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*UBS Warburg  
2003 Global Financial Services Conference  
New York, April 30, 2003*

*Rick Waugh, President*

UBS Warburg Conference – 4/30/03 – Rick Waugh, President

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## Scotiabank



### “Canada’s most International Bank”

- Operations in over 40 countries
- Second most profitable bank in Canada in 2002  
– \$1.8 (US\$1.2) billion in net income
- Market Cap of \$27 (US\$19) billion  
– 2<sup>nd</sup> among Canadian peers vs. #5 in 1997
- Highest capital ratios among Canadian banks  
– 8.5% TCE ratio
- Good foundation for growth



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# Agenda



- Consistent long-term performance
- Competitive Strengths
- Growth Drivers in Key Businesses
- Targets

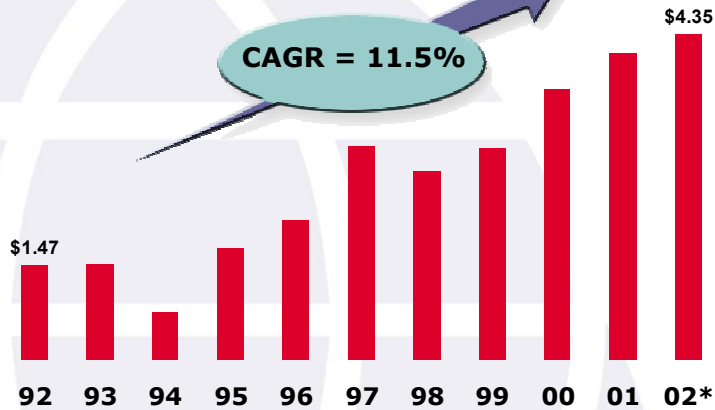


Consistent Long-term Performance

# Consistent Earnings Growth

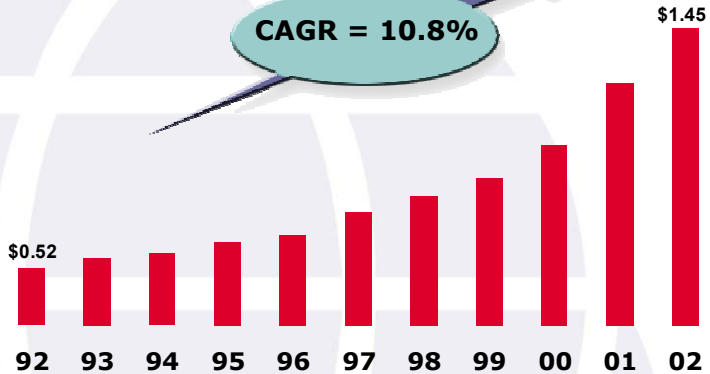


EPS, \$



\* 2002 excludes impact of charges related to Argentina of \$1.05

# Regular Dividend Increases



# Consistent long-term performance



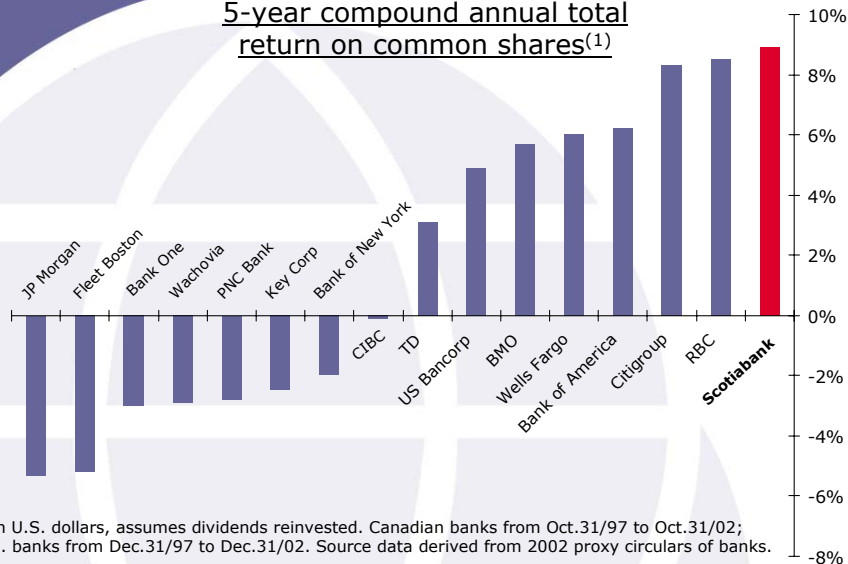
Ranking vs  
Cdn. peer group

- productivity (5 years) #1
- capital ratios (current) #1
- earnings growth (5 years) #2
- return on equity (5 years) #2
- internal capital generation (5 years) #2
- customer service #1

# Superior Returns



5-year compound annual total  
return on common shares<sup>(1)</sup>



<sup>(1)</sup> In U.S. dollars, assumes dividends reinvested. Canadian banks from Oct.31/97 to Oct.31/02; U.S. banks from Dec.31/97 to Dec.31/02. Source data derived from 2002 proxy circulars of banks.



