

Scotiabank

Investor Presentation

December 2, 1998

Performance highlights

- good quarter despite weaker capital markets
- strong growth in core results over last year
- asset quality stable in quarter
- lower unrealized security gains
- improvement in capital ratios

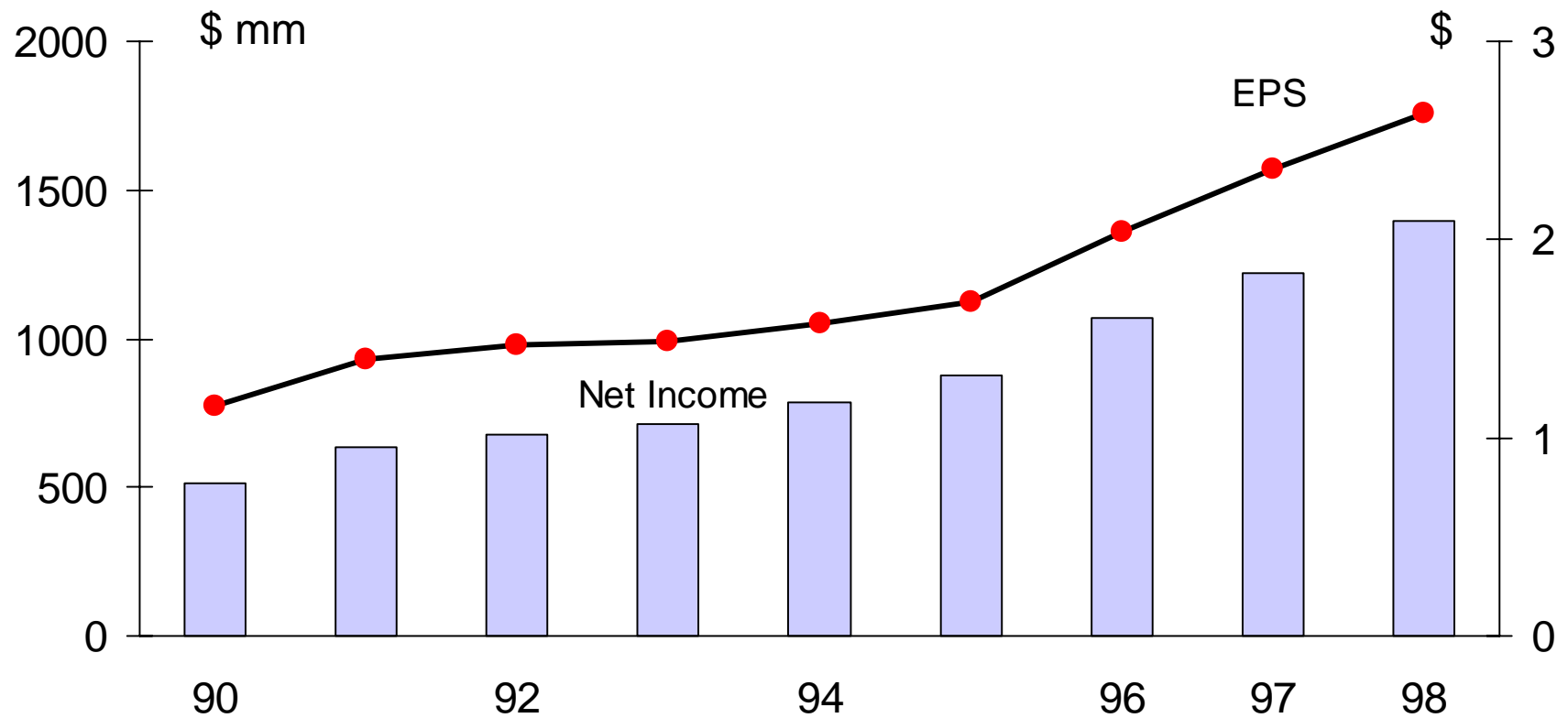
1998 results

	<u>1998</u>	inc/(dec) <u>vs. 97*</u>	<u>Q4/98</u>	inc/(dec) <u>vs Q3/98</u>
Net Income \$ mm	1,394	14%**	359	-
EPS, \$	2.64	12%	0.67	(1%)
ROE, %	15.3	(1.1)	14.8	(0.7)
Tier 1, %	7.2	0.3	7.2	0.3

