



Investor Presentation Fourth Quarter, 2004

November 30, 2004

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Overview

Rick Waugh
President & Chief Executive Officer

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2004 – performance highlights

Q4/04 Results (vs. Q4/03)

- EPS: \$0.69 – up 9.5%
- ROE: 18.8% vs. 18.6%

2004 Results (vs. 2003)

- EPS: \$2.82 – up 20.5%
- ROE: 19.9% vs. 17.6%
- Provision for credit losses: \$390 mm vs. \$893 mm

Strong Capital Ratios

- TCE: 9.7% vs. 8.9%

Another Dividend Increase

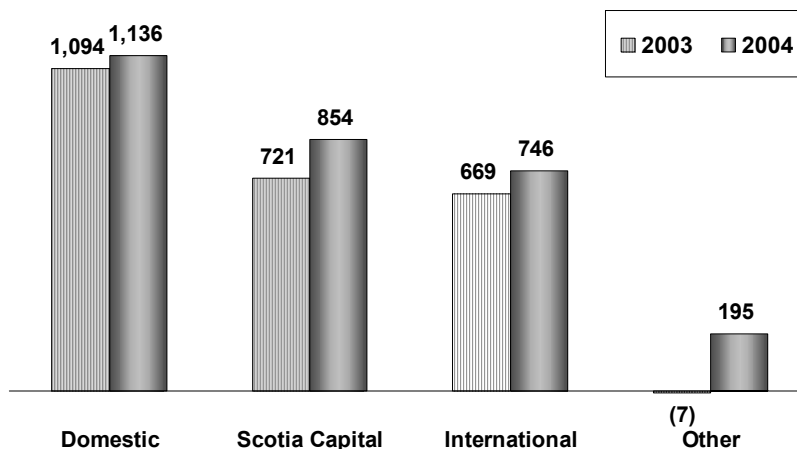
- +2 cents to 32 cents/quarter effective Q1/05

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Growth across all business lines

Net income, \$ millions

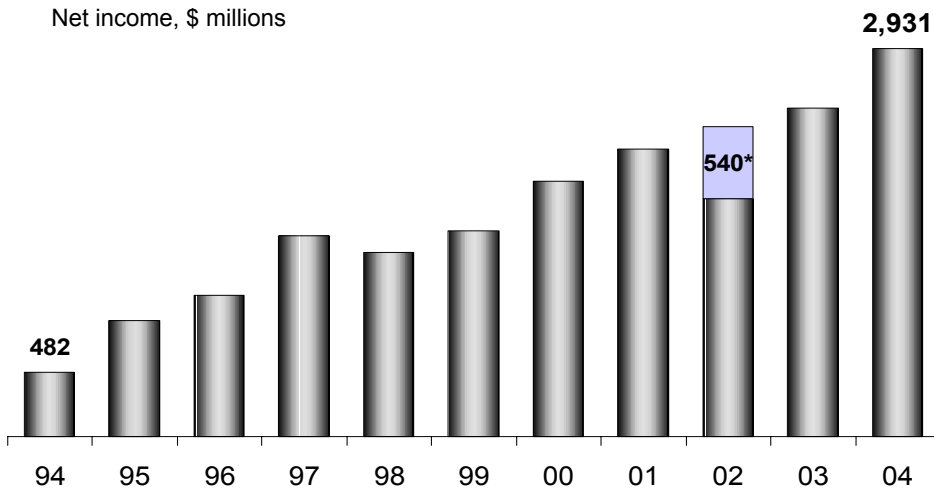


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A record of consistent earnings growth ...

