise

- **Selective acquisitions in key markets**
- **Sales and service platform**
 - specialized sales forces
 - aggressive marketing
 - cross-sell - 4 cornerstones
- **Expand distribution network**
 - ABMs
 - Internet
- **Grow insurance and wealth management**

Caribbean & Central America
Net Income (\$ millions)





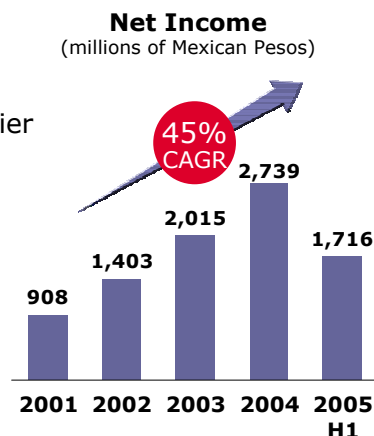
Central America: Attractive Market

- **Attractive market**
 - population of 40 million
 - low banking penetration
 - CAFTA agreement recently signed
 - strong GDP growth expected
- **Current Status**
 - operations in 4 of 7 countries
 - recent acquisition in El Salvador increased market share to 17%
- **Future growth opportunities**



International Banking: Mexico – Engine for Growth

- **Customer acquisition**
 - specialized mortgage sales force
 - grow branch network – 20-30/yr
 - credit cards – partnered with premier loyalty program in Mexico
 - increased advertising
 - leverage database marketing
- **Sales & service platform**
- **Acquisitions – complementary businesses**
 - Insurance
 - AFORES (pension asset management)





Why Invest in Scotiabank?

Unique opportunity for growth

- ✓ Record of consistent earnings & dividend growth
- ✓ Strong capital position
- ✓ Focused acquisition strategy
- ✓ Three diversified growth platforms
– with unique opportunities



Forward-looking statements

This document includes forward-looking statements which are made pursuant to the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995. These statements include comments with respect to our objectives, strategies, expected financial results (including those in the area of risk management), and our outlook for our businesses and for the Canadian, U.S. and global economies. Forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “intent,” “estimate,” “may increase,” “may fluctuate,” and similar expressions of future or conditional verbs such as “will,” “should,” “would” and “could.”

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