*1997 excludes unusual items

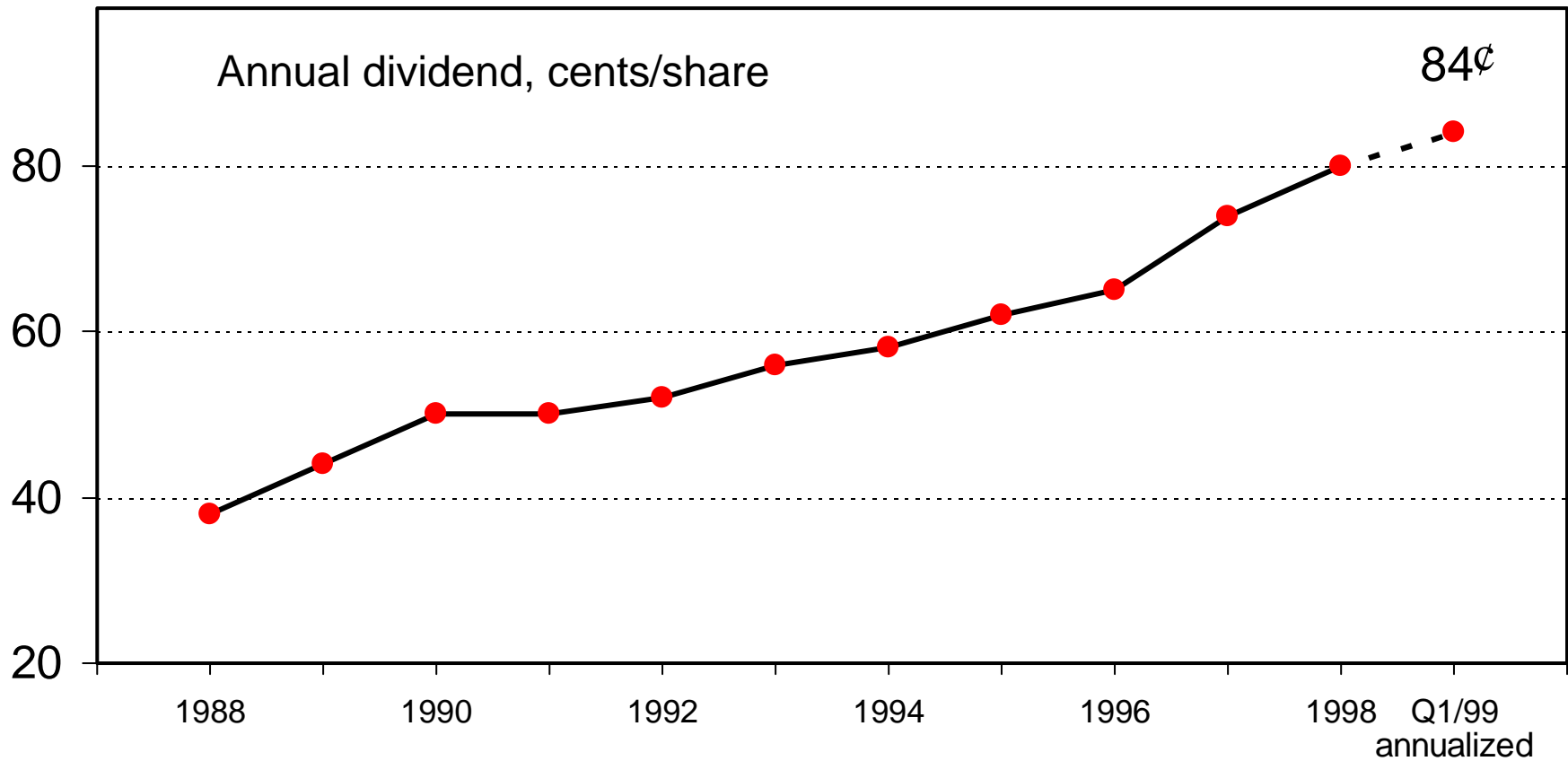
** 8% decrease yr/yr on a reported basis

