



 **Scotiabank**

*National Bank Financial
Canadian Bank CEO Conference
April 9, 2003*

Rick Waugh, President 1

Agenda



- Key issues for Scotiabank investors
 - succession
 - credit quality
 - use of capital
 - growth
- Businesses – key priorities
- Consistent long-term performance
- Targets

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Succession



- Orderly transition
- Our vision: One Team One Goal
 - seasoned management team
 - depth and breadth
 - continuity of strategy and culture

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Credit Quality



- Domestic Retail: excellent
- Domestic Commercial & International: stable
 - Argentina dealt with
- Scotia Capital:
 - Challenges in U.S. & Europe

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Credit Quality



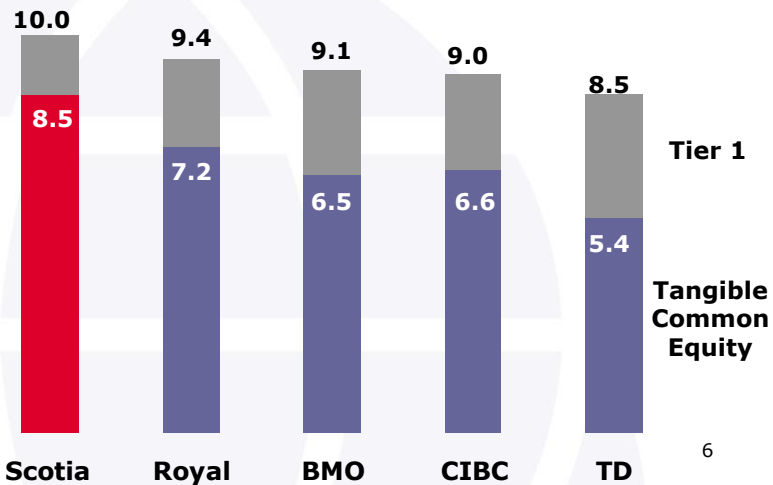
- Cable & Telecom
 - problems largely behind us
- Power & Energy Trading
 - limited number of problem accounts
 - restructurings in progress; success to date
- Airlines exposure - modest
- Moderate decline in provisions in 2003



Industry-Leading Capital



January 31, 2003



Uses of Capital



High Capital Levels

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Opportunity



- Business expansion
- Cushion to handle unforeseen risks
- Dividend increases, share buybacks
- Well positioned for Canadian bank consolidation

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Growth



- Domestic
 - leverage industry-leading:
 - customer satisfaction
 - database marketing
- International
 - organic growth in Caribbean & Central America, Mexico
 - in-market acquisitions – accretive
- United States
 - disciplined acquisition strategy

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Businesses and Key Priorities



Domestic



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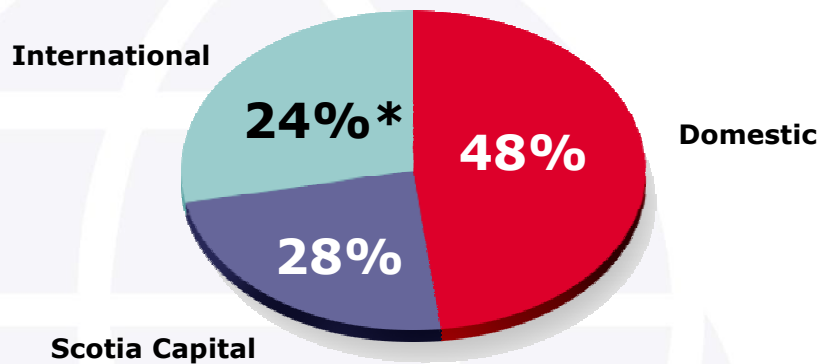
International

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Key Priority: Earnings Diversification

