

Scotiabank
Investor Presentation
July 31, 2000

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Overview of 3rd Quarter Results

Peter Godsoe
Chairman & C.E.O.

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Performance Highlights

- Net income: \$548 million, +38% year over year
 - ROE 19.8% vs. 15.3%
- Higher earnings across all business lines
- Improved productivity: 54.0% vs. 60.4%
- Stronger capital ratios
- Increase in dividend: +4 cents

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Ahead of Performance Targets

	<u>Q3/00</u>		<u>Target</u>
ROE	19.8%	vs.	16-18%
EPS Growth	40%	vs.	12-15%
Productivity	54.0%	vs.	<60%
Tier 1	8.5%	vs.	7.5%+

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Ahead of Performance Targets - Even on Adjusted Basis

Q3/00

	<u>Reported</u>	<u>Adjusted*</u>	vs.	<u>Target</u>
ROE	19.8%	17.8%		16-18%
EPS Growth	40%	25%		12-15%
Productivity	54.0%	55.9%		<60%
Tier 1	8.5%	8.5%		7.5%+

* excludes sale of stock transfer business and investment in Solidbank

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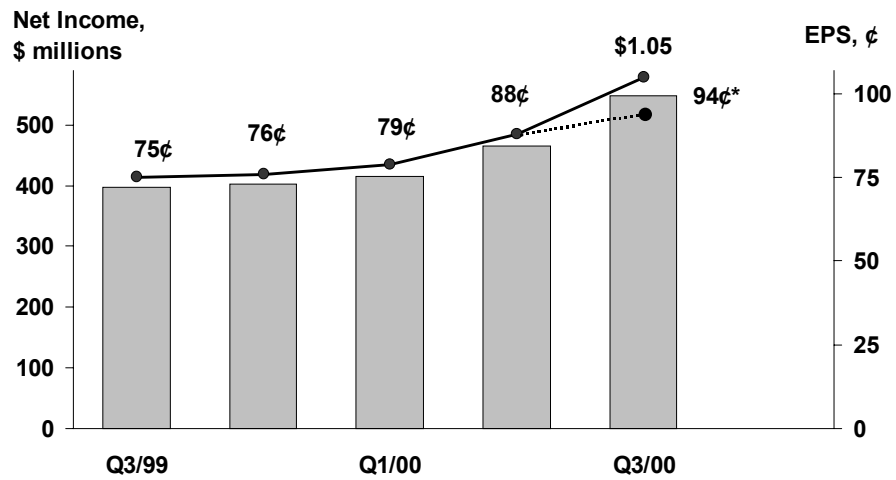
Performance Review

Sabi Marwah
Executive Vice-President &
Chief Financial Officer

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Consistent Earnings Growth

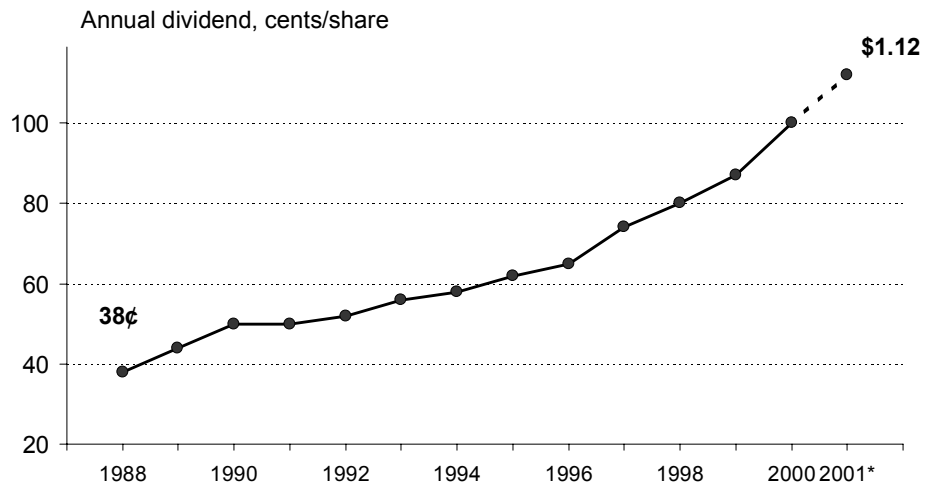


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Consistent Record of Increasing Dividends



* annualized

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Strong Growth in Revenues

\$ millions	<u>Q3/00</u>	<u>Q3/99</u>	increase	
			\$	%
Net interest income (TEB)	1,437	1,193	244	20
Other income	990*	786	204	26*
Total revenues	2,427	1,979	448	23%*