9 years of record core earnings



94 & 97 exclude unusual items

Consistent record of increasing dividends



Amounts adjusted for 2-1 share split, effective February 12, 1998



Healthy year-over-year growth

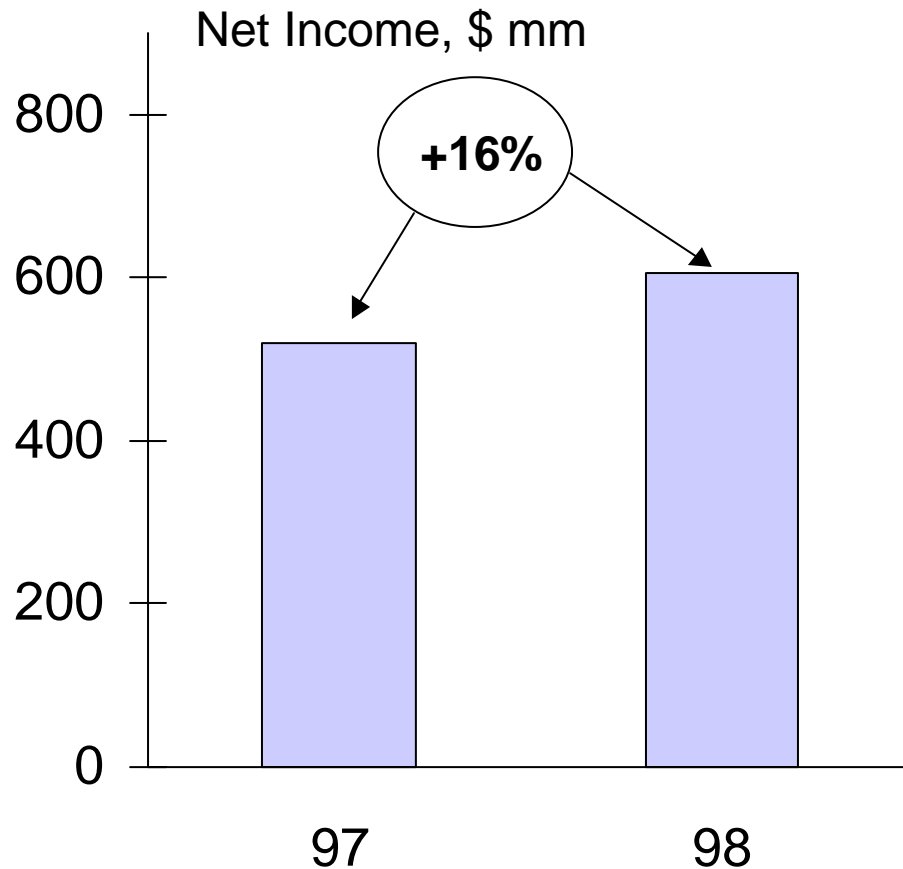
\$ millions

	<u>1998</u>	<u>Yr/Yr</u>	<u>Q4/98</u>	<u>Q4/Q3</u>
Net interest income (TEB)	4,506	22 %	1,186	3 %
Other income	2,858	25	690	(3)
Total revenues	7,364	23 %	1,876	1 %
Provision for credit losses	595	68	124	-
Non-interest expenses	4,446	22	1,143	1
Taxes/other	929	23	250	-
Net income	1,394	14 %	359	-

