

UnEquipoUnObjetivo

 **Scotiabank**



Scotia Capital
Financials Summit 2003

***Grupo
Financiero
Scotiabank
Inverlat***

Anatol von Hahn
Director General
& CEO

Group Scotiabank Inverlat Mexican Financial System - Key ratios

6 months to June 30, 2003

	ROE*	Efficiency	Total Capital
Scotiabank Inverlat	21.0%	72.8%	13.2%
BBVA Bancomer	13.3%	59.5%	15.2%
Banamex (Citi)	19.6%	54.3%	13.6%
Santander Serfin	33.6%	62.3%	16.8%
Bitat HSBC	16.0%	78.0%	14.5%
Banorte	17.6%	80.5%	13.6%

* Mexican GAAP - includes inflation accounting



Scotiabank Inverlat Distribution of Branches and ATMs (as at June, 2003)

6 Territories



Territories	Branches	
	No.	%
• Metro Norte	70	18%
• Metro Sur	66	17%
• Noroeste	63	16%
• Norte	62	16%
• Centro	65	17%
• Sur	60	16%
Total	386	100%

	ATMs	
	No.	%
In Branches		
• Metro Norte	102	10%
• Metro Sur	85	9%
• Noroeste	64	7%
• Norte	71	7%
• Centro	67	7%
• Sur	67	7%
Total in Branches	456	46%
Other ATMs	526	54%
Total	982	100%



Group Scotiabank Inverlat Business Line Structure

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Retail and SMEs - Pablo Aspe

Retail banking
Commercial banking

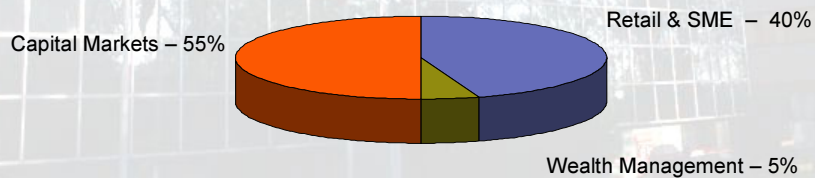
Wealth Management - Gonzalo Rojas

Banca Privada
Banca Patrimonial
Mutual funds

Capital Markets and Treasury - Felipe de Yturbe

Corporate banking
Government banking
Trust
Treasury

% of Net Income (YTD 2003)



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Group Scotiabank Inverlat Strong Growth in Lending

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June 30, 2003

	Balance (P millions)	Year/Year Growth	Average Spread (basis points)
Auto Loans	5,378	75%	790
Mortgages (new bank)	3,497	132%	760
Credit Cards	1,022	27%	1720
Corporate/Commercial	24,875	21%	250
Total	34,772	34%	

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Group Scotiabank Inverlat Deposit Growth

June 30, 2003

	<u>Balance</u> <u>(P millions)</u>	<u>Year/Year</u> <u>Growth</u>
Demand/Savings	29,850	14%
Term	28,631	11%
Wholesale	4,122	-38%
Total	62,603	

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Group Scotiabank Inverlat Retail and SMEs Division Initiatives

- Customer relationship management focused on sales and service
- High margin retail lending
- Low cost deposits
- Launch "PYME" and "Express Credit" lending products
- Shared services to remove administration from branches

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Group Scotiabank Inverlat ***Wealth Management Division Initiatives***

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- Enhance distribution
 - Merge brokerage offices into bank branches
 - Expand into viable markets
- Joint marketing of bank and brokerage products
- Focus on mutual funds in low interest rate environment
- Close ties to ScotiaMcLeod brokers to facilitate referrals



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Group Scotiabank Inverlat ***Capital Markets and Treasury Division Initiatives***

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- Higher spreads – less mature financial markets
- Total NAFTA coverage with Scotiabank Group
- Focus on cross selling capital markets, cash management, syndications
- New trust system - capacity to take on more complex business
- Expansion of FX business - retail, commercial, corporate



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Other Initiatives

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- ▶ **Bancassurance**
- ▶ **Strategic partnerships**
- ▶ **Capitalize on strengths of Scotiabank Group**
- ▶ **Purchases of portfolios, businesses**



Group Scotiabank Inverlat
Build on Success

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	June 30 2001	June 30 2002	June 30 2003
Net Income (P millions YTD)	\$367	\$442	\$983
ROE (YTD)	16.2%	16.5%	21.0%
Productivity (YTD)	80.0%	80.0%	73.0%
Reserve Coverage	102%	104%	118%
Total Capital	11.3%	11.3%	13.2%



Group Scotiabank Inverlat Key Objectives Going Forward ... 2007

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- ▶ **Double operating earnings (in pesos)**
- ▶ **Grow branch network by 50 to 100 branches**
- ▶ **Tight cost control – improve productivity to below 60%**
- ▶ **High credit standards**

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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.

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, liquidity, regulatory developments in Canada and elsewhere, technological developments, consolidation in the Canadian financial services sector, 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, financial condition or liquidity. 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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