Net income, \$ millions



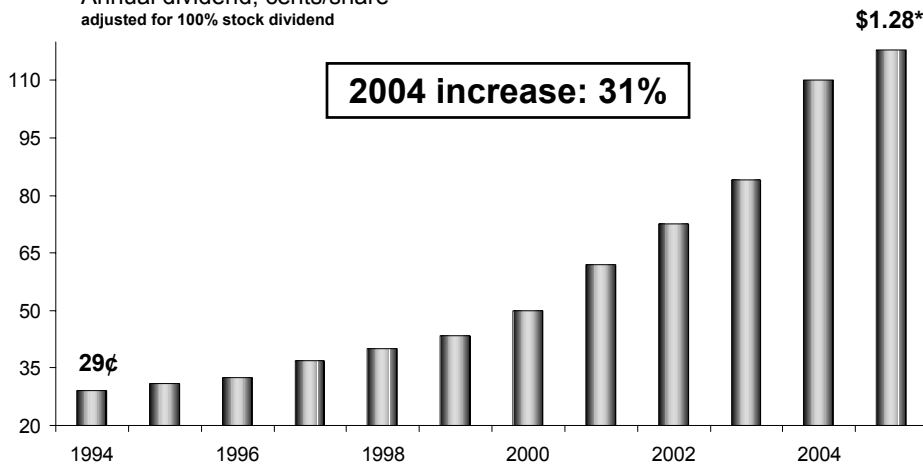
* charges related to Argentina

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... and a record of consistent dividend growth with two increases this year

Annual dividend, cents/share
adjusted for 100% stock dividend



* based on current rate

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Exceeded our 2004 performance targets

	<u>2004</u>		<u>Target</u>
ROE	19.9%	vs.	16-19%
EPS Growth	20.5%	vs.	10-15%
Productivity	56.0%	vs.	<58%

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Performance Review

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

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Results negatively impacted by stronger Canadian dollar

\$ millions

Q4 / Q3	Q4 / Q4		2004 / 2003
(28)	(49)	Net Interest Income	(321)
(21)	(19)	Other Income	(212)
(49)	(68)	Total Revenue	(533)
20	37	Expenses	227
(22)	(22)	Net income	(210)
(2c)	(2c)	EPS impact (cents)	(21c)

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Underlying revenue growth in 2004

\$ millions

	2004	2003	Change	
			\$	%
Reported	10,185	10,165	20	-
Impact of Stronger Canadian dollar	533		533	
Impact of AcG 13	49		49	
Underlying	10,767	10,165	602	6
Other Income	4,512	4,015	497	12
Net Interest Income	6,255	6,150	105	2

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Continued pressure on margins

<u>Q4/04</u>	<u>vs. Q3/04</u>		<u>2004</u>	<u>vs. 2003</u>
2.12%	(3) bps	Net interest margin	2.16%	(7) bps
		Due to:		
	(1)	Canadian currency (ex. AcG 13)		(9)
	(3)	Foreign currency (ex. AcG 13)		3
	1	AcG 13/Other		(1)

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Solid growth in other income

\$ millions				
<u>Q4 / Q3</u>	<u>Q4 / Q4</u>		<u>2004 / 2003</u>	
(39)	(11)	Reported	305	8%
21	19	Impact of stronger Canadian \$	212	
7	3	Impact of AcG 13	(20)	
(11)	11	Underlying	497	12%
(52)	(12)	Securities Gains	318	
(6)	(4)	Retail/Discount Brokerage	55	
(8)	13	Deposit & Payment services	53	
1	1	Card Revenues	27	
(7)	(15)	Credit Fees	(101)	
33	6	Other	(47)	
(39)	(11)		305	8%

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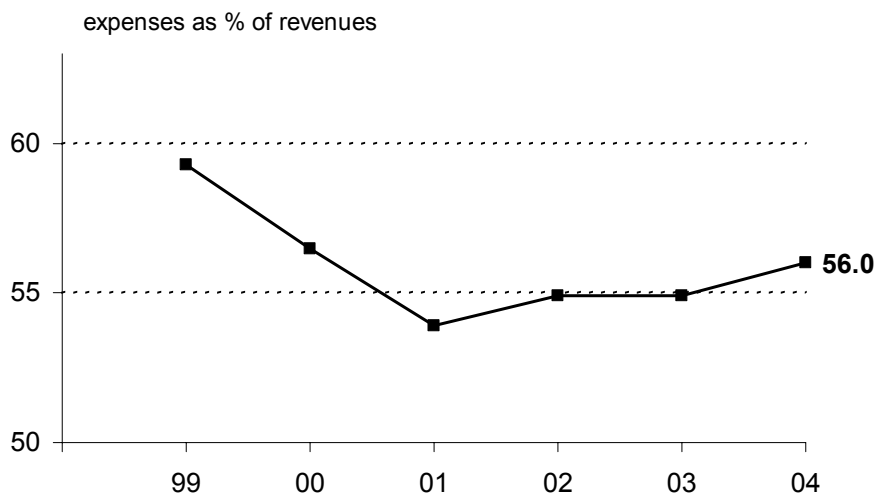
Higher expenses