1997 excludes unusual items

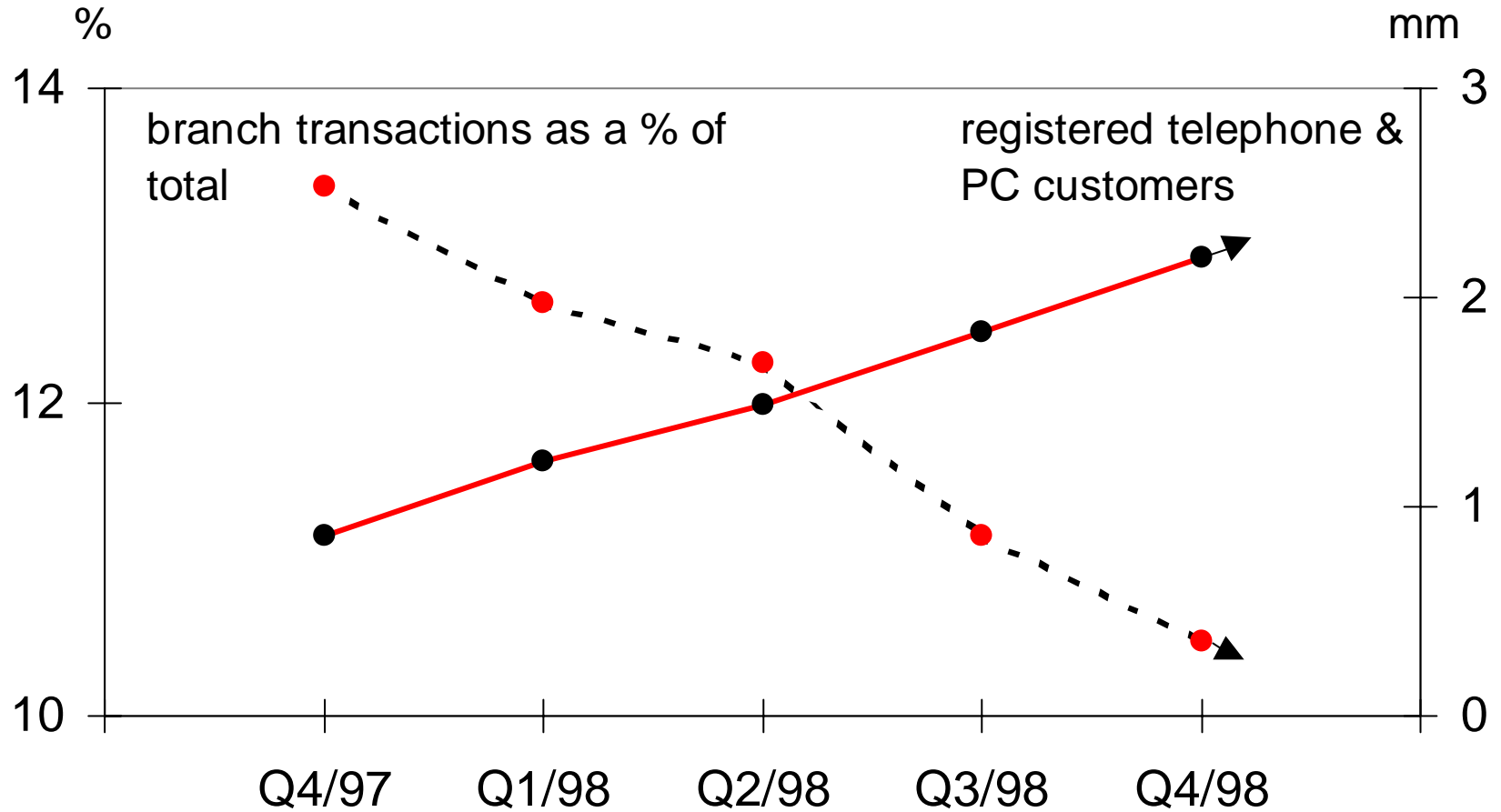


Retail & Commercial - doing well

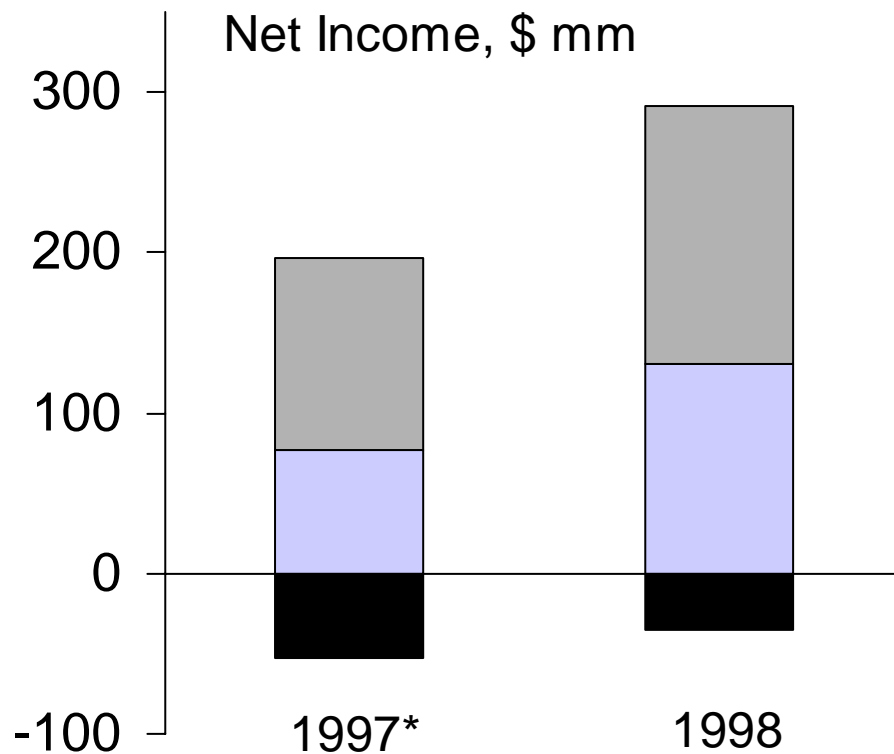


- good retail growth
 - retail fees up 25%
 - mortgages up 9%
- market share increase in retail deposits
- strong growth in commercial business

Retail transactions moving to electronics



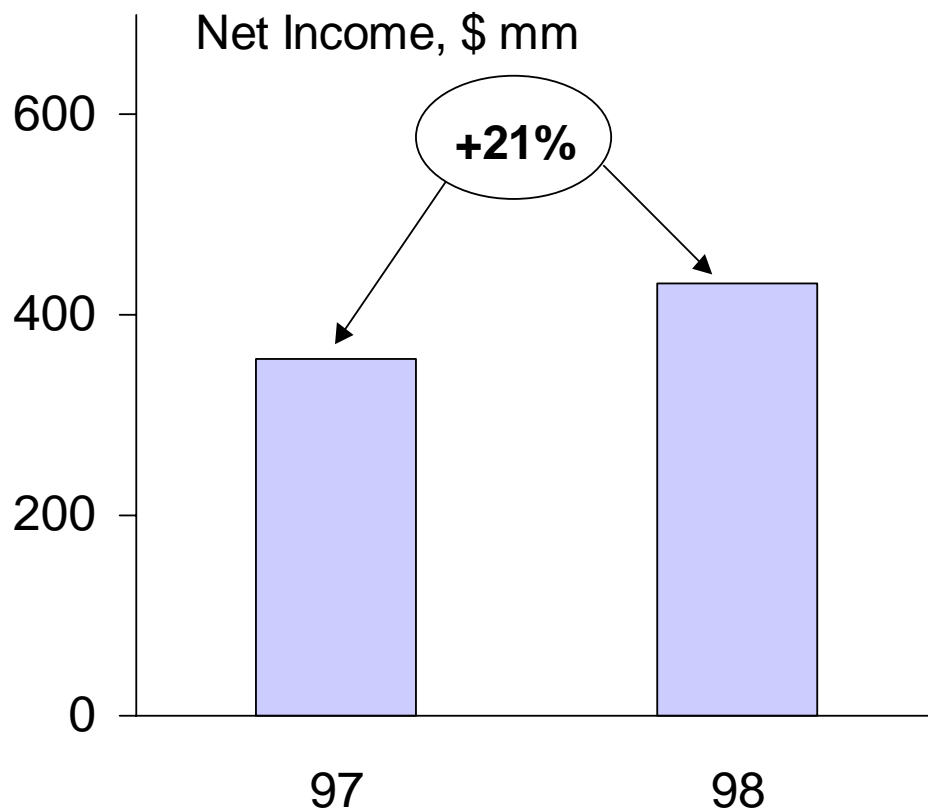
International - building future earnings