* Excluding sale of stock transfer business and investment in Solidbank,
Q3/00 Other Income = \$908 (+16%) and Q3/00 Total Revenues = \$2,345 (+18%)

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Higher Margins

	<u>Q3/00</u>	Increase	
		vs. Q3/99	vs. Q2/00
Net interest margin	2.37%	25 bps	12 bps
Increase due to:			
Improved spreads in Canada		+7	+2
Securities income		+6	+5
International		+6	+1
Other		+6	+4

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Strong, Broad-Based Growth in Other Income

	Increase (Decrease)		
	<u>vs. Q3/99</u>		<u>vs. Q2/00</u>
	<u>\$MM</u>	<u>%</u>	<u>\$MM</u>
Retail Brokerage Fees	20	33%	(39)
Mutual Funds	7	24	5
Credit Fees	32	24	27
Investment Banking	20	11	(17)
Stock Transfer/Solidbank	82	n/a	82
Gain on Investment Securities	5	6	(53)
Other	38	13	(3)
	204	26%	2

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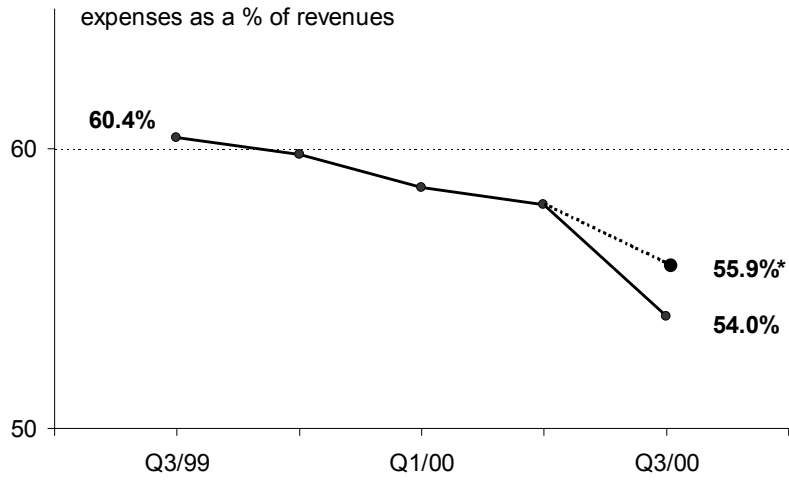
Ongoing Focus on Expense Control

	<u>Q3/00 vs. Q3/99</u>
Increase in expenses	9%
less:	
- performance-related	5
- Chile	3
Base expenses	1%

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Continued Productivity Leadership

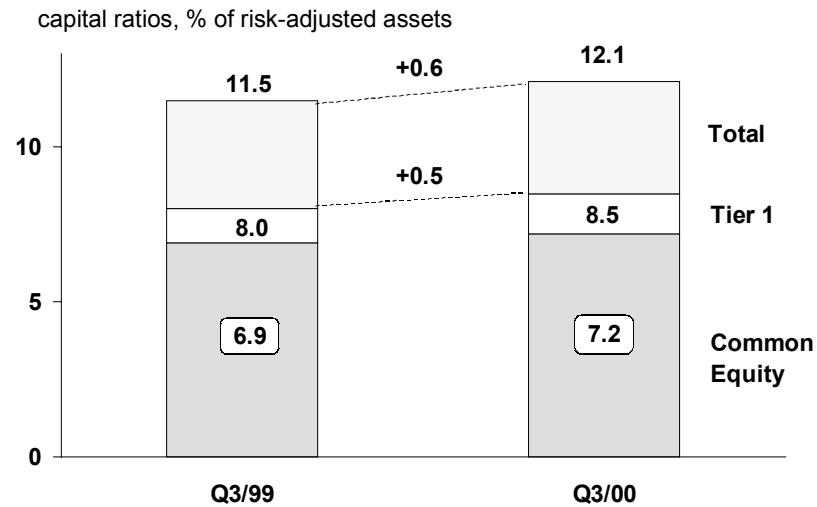


* Excludes sale of stock transfer business and investment in Solidbank

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Well Capitalized



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Proactive Capital Management

Divestitures

- Investment in Solidbank
- Stock transfer business
- Corporate trust business
- Quebec branches



