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Scotiabank

*CIBC World Markets
Frontenac Institutional Investor Conference
September 18, 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

3

Key Issues



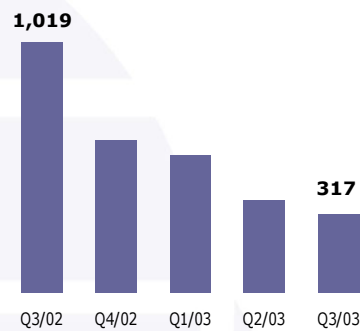
1. Credit Quality
2. Capital Management
3. Growth

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

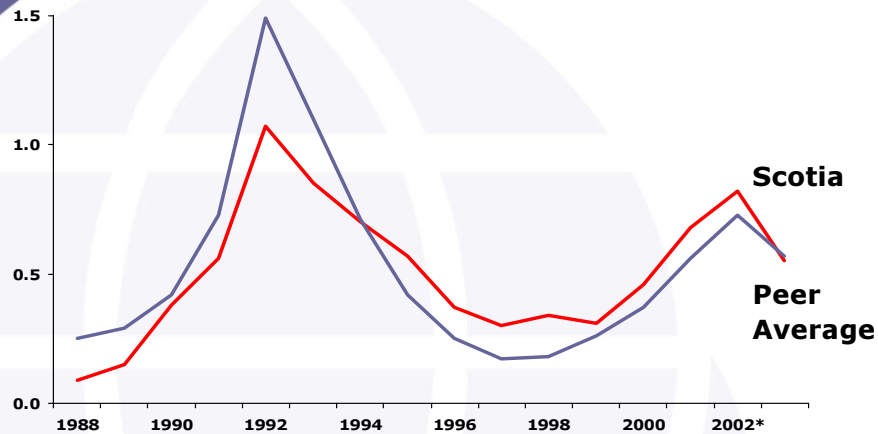
Net Impaired Loans
(\$ millions)



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



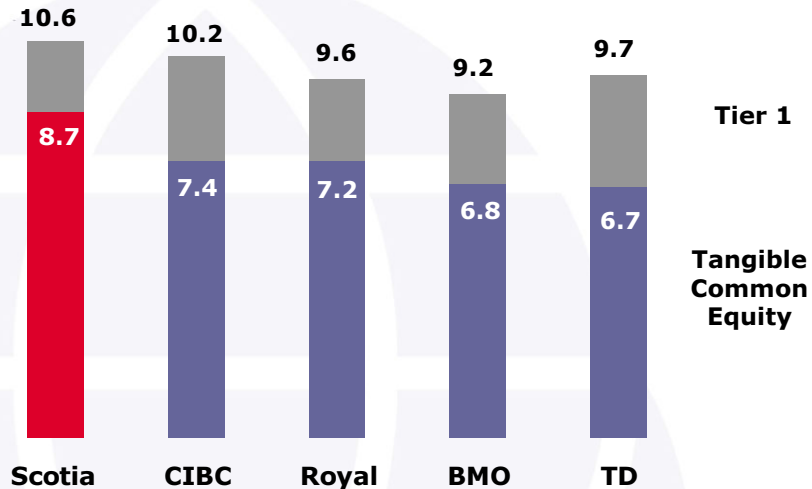
- **Lower single-name exposures/industry limits**
- **Proactive loan portfolio management**
- **Better client profitability models**
 - goal is to meet ROE target for every client

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2. Capital Management Industry-Leading Ratios



July 31, 2003, %



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2. Capital Management Strong Capital Provides Flexibility



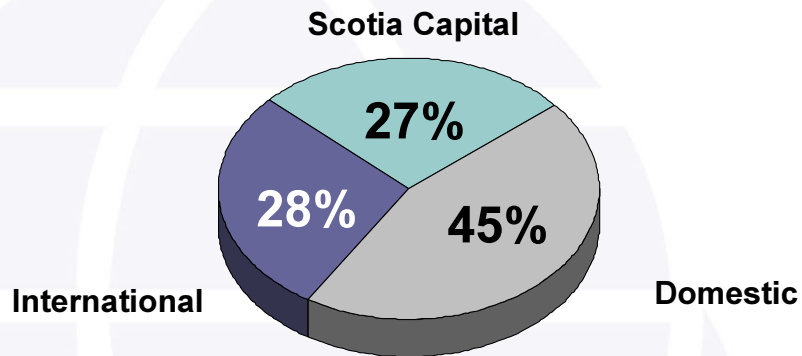
- **Business expansion & acquisitions**
 - \$500+ million invested in Mexico in 2003
- **Cushion to handle unforeseen risks**
- **Share buybacks**
- **Dividend increases**
 - raised dividends in 6 of the past 13 quarters
 - 16% CAGR over the past 5 years
 - increased payout ratio target - now 35%-45%