- strong results in Caribbean
- Banco Quilmes contributing
- Asia turning around

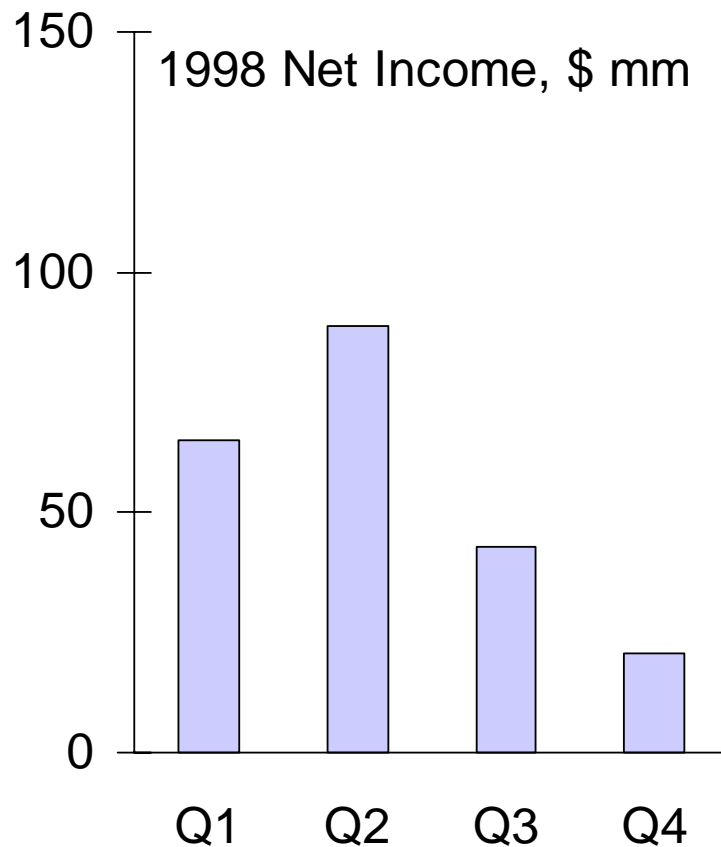
*1997 excludes \$290 mm after-tax LDC provision reversal