## Competitive Strengths

## Earnings Diversification



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

**International**

**24%\***

**Domestic**

**48%**

**28%**

**Scotia Capital**

\* excluding charges related to Argentina

# Bank-wide focus on customer service

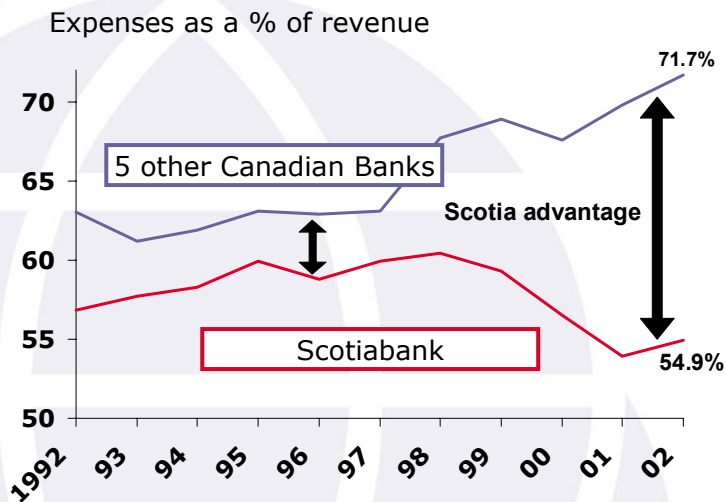


- "Number One"
  - Market Facts Canada
- "Best Bank in Caribbean"
  - Latin Finance magazine
- "Best Service"
  - Mexico's Reforma
- "Best Company"
  - Chile's El Diario



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# Productivity Leader

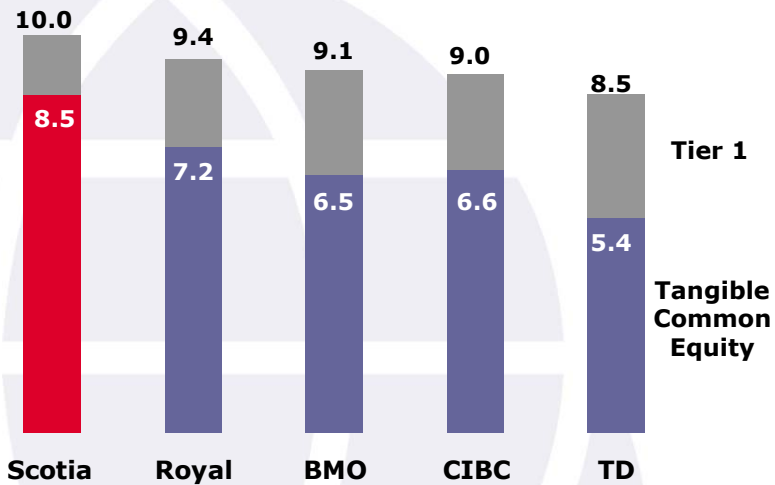


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# Industry-Leading Capital



%, January 31, 2003



# Uses of Capital



High Capital Levels

=

Opportunity

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



## Growth Drivers in Key Businesses

## Growth Drivers in Key Businesses



- **Domestic**
  - leverage industry-leading:
    - customer satisfaction
    - database marketing
- **Scotia Capital**
  - reduce loan losses and improve ROE
  - leverage longstanding core relationships
- **International**
  - organic growth in Caribbean & Central America, Mexico
  - in-market acquisitions



**“Providing a full range of retail, small business, commercial and wealth management services to customers across Canada.”**