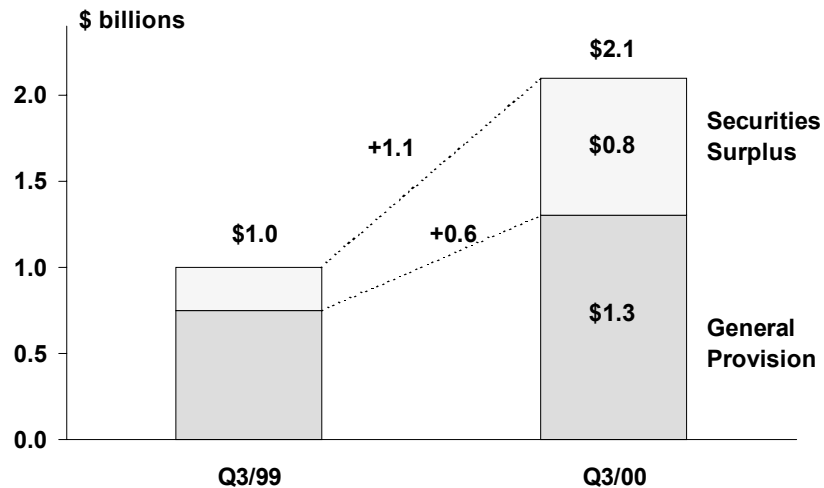
Planned Investments

- Electronic banking
- E-commerce
- Wealth management
- High growth markets (Mexico, Chile)

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Larger Reserves



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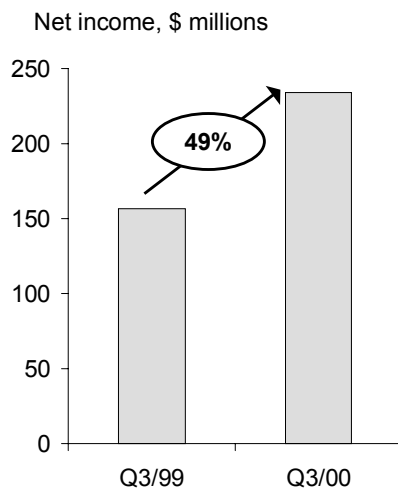


Business Line Results

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Domestic - Strong Earnings Growth



- Continued growth in retail
 - > mortgages +6%
 - > personal loans +7%
 - > personal deposits +5%
- Strong core revenue growth
 - > Wealth management revenues up 29%
- Lower credit losses

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Domestic Initiatives

- National launch of **Sales & Service** initiative
- **New product/service offerings:**
 - Scotia Simple Switch
 - ScotiaLine VISA for business
- **Scotia Partner Portfolios**
 - New third party funds
- Ongoing cost reductions
 - streamline branch network
- Full roll-out of **Forms-Free Teller** (paperless banking)

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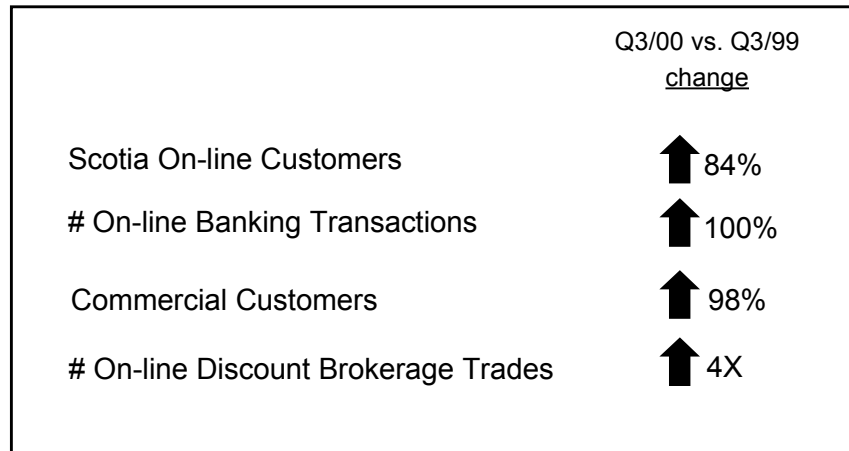
Leveraging E-Banking & E-Commerce

- Strategic partnership with **CreditWave**
 - Internet point-of-sale lending for small business
- Agreement with **TIM Dealer Services**
 - Internet-based credit application/approval for car dealers
- Scotia: in both **EPOST** and **e-route**
- Wireless banking - **RIM Pager**
- Scotia Online Internet Banking - ★★★★★ rating
(source: Quicken.ca)