Corporate - another strong year



- 6th record year
- top 10 agent in U.S.
- 26% up in revenues

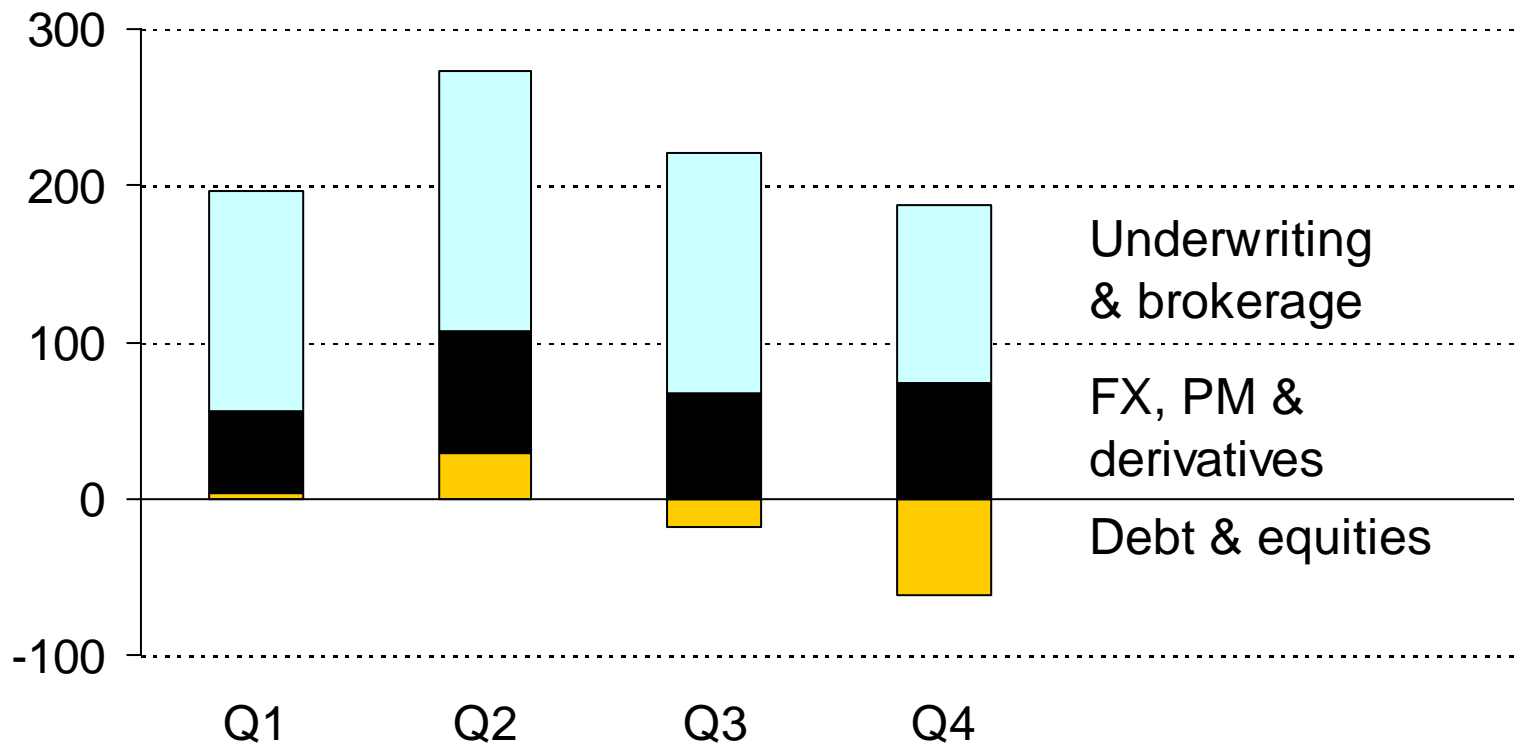
Investment Banking - weaker second half



- steady client flow
- excellent start for ScotiaMocatta
- lower gains on securities & trading revenues
- risk controls effective