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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

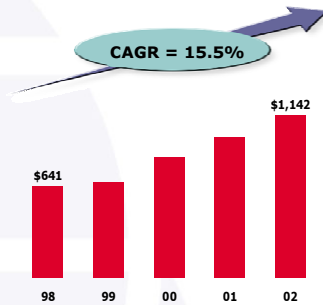
Domestic



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

Net income (\$ millions)



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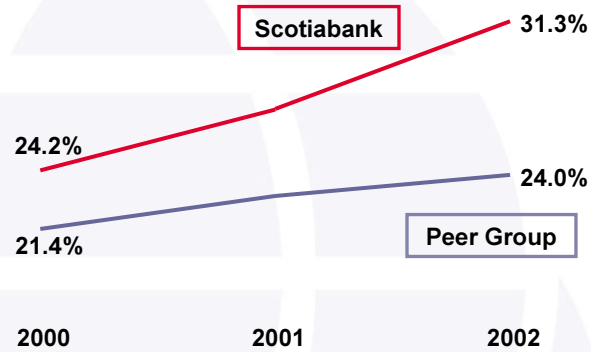
Customer Service Excellence

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 for both lending and savings/investing**

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Award-Winning Technology

Domestic



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- **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



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**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
- 350 financial planners in branches
- common web site for banking and brokerage

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Opportunity to Attract New Customers

Domestic



Opportunity to increase market penetration

- increase market presence
- highlight financial planning & advisory capabilities
- build product awareness, particularly around savings & investment options



Scotia Partners Portfolios®
Funds

Money Master®

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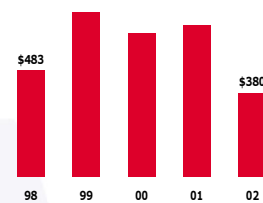
Scotia Capital Leverage Relationships for Growth

Scotia Capital



- **Canada**
 - well-established full-service relationship model
- **U.S.**
 - strong customer base built over the past 30 years
 - expand beyond core lending product
- **Global Trading**
 - 7 years of record financial results
 - strength in derivatives, fixed income and forex
 - cross-sell to U.S., Mexico

Net income
(\$ millions)



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Scotia Capital Strong Canadian Franchise

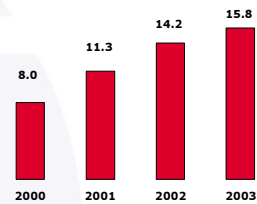


- **#2 in equity underwriting 2003 YTD**

- market share of 15.8%; doubled in 3 years
- 137 transactions, 51 as lead underwriter

- **13 “All Star Analysts” in most recent Brendan Wood survey**

Equity Underwriting
Market Share (%)



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Scotia Capital Capitalizing on Relationships

Scotia Capital



- **Deepen relationships with “focus” clients**

- relationships with majority of “Fortune 1000” companies
- leverage strength in derivatives, forex, fixed income, multinational network

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

- number of exit accounts down to 140, a 40% decrease in 2003
- related commitments also down 50%



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Scotia Capital Cross-Sell Success



U.S.

- cross-sell revenues up by 27% over last year, while lending revenues unchanged
- cross-sell revenues added 4.3% to lending ROE

Canada

- Higher cross-sell revenue %: 61% versus 50% in 2001

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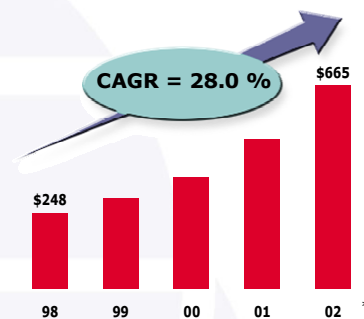
International Unique Growth Vehicle

International



- Caribbean & Central America
- Mexico
- Asia

Net income (\$ millions)



* Excluding charges for Argentina

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Caribbean & Central America Grow our Dominant Franchise