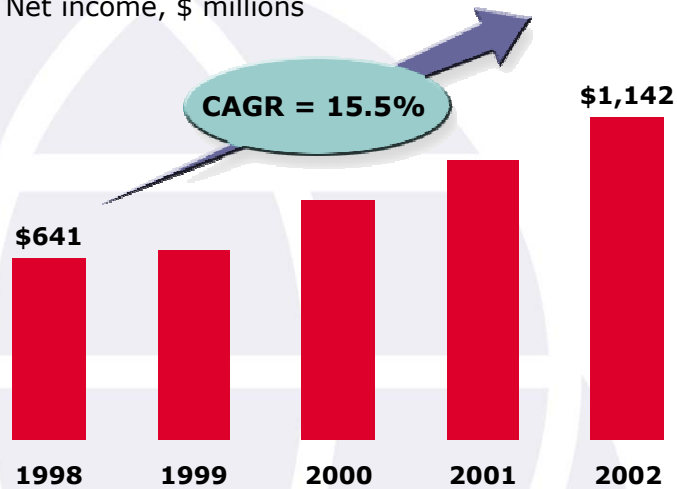
7 million+ personal and business customers served through:

- 973 branches
- 102 wealth management offices
- 2,193 ABMs
- 4 Call Centres – close to 45 million inbound/outbound calls in 2002
- Telephone Banking – over 1.3 million users; 36 million transactions over past 12 months
- Internet Banking – close to 1 million users; 83 million transactions over past 12 months

## Solid Earnings Growth



Net income, \$ millions



# Strong Retail Franchise

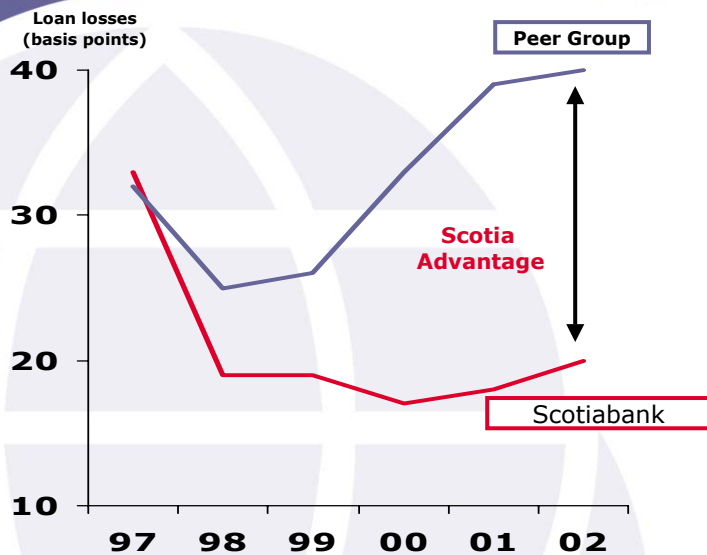
Domestic Bank



- Retail credit quality #1
- Productivity #1
- Customer service #1

# Industry-Leading Retail Credit Quality

Domestic Bank



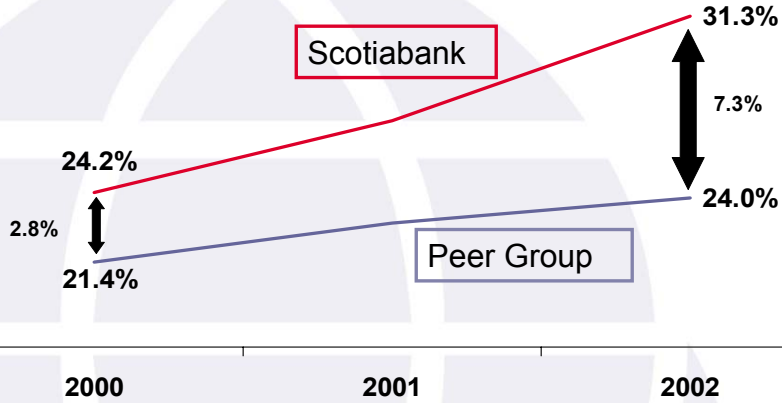
# Service Excellence

Domestic Bank



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## Customer Satisfaction – % Excellent vs. Peer Group



