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Scotia Capital Financials Summit 2003

Rick Waugh, President

One Team, One Goal



Our Goal

To be the best and most successful
Canadian-based international
financial services company

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Manage For All Stakeholders



- **Customers**
 - leader in customer satisfaction
- **Employees**
 - employer of choice
- **Community**
 - positive influence
- **Shareholders**
 - meet key financial targets

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Key Issues



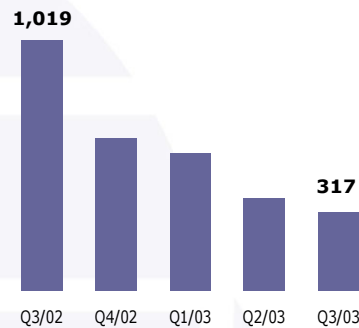
1. Credit Quality
2. Capital Management
3. Growth

1. Credit Quality Cautiously Optimistic



- **Weak economy**
- **Domestic portfolios**
 - retail - very good
 - commercial - stable
- **International portfolio**
 - stable
- **Scotia Capital**
 - significant improvement
 - successful restructurings in the Power sector

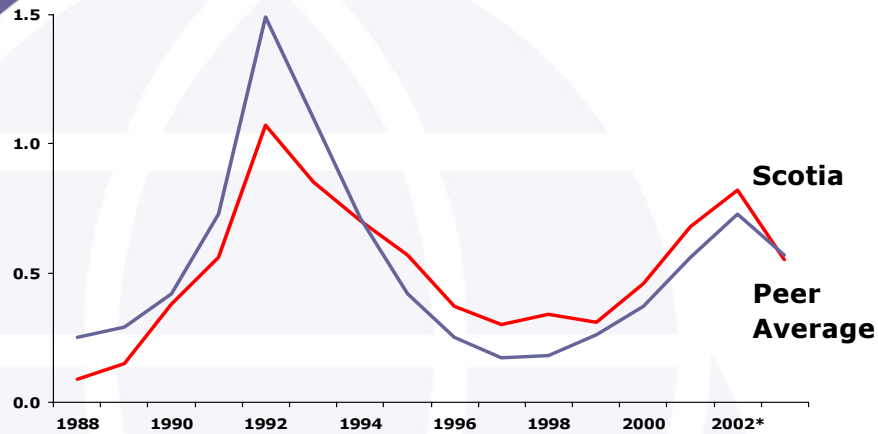
Net Impaired Loans
(\$ millions)



1. Credit Quality – Lower Loan Loss Provisions Going Forward



Specific Provisions as a % of Average Loans & Acceptances



* Excluding Argentina (for Scotia) and sectoral provisions (for Peer Average)

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1. Credit Quality - Strengthened Processes in Scotia Capital



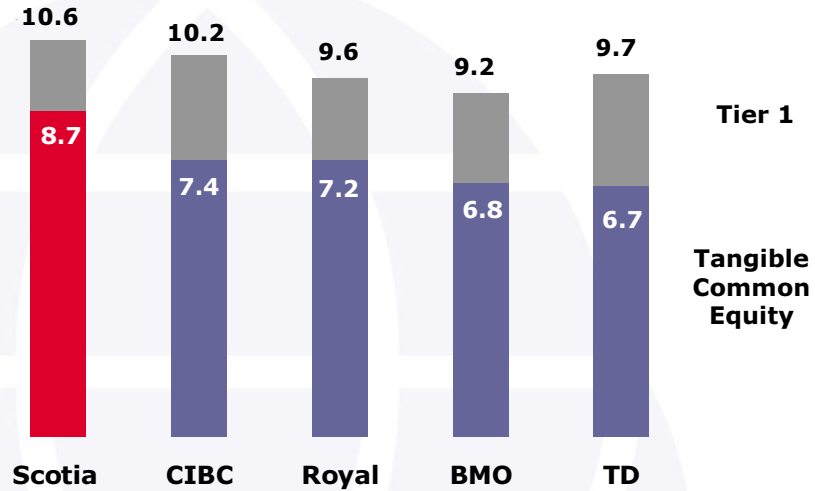
- Lower single-name exposures/industry limits
- Proactive loan portfolio management
- Better client profitability models
 - goal is to meet ROE target for every client

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2. Capital Management Industry-Leading Ratios