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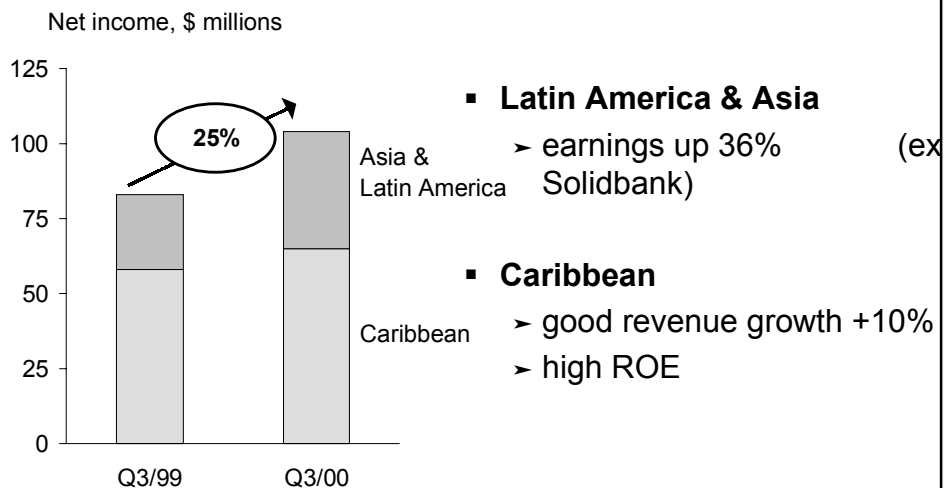
Rapid Growth in Scotia On-line Internet Banking



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Rising International Earnings



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International Developments

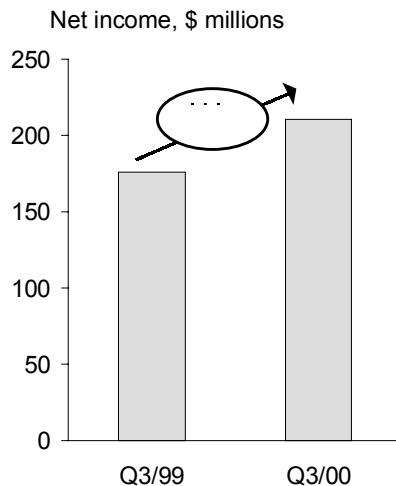


- **Chile:**
 - > tender offer for remaining 39% of Banco Sud Americano
 - > value of bid \approx US\$140 million
 - > offer open until October 4
- **Mexico:**
 - > Inverlat closing audit completed
 - > expected to close in next 30-60 days
- Launched **Scotia Americas Program** with EDC

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Higher Earnings from Scotia Capital



- Continued strong revenue growth
 - > credit fees +19%
 - > trading +37%
 - > underwriting +16%
- Higher credit losses
- Expense growth contained

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Scotia Capital Achievements

- Co-lead manager on **\$1 billion Hydro One** initial public debt offering
- Canada's **top IPO underwriter** for 1999 (source: *Investment Executive*)
- Sole domestic dealer in largest forward contract in Canadian history
- Leader in **foreign exchange** (source: *Euromoney*)
 - #1 Canadian bank for currency research
 - #1 Canadian bank for currency trading strategies

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Risk Review

John Crean
Senior Executive Vice-President

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Risk Management: Overview

- Whole Year 2000 specific provisions of \$765 million
 - > up \$100 million
- Net impaired loans down slightly to (\$163 million)
 - > coverage: 106%
- Substantial general provision of \$1.3 billion

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Gross Impaired Loans

\$ millions

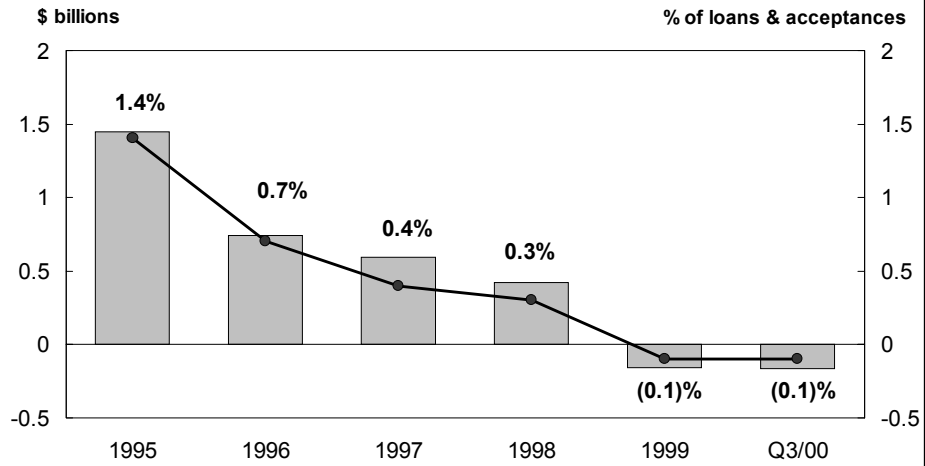
Q3/00 vs. Q2/00

Canada	
- Retail	(34)
- Commercial	(25)
International	17
Scotia Capital	121
Change	79