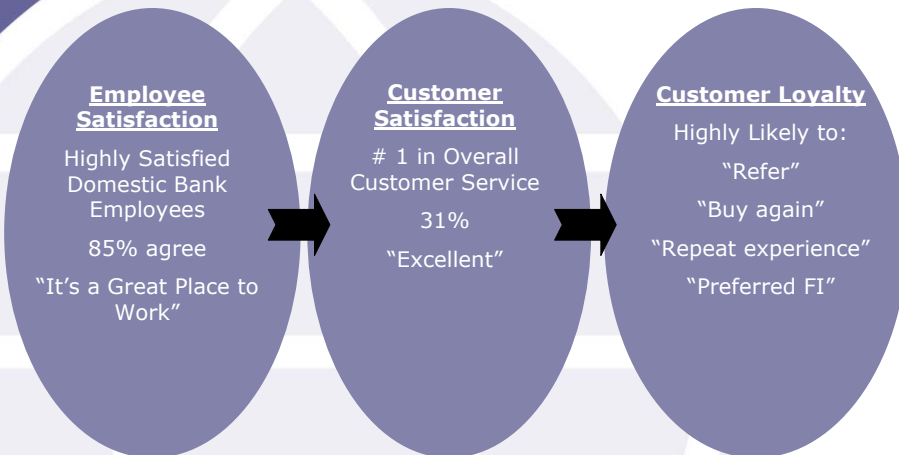
Market Facts CSI (2002)

# Leverage Customer Satisfaction

Domestic Bank



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# Enhance Sales Capabilities With CRM Data Warehouse



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Market Research & Customer Insights

Customer Profiles & Financial Holdings

Transaction Details & 3<sup>rd</sup> Party data (e.g. credit bureau)

Customer Data Warehouse

Identify & Track Best Customers

Identify & Action Best Leads

Test, Measure and Rollout Best Campaigns

# Build Relationships With Our Best Customers

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Profitability + Relationship Depth + Potential

Top 20%

### Manage Relationships

- Focus on retention *and* growth
- Dedicated sales officer



- Longer tenure (14.5 yrs vs. 9.3 yrs.)
- More than 2.5x as many accounts

Remaining 80%

### Originate Relationships

- Seek out highest-potential customers

# Wealth Management Key Priorities

Domestic Bank



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- **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



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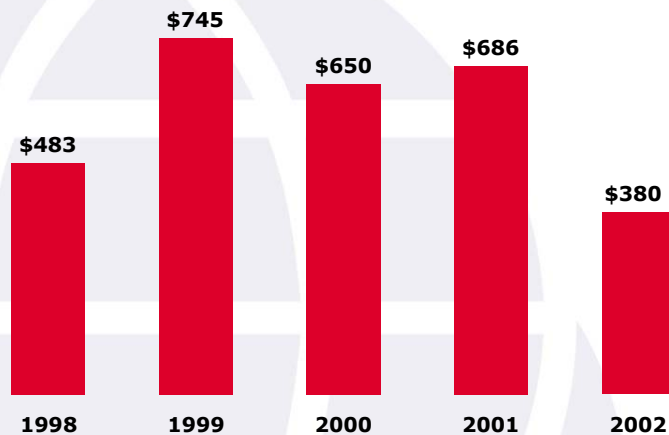
# Scotia Capital - Profitable Despite U.S. Credit Challenges

Scotia Capital



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Net income, \$ millions



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# Credit Quality

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- 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



# Key Priorities – U.S.

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



# Key Priorities – Canada & Global Trading

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- **Canada – top tier ranking**

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

- **Global Trading**

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



# International Engine for Long-Term Growth

International



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## Caribbean & Central America

- grow in Spanish-speaking markets
- expand wealth management

## Asia

- niche markets
- emerging markets "R&D"

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## Latin America

- grow Inverlat (Mexico) organically, purchase minority interest

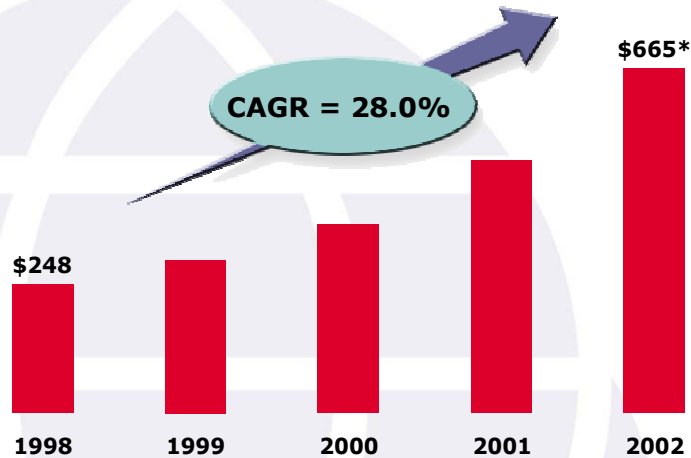
# International Rising Earnings

International



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Net income, \$ millions



\* Excluding \$540 MM (after-tax) charge for Argentina

# Caribbean & Central America Strong Earnings Growth

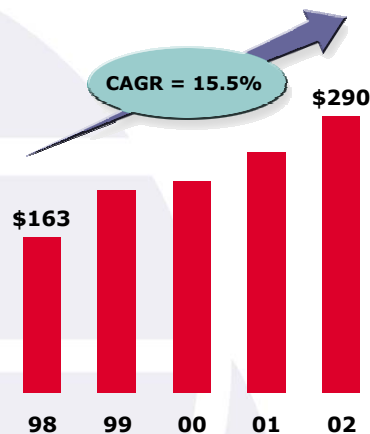
International



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Net income (\$millions)