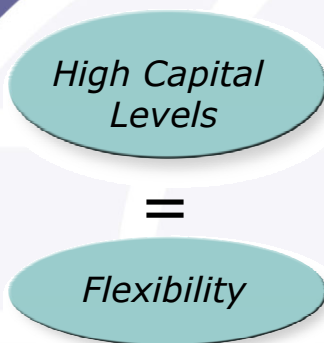


July 31, 2003, %



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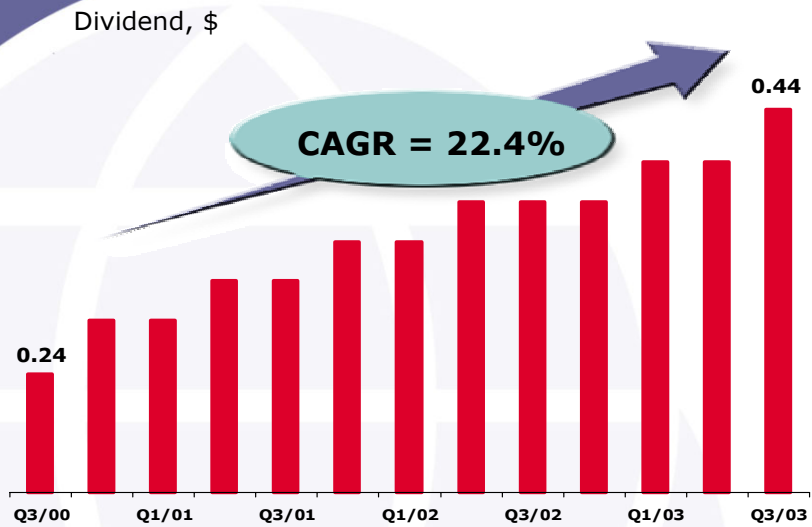
2. Capital Management Strong Capital Provides Flexibility



- Business expansion & acquisitions
- Cushion to handle unforeseen risks
- Share buybacks
- Dividend increases

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2. Capital Management Consistent Dividend Increases

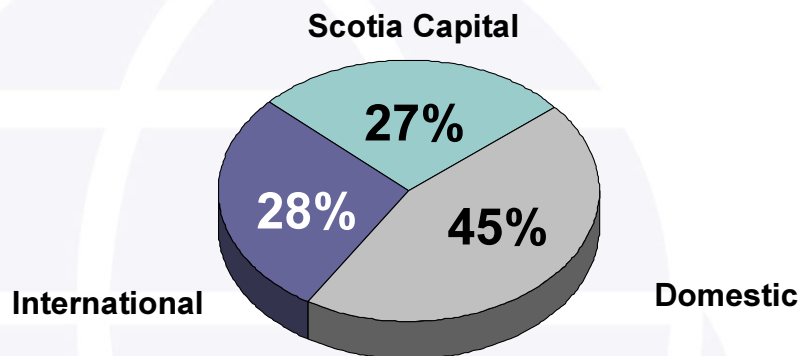


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3. Growth Diversified Earnings Base



2003 YTD % of Earnings



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3. Growth Three Strong Platforms



Domestic

- ✓ expand customer base



Scotia Capital

- ✓ capitalizing on relationships



International

- ✓ leverage group strengths in high growth markets

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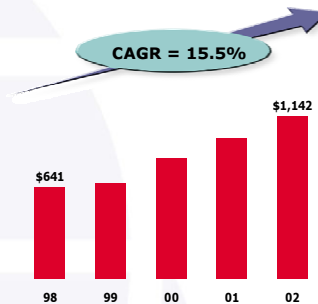
Domestic Strong Retail Franchise

Domestic



- Consistent financial performance
- #1 customer service
- #1 online banking
- #1 retail credit quality
- Leader in database analytics

Net income (\$ millions)



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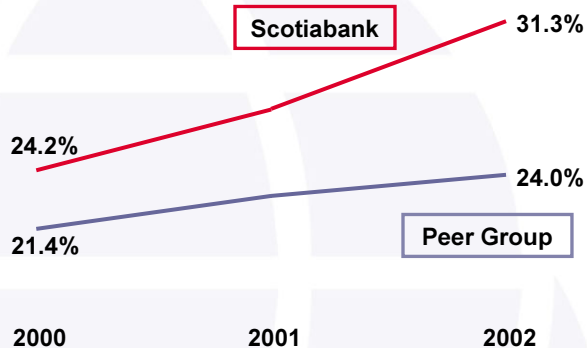
Customer Service Excellence

Domestic



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Customer Satisfaction – % Excellent vs. Peer Group



Market Facts CSI (2002)

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True Sales & Service Culture