International



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- **Expansion in key growth markets**

- Dominican Republic: 40 branches + assets of Banco Intercontinental

- **Sales and service platform**

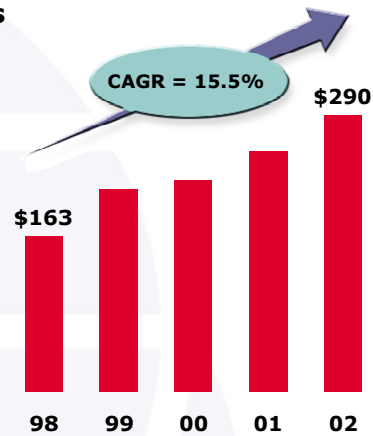
- **Expand distribution network**

- increase # of offsite ABMs

- **Grow insurance and wealth management**

- mutual fund distribution
- trust & private banking

Net income (\$millions)



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Mexico - Scotiabank Inverlat Very Strong Lending Growth

International



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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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Mexico - Scotiabank Inverlat Good Deposit Growth

International



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June 30, 2003

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

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Mexico - Scotiabank Inverlat Key Objectives - 2007

International

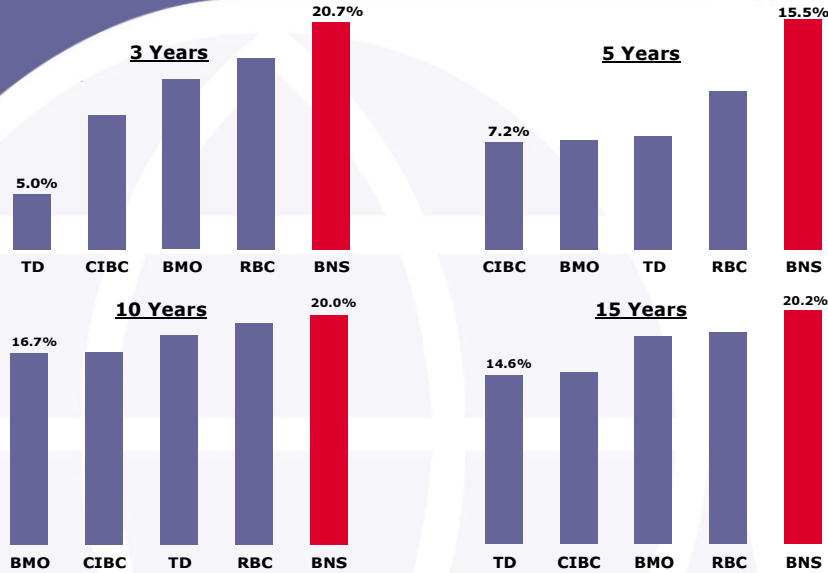


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- **Double operating earnings (in pesos)**
- **Grow branch network by 50 to 100 branches**
- **Tight cost control – improve productivity to below 60%**
- **Maintain high credit standards**
- **Bancassurance**
- **Purchase of portfolios, branches**

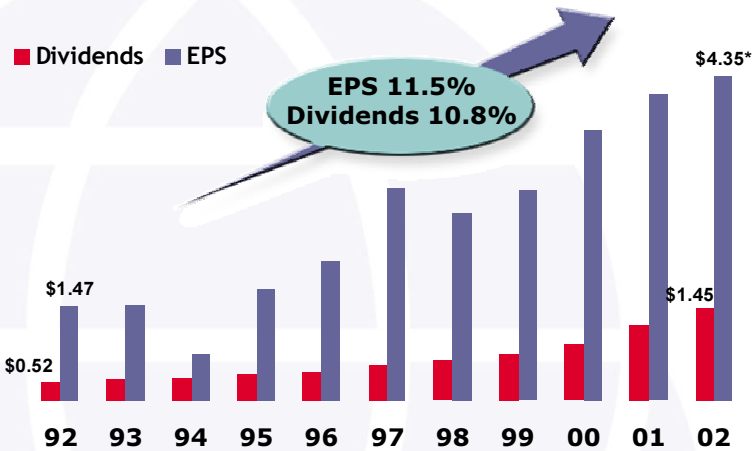
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Superior Returns in Canada



Source: Bloomberg - Total Returns as of July 31, 2003

Record of Consistent Growth



* Excludes impact of charges related to Argentina of \$1.05

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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