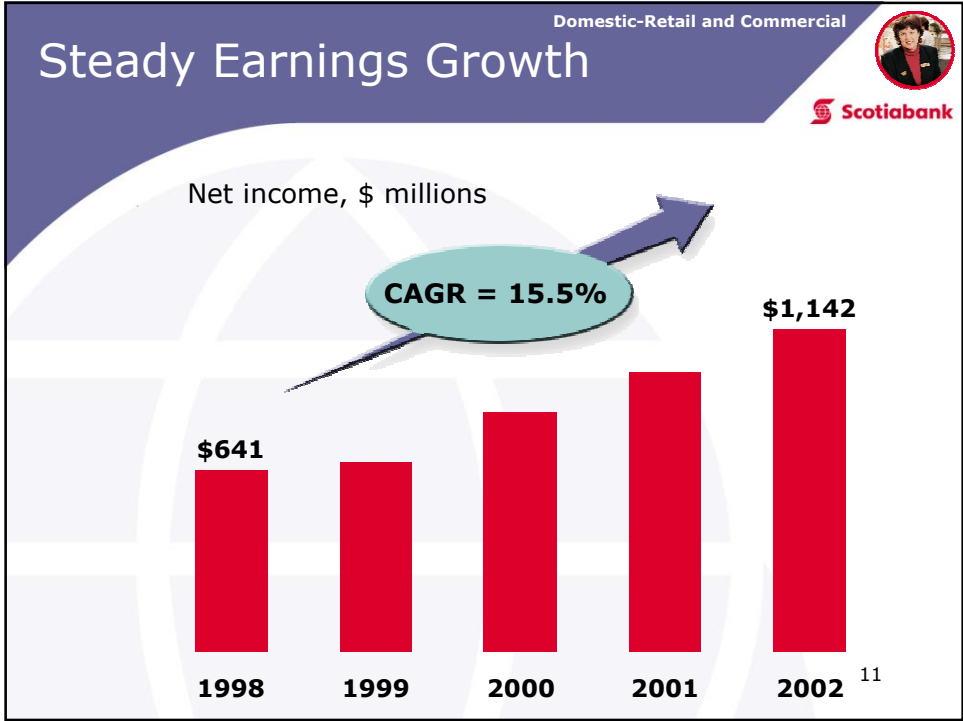


% of net income, excluding Other
average of 2000-2002



* excluding charges related to Argentina

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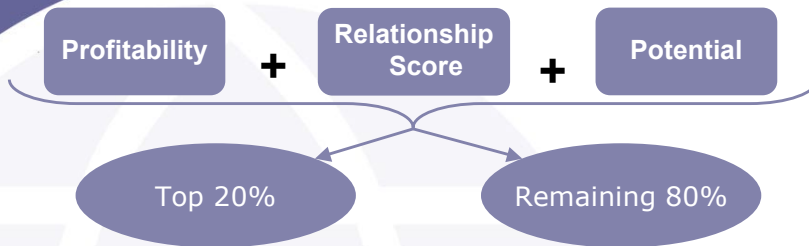


Build Relationships With Our Best Customers

Domestic-Retail and Commercial



Scotiabank



Manage Relationships

- Proactive Relationship Management for retention *and* growth
- Dedicated sales officer



- Stronger loyalty (47% vs. 42%)
- Longer tenure (14.5 yrs vs. 9.3)
- More than 2.5x as many accounts

Originate Relationships

- Seek out highest-potential customers
- Proactive advice to new customers
- Seamless experience across channels and over time

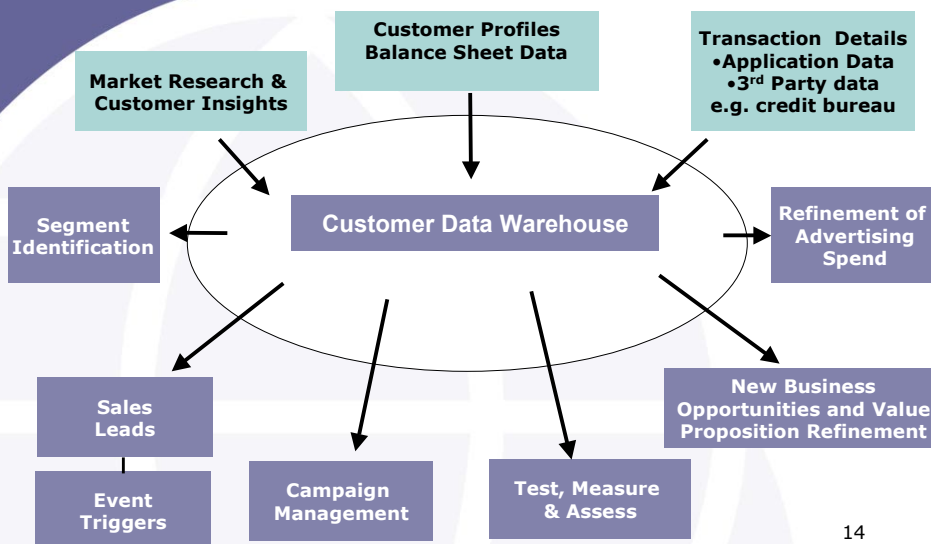
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Enhance Sales Capabilities With CRM Data Warehouse