Revenues holding up in most products*

1998 Investment Bkg, Other Income, \$mm

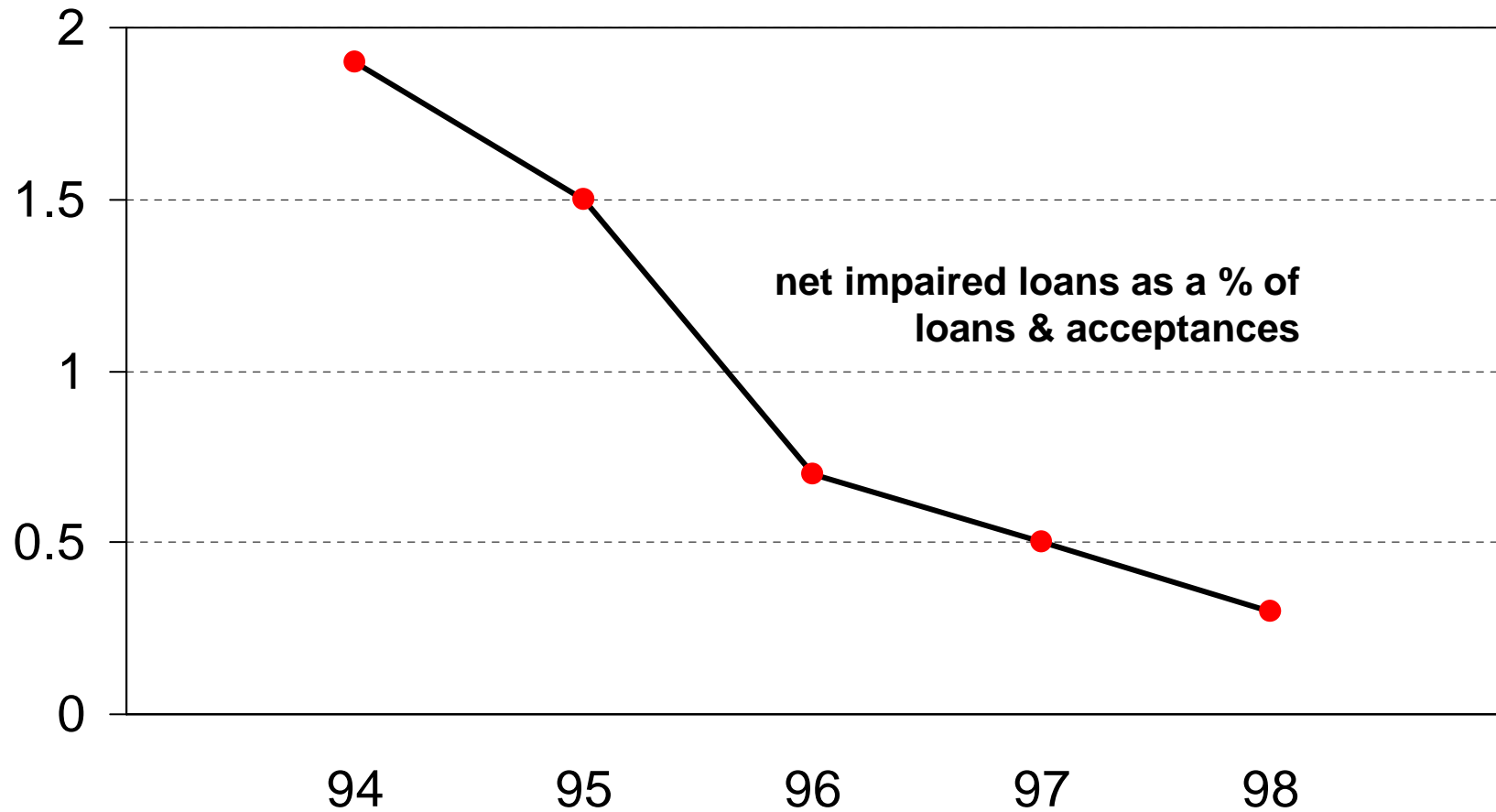


*excludes gains on Investment Securities

Risk management overview

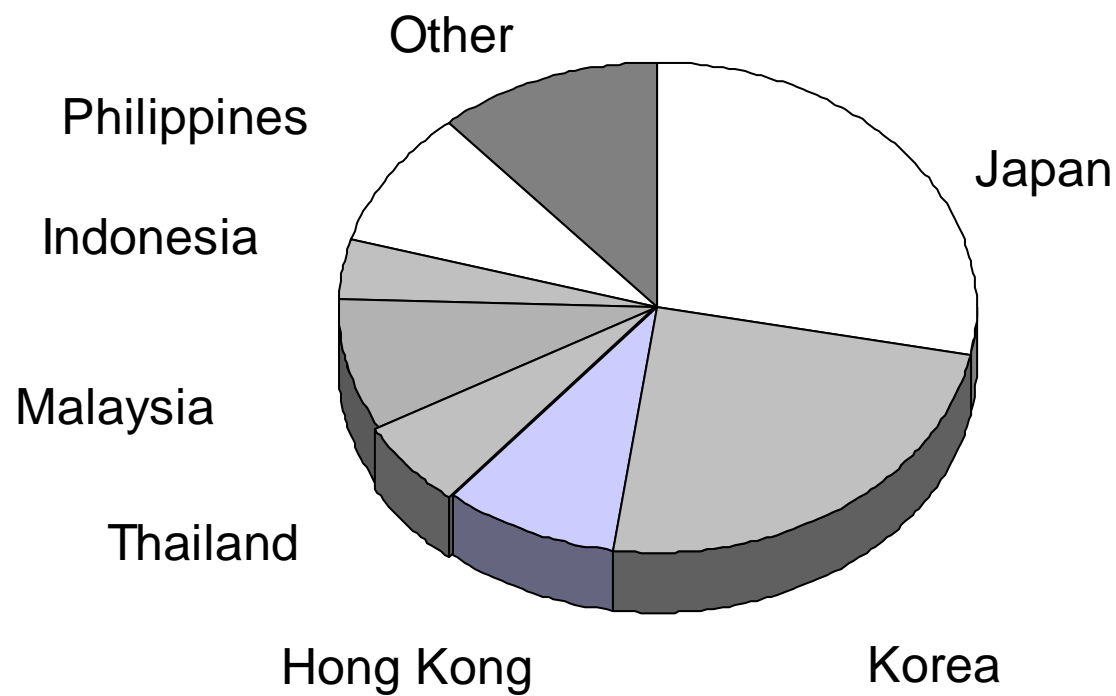
- net impaired loans flat on the quarter
 - some increases in North America
 - decreases in International
- Asia & Latin America risk stable
- 1998 specific provisions = \$495mm
- moderate market risk
 - risk systems performed well