Domestic



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- **Sales focus**

- sales goals for PBOs, financial advisors
- reward relationship-building activities



- **Higher productivity**

- sales officer selling time has increased 70% over the past two years

- **Increased share of wallet**

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Award-Winning Technology

Domestic



Scotiabank

- **Customer Analytics**

- award-winning data mining
- leads "pushed" to desktop from data warehouse based on customer events



- **Online banking**

- #1 in Gomez survey
- Global Finance: "best consumer Internet bank for Canada"

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Market Share Increase

Domestic



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Year-Over-Year Growth, June 30/03

- Personal lending ↑ 15 bp
- Core deposits ↑ 55 bp
- Mutual funds ↑ 5 bp

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Integrated Wealth Management Platform

Domestic-Wealth Management



- **Retail Brokerage**
- **Mutual Funds**
- **Private Client Group**

- **Rebuilt core businesses**
 - new management team - CEO, CIO
 - upgraded back-office systems
- **Partnering with Retail Bank**
 - increase referrals, cross-sell
- **Expanding distribution**
 - 13 new Private Client centres
 - 350 financial planners in branches
 - common web site for banking and brokerage

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Opportunity to Attract New Customers

Domestic



- **Very successful platform**
- **Leading customer satisfaction**
- **Opportunity to increase market penetration**
 - increase market presence
 - build product awareness

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Scotia Capital Leverage Relationships for Growth

Scotia Capital



Scotiabank

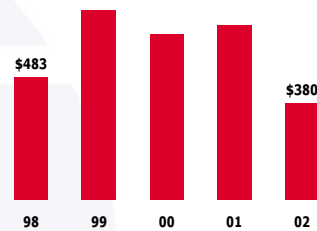
- **Canada**

- well-established full-service relationship model

- **U.S.**

- strong customer base built over the past 30 years
- expand beyond core lending product

Net income (\$ millions)



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Scotia Capital Capitalizing on Relationships

Scotia Capital



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- **Deepen relationships with "focus" clients**

- relationships with majority of "Fortune 1000" companies
- leverage strength in derivatives, forex, fixed income, multinational network
- 80% of cross-sell revenues come from "focus" clients
- cross-sell revenue from "focus" clients up 20% yr/yr



- **Review, convert or exit unprofitable accounts**

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Scotia Capital Global Trading Strong Growth

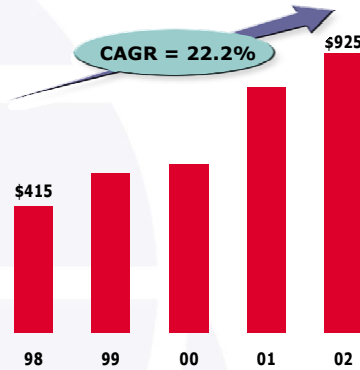
Scotia Capital



• Global Trading

- 7th year of record financial results
- strength in derivatives, fixed income and forex
- cross-sell relationships, U.S., Europe and Mexico

Revenue (\$ millions)



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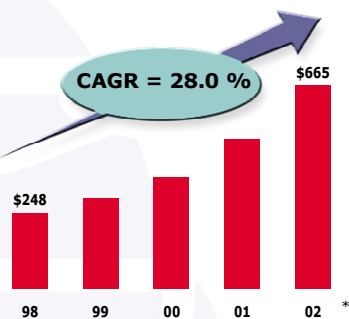
International Unique Growth Vehicle

International



- Caribbean & Central America
- Mexico
- Asia

Net income (\$ millions)



* Excluding charges for Argentina

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International Key Competitive Advantage

International



Scotiabank

- **Significant growth potential**

- favourable demographics
- low banking penetration

- **100 years of experience**

- **Leverage group strengths**

- people
- risk management
- technology
- productivity
- sales & service excellence



Caribbean & Central America Grow our Dominant Franchise

International



Scotiabank

- **Expansion in key growth markets**

- Dominican Republic: 40 branches + assets of Banco Intercontinental

- **Sales and service platform**

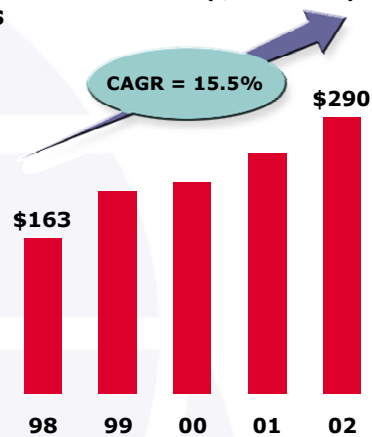
- **Expand distribution network**

- increase # of offsite ABMs

- **Grow insurance and wealth management**

- mutual fund distribution
- trust & private banking

Net income (\$millions)