- Dominant market presence
  - 25 countries
  - 250+ branches
  - 7,500+ staff
  - 400+ ABMs
  - \$17 billion in assets
- Local bank in local market



# Caribbean & Central America Strengthening the network

International



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- Expand delivery network in key growth markets:
  - Costa Rica, Dominican Republic, Puerto Rico, El Salvador
  - 20 million potential customers with excellent growth opportunities
- Enhance electronic banking
  - 24/7 telephone banking
  - expanded ABM network
- Expand insurance and wealth management

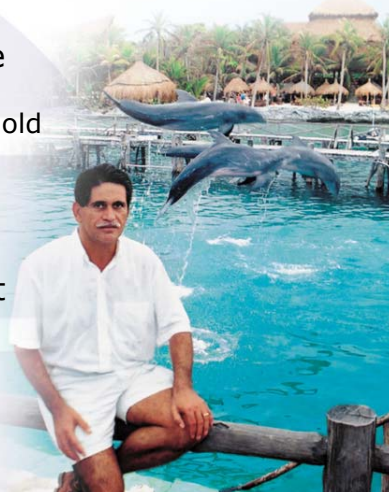
# Mexico Compelling Demographics

International



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- Huge market - 100 million people
  - 50% of population under 22 years old
- Higher GDP growth rate
- Strong growth in consumer credit



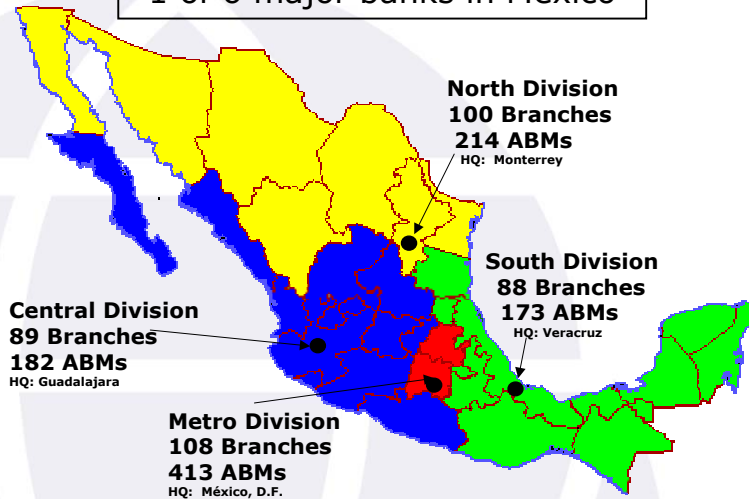
# Scotiabank Inverlat Network Covering Key Markets

International



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1 of 6 major banks in Mexico



# Scotiabank Inverlat Steady Organic Growth

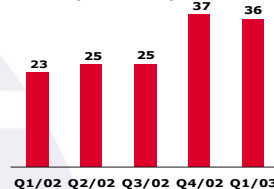
International



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- Negotiating to acquire Mexican government's 36% stake
- Growing retail business
  - captured over 30% of all new bank-financed automobile and mortgage loans
  - core deposits market share up 120 bps
- Very good penetration of commercial & corporate market
  - loans up 16% year-over-year

BNS share of Inverlat income  
(\$ millions)





## Targets

## 2003 Targets



|                           |                  |
|---------------------------|------------------|
| <b>Return on Equity</b>   | <b>15 - 18%</b>  |
| <b>EPS Growth</b>         | <b>5 - 10%*</b>  |
| <b>Productivity Ratio</b> | <b>Below 58%</b> |
| <b>Tier 1 Capital</b>     | <b>Over 8%</b>   |

\* Based on 2002 EPS excluding charges for Argentina

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***By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. The Bank cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the economic and financial conditions in Canada and globally, fluctuations in interest rates and currency values, regulatory developments in Canada and elsewhere, technological developments, competition, and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements.***

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