

**Scotia Capital Presentation to  
CSFB Conference – “Better Days for  
Wholesale Banking”**

**David Wilson**

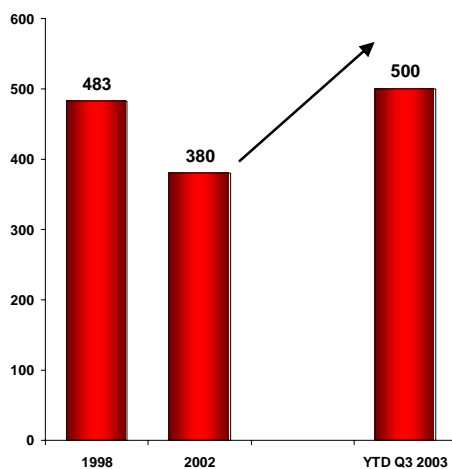
Vice-Chair, Scotiabank

Chairman and CEO, Scotia Capital

October 22, 2003

## Competitive Position

Net Income, \$ millions



### Canada

- Well-established full-service franchise
- Increased market share

### U.S.

- Full service lender, cross selling select capital markets products
- Strong customer base built over the past 30 years
- More disciplined lending

### Global Trading

- 7 years of record financial results
- Strength in derivatives, fixed income and forex
- Low VaR and low volatility to improve returns

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## Wholesale Banking – Challenges Over the Past 2 Years

### Overall

- Risk of marginalization – niche vs. global players

### Lending

- Lower return business
- Volatile – subject to significant one-time event risks
- Ongoing malfeasance – specifically in the U.S. market

### Capital Markets

- Equity markets – entrenched bear market
- Light M&A volume
- Fixed Income peaking

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## Wholesale Banking – Current Conditions

### Overall

- Focused, niche strategies proving effective

### Lending

- Improved returns (eg. Scotia Capital ROEE 9 months 2003 of 11.3% vs. 7.6% in 2002)
- Improved credit quality (eg. Scotia Capital YTD 2003 loan losses down 40% vs. 2002)
- Enhanced governance standards (eg. Sarbanes-Oxley)

### Capital Markets

- Positive tone in the equity market
- Fixed Income continues strong pace

## What Has Scotia Capital Done?

### Overall

- Reallocated capital from lending to more capital efficient businesses
  - Economic Equity reduction projected to exceed \$500 MM for fiscal 2003

### Lending

- More disciplined approach to lending
- Lower single name exposure limits – average size of individual underwritings down 30% since 2001
- Exited low return relationships – 63% of exit relationships completed for both U.S. and Europe
- Increased cross-selling to improve returns – for major Canadian clients, non-lending is 50% of total return
- Enhanced MIS - ClientNet

## What Has Scotia Capital Done? (cont'd)

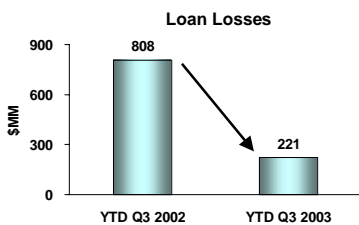
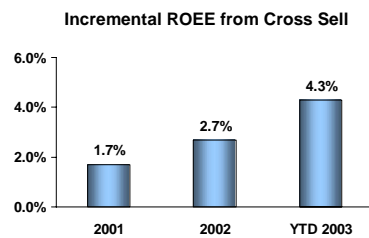
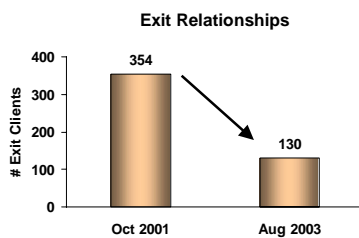
### Capital Markets

- Expanded Capital Markets product capabilities in the U.S.
- Leader in Income Trusts in Canada
- Equity underwriting market share in Canada up for second year in a row
- Sustainable growth in trading businesses without incurring excessive risk

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## What Has Scotia Capital Done? – Selected U.S. Initiatives



**U.S. Strengths**

- 30 years experience
- Deep relationships with the Fortune 1000
- Cross sell Global Trading products along with Canadian and Mexican capabilities

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## Where Do We Go From Here?

### Challenges:

- Maintain pricing and lending discipline – 17% ROEE objective for 2005
- Growth

### Opportunities:

- Cross selling and deepening relationships
- Adding new structured products for buy-side investors
- Leveraging the trading platform
- Build on U.S. strengths and economic recovery
- Unique advantage of Mexico and International capability

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