\$ millions				
<u>Q4 / Q3</u>	<u>Q4 / Q4</u>		<u>2004 / 2003</u>	
(11)	(33)	Reported	131	2%
20	37	Impact of stronger Canadian dollar	227	
9	4	Underlying	358	6%
(11)	18	Pension & employee benefits	88	
(37)	(12)	Stock & performance-based comp.	70	
12	13	Mortgage costs/Advertising/Dominican Republic	47	
14	8	Technology	34	
9	(20)	Severance	(25)	
2	(40)	Other	(83)	
(11)	(33)		131	2%

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Strong productivity



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Lower deduction for non-controlling interest

\$ millions

Change Q4/04 vs. Q4/03		Change 2004 vs. 2003
	<u>Non-controlling interest</u>	
1	Issuance of BaTS securities	14
-	Inverlat	(69)
(4)	Other	(16)
(3)	Total	(71)
1	Preferred dividends*	(23)

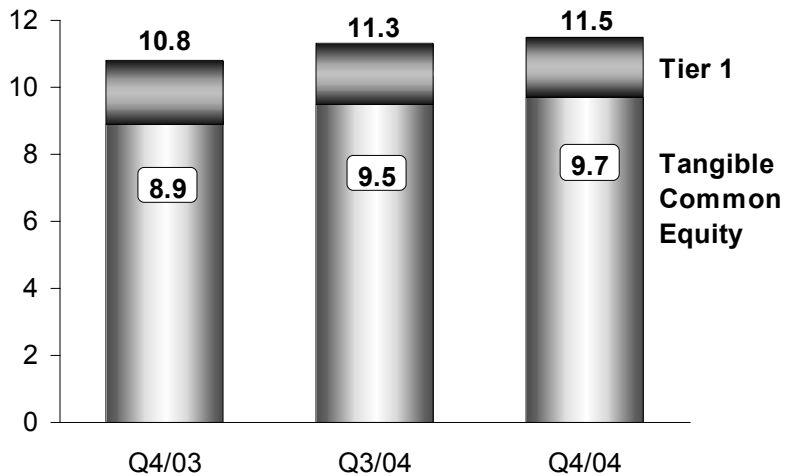
* excluding redemption premiums

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Very strong capital ratios

% of risk-adjusted assets



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Increase in unrealized securities gains

\$ millions

	Q4/04	Q3/04	Q4/03
- Emerging Market Debt	507	451	512
- Fixed Income	39	(2)	27
- Equities	502	438	164
	1,048	887	703

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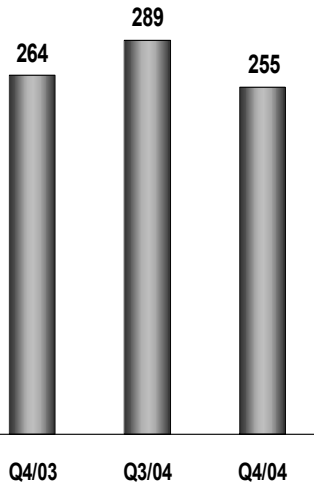
Business Line Results

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Domestic – strong asset growth offset by lower margins

Net income, \$ millions



- **Net income**
 - down 3% yr/yr, 12% qtr/qtr
- **Revenue up 4% yr/yr**
- **Strong asset growth**
 - residential mortgages up 15% vs. Q4/03
 - revolving credit up 17% vs. Q4/03
 - core deposits up 18% vs. Q4/03
- **Lower interest margin**
- **Expenses up 5% qtr/qtr**
 - higher performance-based compensation, technology, severance and advertising
- **Provisions up \$26 mm yr/yr**