Mexico - Scotiabank Inverlat Increased Contribution

International



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- **Raised ownership interest in Inverlat to 91%**
 - will add \$80+ million* (annualized) to earnings
- **Intend on acquiring remaining 9%**
 - Will add \$20 million* (annualized) to earnings
- **Acquired consumer automotive portfolio**

* before GAAP adjustments

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Mexico - Scotiabank Inverlat Platform for Growth

International



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- **Increased sales focus, upgrade branch platform**
- **Growing retail business**
 - captured 30% of all-bank financed automobile and mortgage loans YTD in 2003
- **Future growth from:**
 - expanded distribution
 - increased market share

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One Team, One Goal



Strong management team



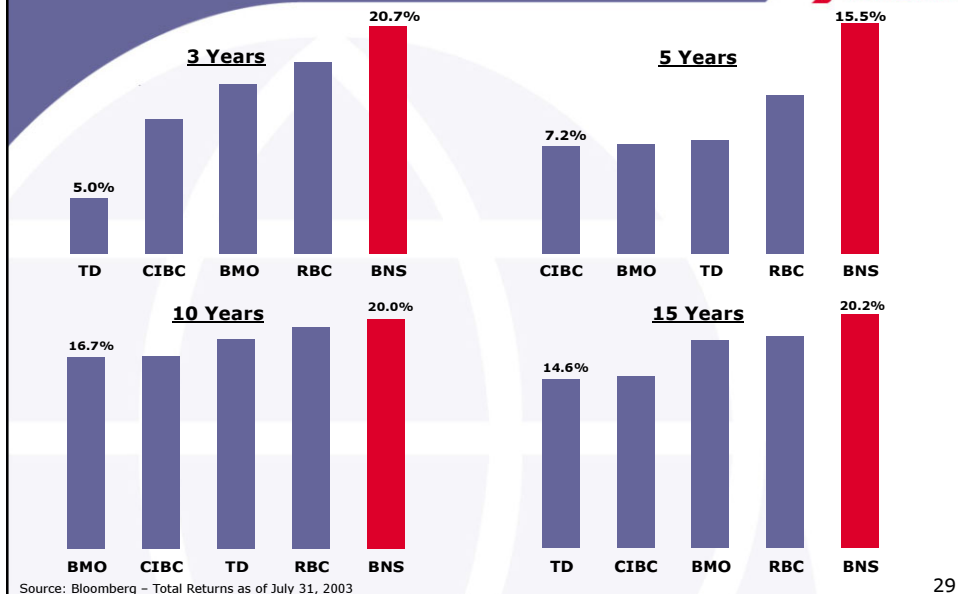
High employee satisfaction



Superior returns

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Superior Returns in Canada

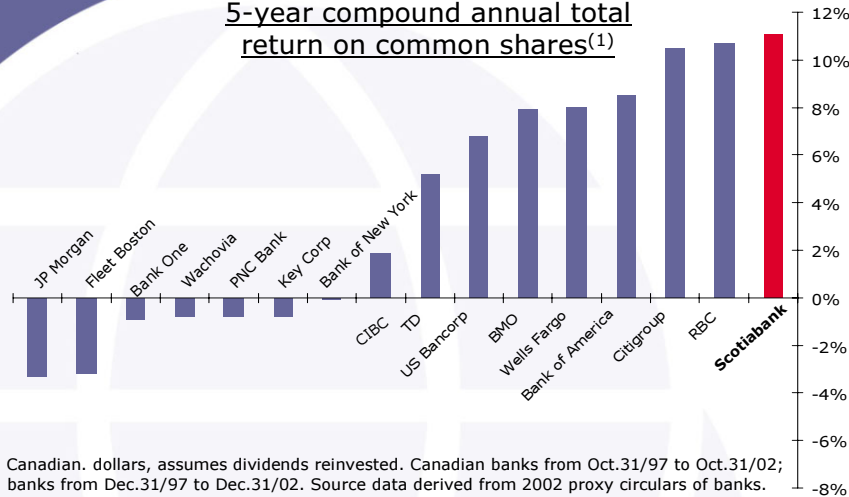


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Superior Returns in North America



5-year compound annual total return on common shares⁽¹⁾



⁽¹⁾ In Canadian 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.



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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.

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