Domestic-Retail and Commercial



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Wealth Management Key Priorities

Domestic-Wealth Management



- **Maximize referrals from retail bank**
 - over \$4 billion referred in 2002
 - share of wallet is increasing
- **Emphasize financial planning**
 - drive sales and service activities for the middle market

Retail
Brokerage

Mutual
Funds

Private
Client

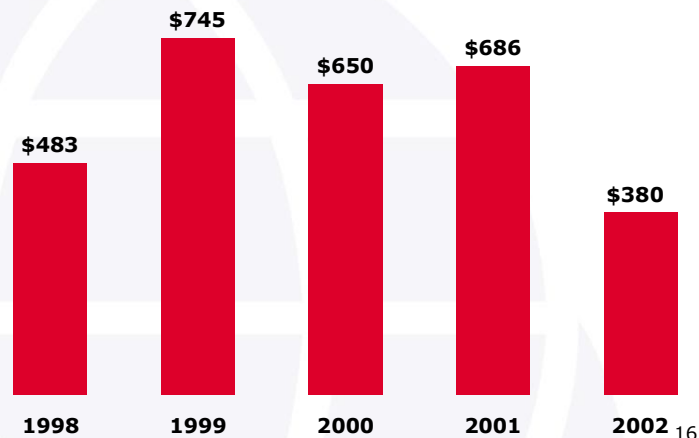


Scotia Capital - Profitable Despite U.S. Credit Challenges

Scotia Capital



Net income, \$ millions



Scotia Capital Key Priorities – U.S. & Europe

Scotia Capital



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- **Reduce loan losses and improve ROE**

- reduce single-name exposures and industry limits
- proactive loan portfolio management
- review and exit unprofitable relationships
- deepen relationships with smaller number of core clients



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Key Priorities – Canada & Global Trading

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- **Canada – top tier ranking**

- #1 in overall equity research in Canada (Brendan Wood)
- #1 in syndicated lending in Canada (Dealogic)
- #2 in income trust market (Industry data)
- very acceptable ROE

- **Global Trading**

- increase sales in the U.S., Mexico
- particularly risk management products, foreign exchange



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International Engine for Long-Term Growth

International Scotiabank

Caribbean

- grow in Spanish-speaking markets
- expand wealth management

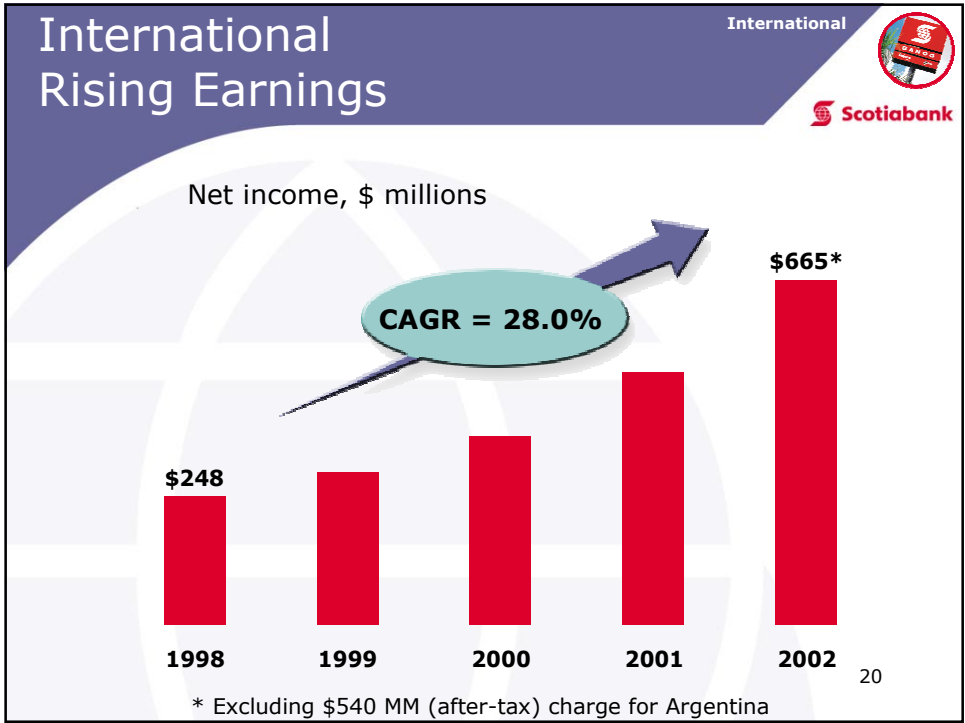
Asia

- niche markets
- emerging markets "R&D"