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Market share gains in Canada

All industry market share

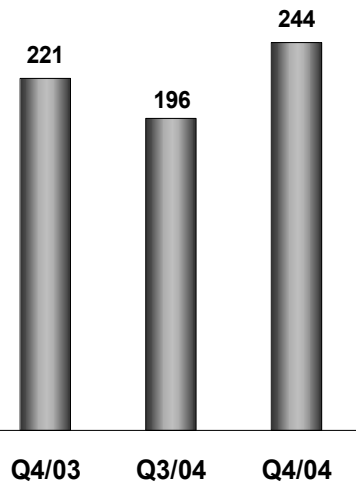
	September 2004 (%)	vs. September 2003 (bps)
Residential mortgages	12.1	+52
Chequing & savings	10.1	+26
Business current accounts	13.8	+70

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Scotia Capital – credit quality continues to improve

Net income, \$ millions



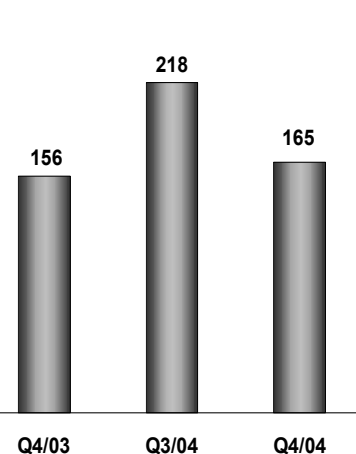
- **Net income**
 - up 10% yr/yr, 24% qtr/qtr
 - record results in several areas
- **Lower provisions**
 - Net recovery in Q4/04 of \$25 mm vs. net provisions of \$22 mm in Q4/03 , \$28 mm in Q3/04
- **Revenue down 14% yr/yr, 8% qtr/qtr**
 - lower lending volumes
 - decreased underwriting fees
- **Expenses down 18% yr/yr, 19% qtr/qtr**
 - lower performance-based compensation

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International – negative impact of foreign currency translation

Net income, \$ millions



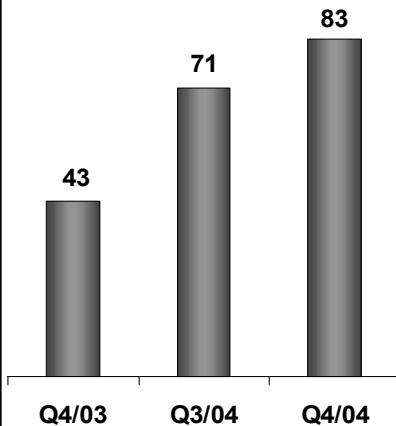
- **Net income**
 - up 6% yr/yr, down 24% qtr/qtr
 - foreign currency translation reduced 2004 net income by \$112 mm
- **Caribbean**
 - growth in retail lending volumes
 - higher provisions related to hurricanes
- **Latin America**
 - Inverlat & Chile up strongly
 - offset by lower securities gains
- **Asia**
 - net income down qtr/qtr

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Scotiabank Inverlat – growing contribution

earnings contribution, \$ millions



- **Net contribution rose to \$83 mm Q4/04**
- **Underlying revenues up 10% qtr/qtr**
 - growth in retail lending & deposits
 - higher margins
- **Expenses relatively flat**

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Risk Review

Warren Walker
Executive Vice-President
Global Credit Risk Management

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Credit risk overview

- **Lower gross impaired loans: \$2.2 B**
 - down \$815 mm vs. Q3/04
- **Lower net impaired loans: \$(496) mm (after general allowance)**
 - down \$269 mm vs. Q3/04
 - down \$543 mm vs. Q4/03
- **Lower specific provisions: \$90 mm**
 - down \$10 mm vs. Q3/04
 - down \$30 mm vs. Q4/03
- **\$100 mm release of general allowance in 2004**

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Negative net formations this quarter

\$ millions

Domestic

- Retail	72	
- Commercial	(2)	
	<u> </u>	70

International

(3)