Steadily improving impaired loans



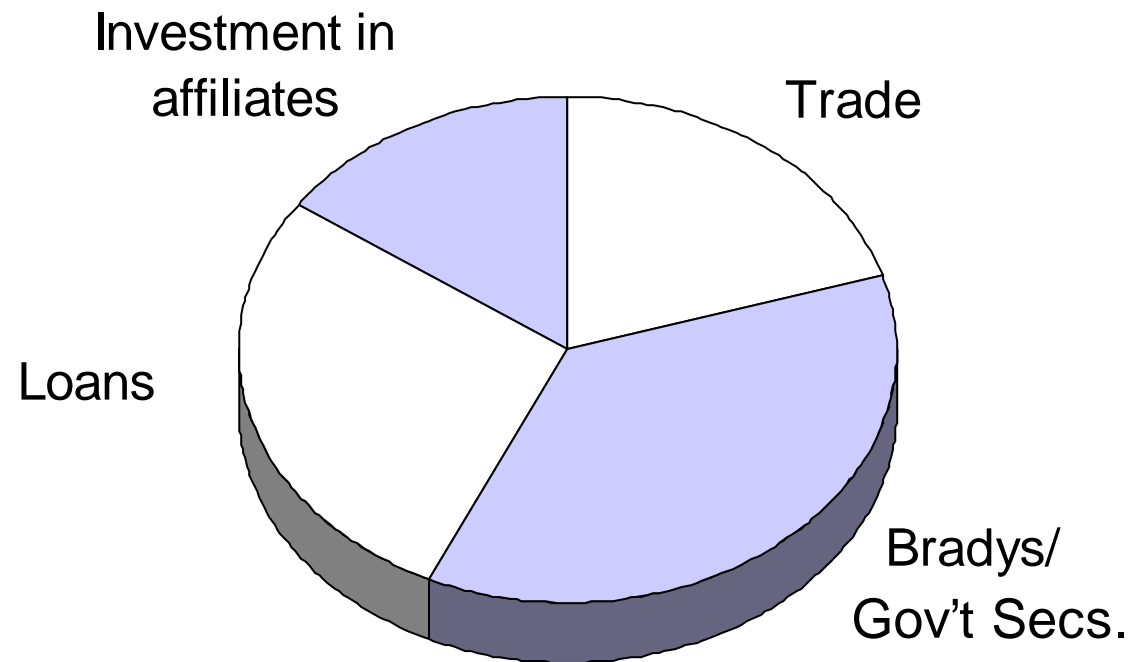
Asian exposure stable

Cross-border = US \$3.4b



Latin America - conservative exposure

Cross-border = US \$3.7b*



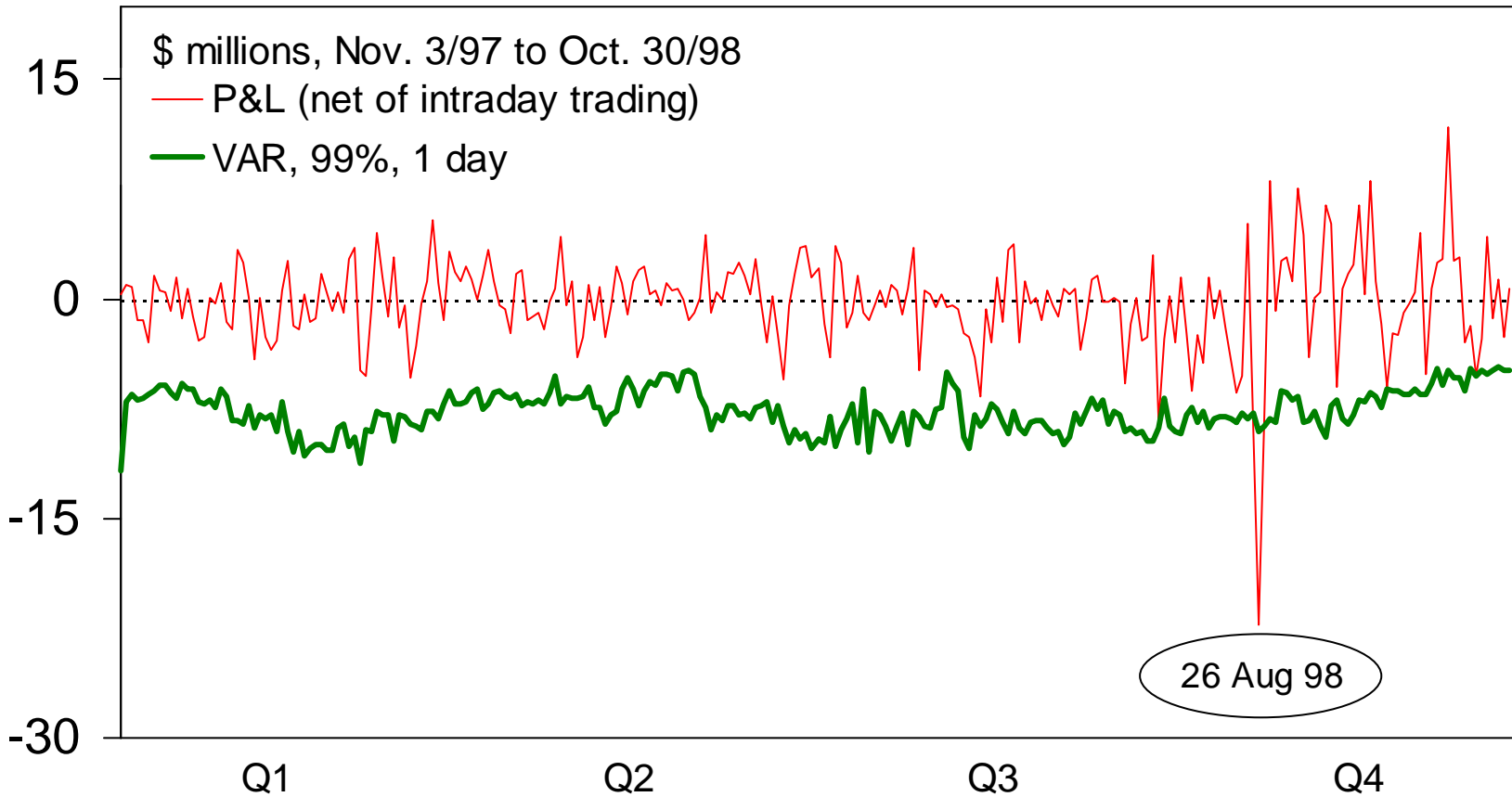
*Nil impaired loans

Trends in credit loss provisions

Specific provisions, \$ millions

	<u>1998</u>	<u>1997</u>	<u>1996</u>
North America			
Retail	216	172	138
Real Estate	(29)	(85)	82
Corporate/Commercial	<u>152</u>	<u>111</u>	<u>118</u>
	339	198	338
International	<u>156</u>	<u>162</u>	<u>42</u>
	495	360	380

Risk systems performed well



Exceeded our targets in 1998

	<u>1998</u>		<u>Target</u>
ROE	15.3%	vs.	14%+
EPS growth	12%	vs.	10%
Productivity	60.4%	vs.	<60%
Tier 1	7.2%	vs.	7%

Focus for 1999

- Cost control
- National Trust integration & Y2K
- Wealth management
- Scotia Capital Markets & Corporate integration
- Building International franchises

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