Latin America

- grow Inverlat (Mexico) organically, purchase minority interest

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Caribbean Strong Earnings Growth

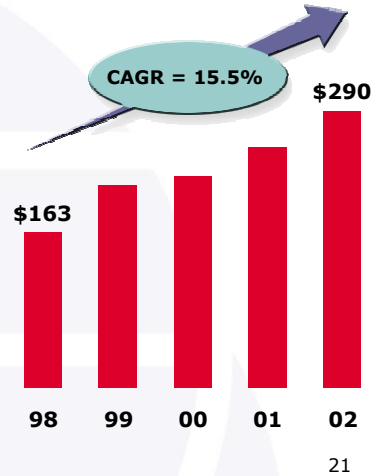
International



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- Local bank in local market
- Enhance electronic banking
 - 24/7 telephone banking
 - expanded ABM network
- Expand insurance and wealth management
- Expand delivery network in key growth markets
 - Dominican Republic
 - El Salvador, Costa Rica

Net income (\$millions)



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Mexico - Scotiabank Inverlat Steady Organic Growth

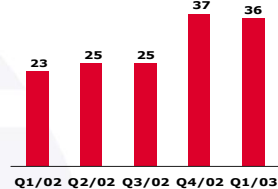
International



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- Growing retail business
 - captured over 30% of all new automobile and mortgage loans
- Increased market share
 - personal loans: +38 bps to 6.2%
 - retail deposits: +140 bps to 6.0%
- Very good penetration of commercial & corporate market
 - loans up 16% year-over-year
- Negotiating with Mexican government to purchase remaining stake

BNS share of Inverlat income (\$ millions)



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Consistent Long-term Performance

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Consistent long-term performance

	 Scotiabank
	Ranking vs peer group
• earnings growth (5 years)	#2
• return on equity (5 years)	#2
• productivity (5 years)	#1
• capital ratios (current)	#1
• internal capital generation (5 years)	#2
• customer service	#1

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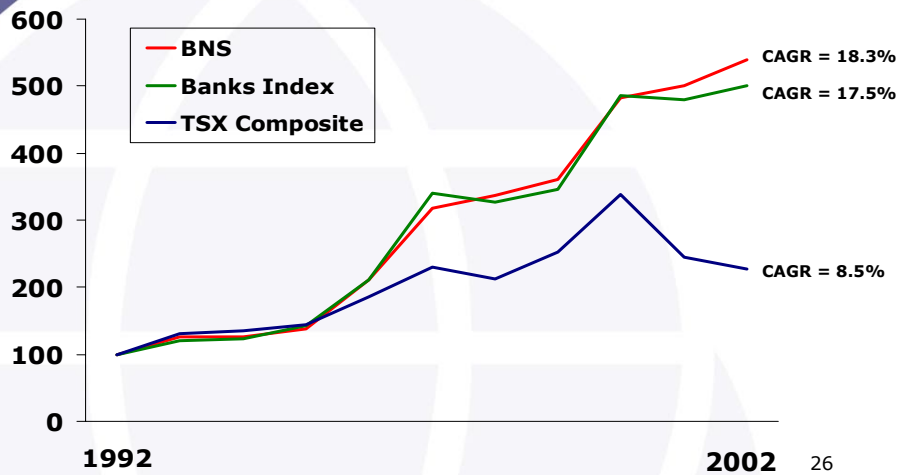
Bank-wide focus on customer service



- "Number One"
 - Market Facts Canada
- "Best Bank in Caribbean"
 - Latin Finance magazine
- "Best Service"
 - Mexico's Reforma
- "Best Company"
 - Chile's El Diario



Superior Returns





2003 Targets



Return on Equity	15 – 18%
EPS Growth	5 – 10%
Productivity Ratio	Below 58%
Capital	Tier 1 above 8%

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