Scotia Capital

- Canada	(47)	
- U.S.	(88)	
- Europe	(19)	
	<u> </u>	(154)

Total

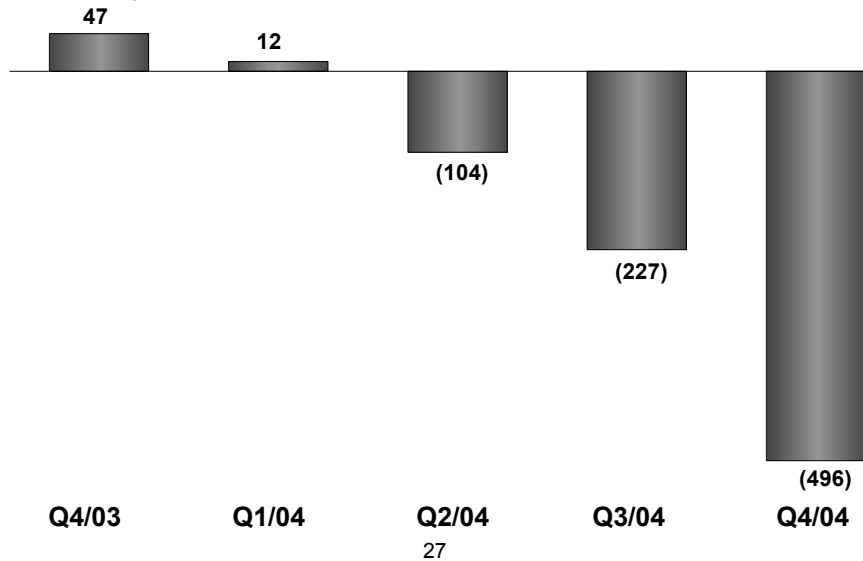
(87)

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Continuing positive trend in net impaired loans

\$ millions, after general allowance



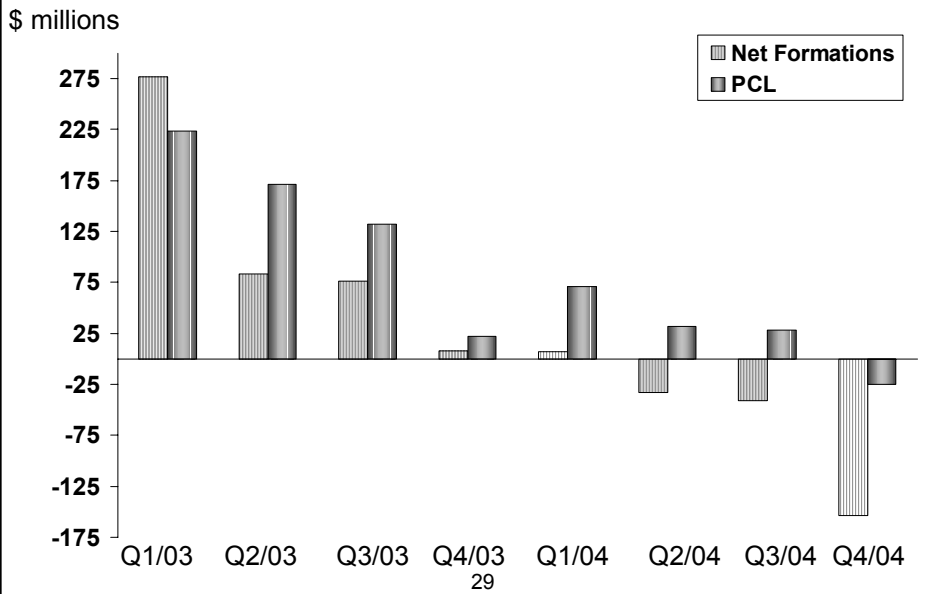
Significant reduction in specific provisions in 2004