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Negative Net Impaired Loans

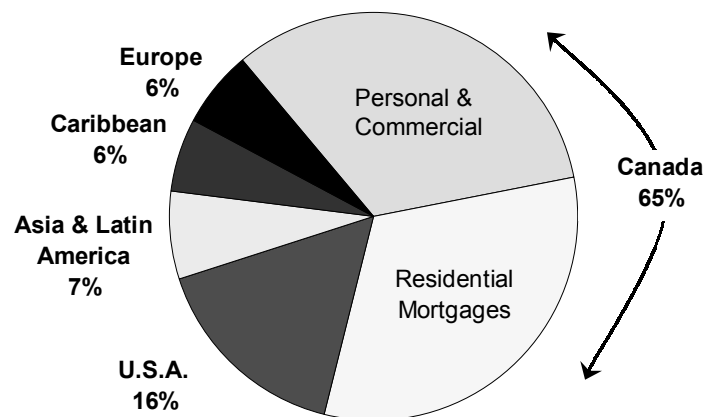


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Well Diversified Portfolio Globally

% of total loans & acceptances

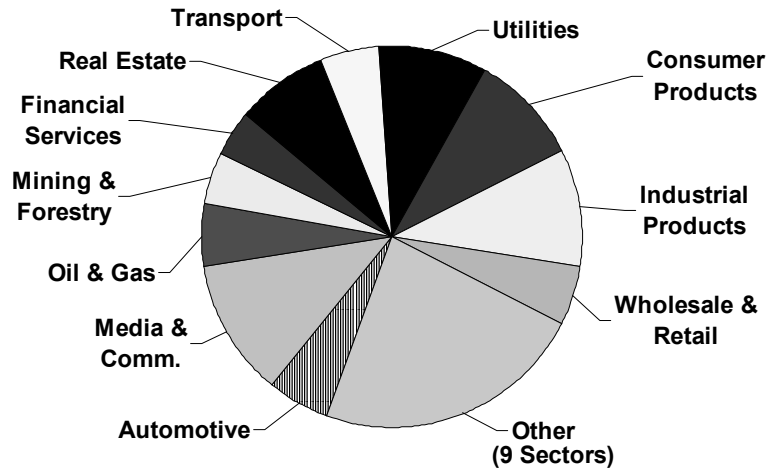


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U.S. Portfolio - Well Diversified

% of U.S. loans & acceptances

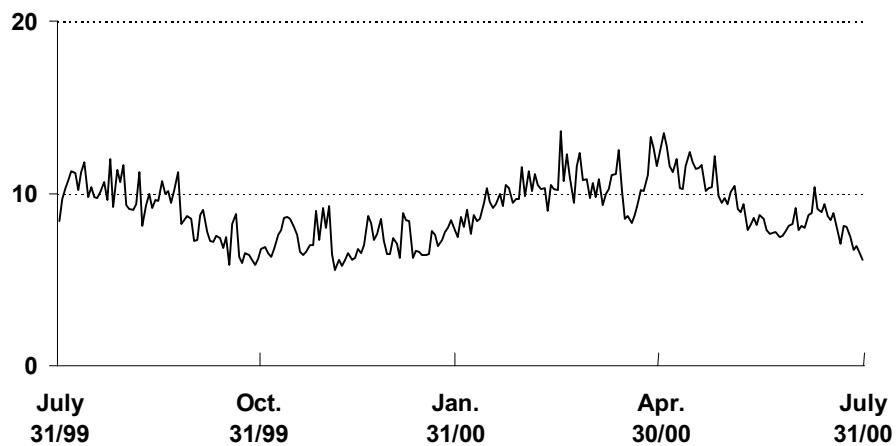


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Very Low Market Risk

1-day Value at Risk, \$ millions



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Summary

- Consistent earnings growth and higher ROE
 - ahead of targets
- Broad-based strength across all business lines
- Relentless focus on cost control - productivity leadership
- Actively managing capital & balance sheet
 - divesting lower-return businesses and reinvesting for future growth
- Proactively managing credit quality
- Very well capitalized and large reserves

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This presentation includes forward-looking statements about objectives, strategies, and expected financial results. Such forward-looking statements are inherently subject to risks and uncertainties beyond the Bank's control, including but not limited to economic and financial conditions globally, regulatory developments in Canada and elsewhere, technological developments, and competition. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements, and the reader is cautioned not to place undue reliance on such forward-looking statements.

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