\$ millions

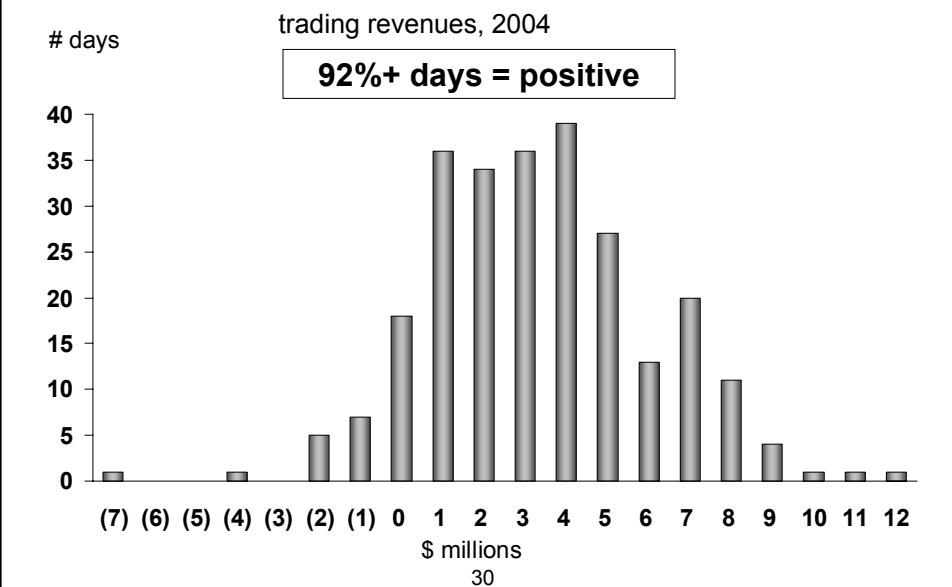
<u>Q4/04</u>	<u>Q3/04</u>		<u>2004</u>	<u>2003</u>
74	70	Domestic	317	272
43	2	International	70	137
		Scotia Capital:		
(10)	20	- U.S.	54	270
(15)	8	- Other	52	279
(2)	-	Other	(3)	(1)
90	100		490	957
-	-	Argentina	-	(64)
90	100	Total	490	893



Scotia Capital – positive trend in net formations and provisions

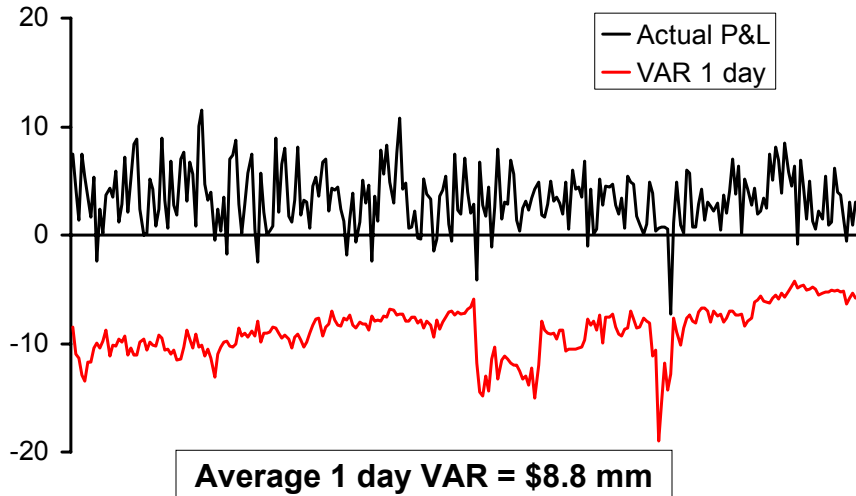


Low variability of trading revenues ...



...reflecting moderate market risk

\$ millions, November 1, 2003 to October 31, 2004



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Risk summary

- **Much improved credit quality**
- **Market risk well controlled**
- **Expect further release of general allowance**

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Outlook

Rick Waugh
President & Chief Executive Officer

Outlook

- **Continuing challenges**
 - strong Canadian dollar
 - weak corporate borrowing
 - margin compression

- **Opportunities**
 - 3 growth platforms
 - strong capital & reserves

2005 targets

- EPS growth: 5-10%
- ROE: 17-20%
- productivity ratio – below 58%
- maintain strong capital ratios and credit ratings

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