



Investor Presentation Third Quarter 2001

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Overview of Q3/01 Results

Peter Godsoe
Chairman & C.E.O.

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Q3/01 Performance Highlights

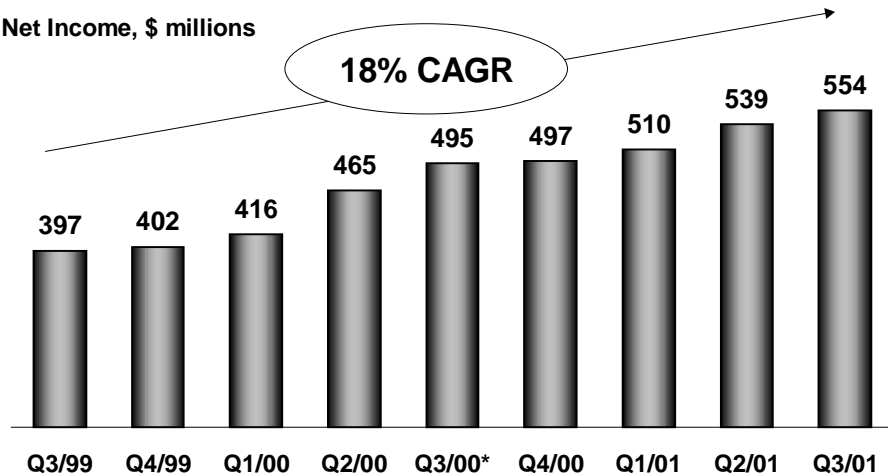
- **Continued earnings momentum**
 - EPS up 12%* year/year
 - ROE 17.3%
- **Strong top-line revenue growth**
 - up 13% year/year
- **Sharp drop in net impaired loans**
 - down \$301 million in Q3 to \$395 million
 - continued asset sales
- **\$75 million addition to general provision in Q3**
 - general provision = 0.91% of risk-assets
- **Strong capital ratios and reserves**
 - Tier 1 = 9.1%

* adjusted for one-time gains in Q3/00 3



Record of consistent earnings growth

Net Income, \$ millions

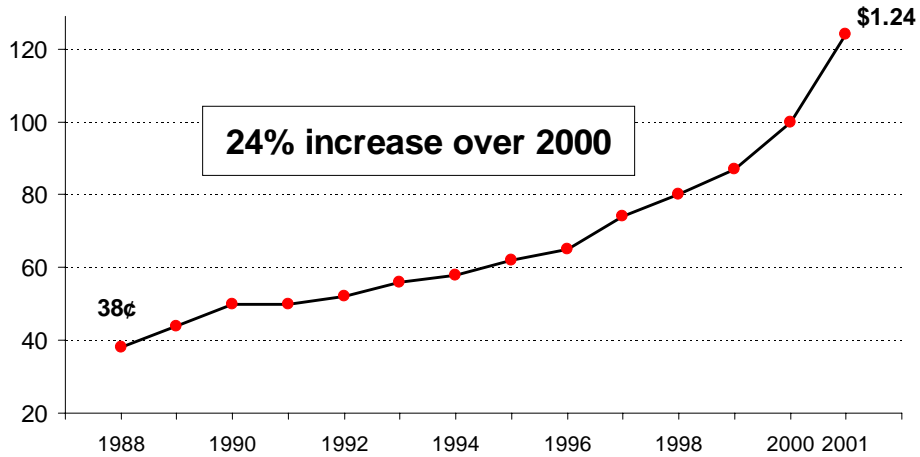


* excludes gains on sale of stock transfer business & Solidbank (\$53MM)



Second dividend increase this year

Annual dividend, cents/share



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On track vs. targets

	<u>Q3/01</u>	<u>2001 YTD</u>		<u>Target</u>
ROE	17.3%	17.4%	vs.	16-18%
EPS Growth	12%*	16%*	vs.	12-15%
Productivity	55.4%	53.7%	vs.	<60%
Tier 1	9.1%	9.1%	vs.	7.5%+

* adjusted for one-time gains in Q3/00

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Performance Review

Sabi Marwah
Executive Vice-President &
Chief Financial Officer

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Solid earnings in Q3

	\$MM	EPS (\$)
Reported net income	\$554	\$1.04
Includes:		
Addition to general provision (\$75MM pre-tax)	(44)	(0.09)
Tax settlement-refund interest (\$82MM pre-tax)	48	0.10
Tax refund	15	0.03
Deferred tax asset reduction	(14)	(0.03)
	\$5	\$0.01

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Good growth in net income

\$ millions

	<u>Q3/01</u>	<u>Q3/00</u>	<u>% increase</u>
Reported net income	554	548	1%
Q3/00 gains on sale of stock transfer business and Solidbank	-	(53)	-
	554	495	12%

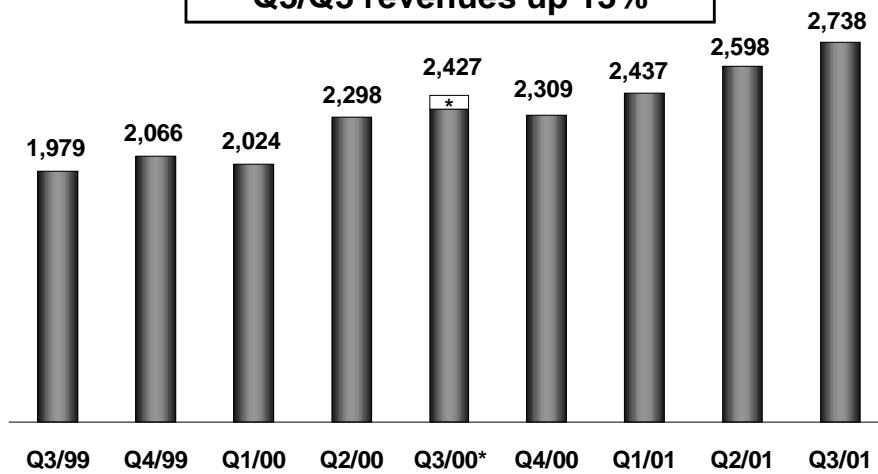
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Continued strong top-line revenue growth

\$ millions (TEB)

Q3/Q3 revenues up 13%



* gains on sale of stock transfer business & Solidbank (\$82MM)

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...driven by higher margins

	Q3/01	Increase	
		vs. Q2/01	vs. Q3/00
Net interest margin	2.43%	+9 bps	+6 bps
Increase due to:			
Inverlat		-	7
Lower funding costs		5	3
Non-accrual loans		2	-
Securities income		-	(5)
Other		2	1
		9 bps	6 bps

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...and broad-based growth in other income

\$ millions	Q3/01	Q3/00	Change	
			\$	%
Reported	1,054	990	64	6%
Inverlat	(66)	-	(66)	
Tax settlement - refund interest	(82)	-	(82)	
Net gain on investment securities	(5)	(94)	89	
Gain on sale of stock transfer business/Solidbank	-	(82)	82	
	901	814	87	11%
Comprised of:				
Trading & other investment banking			63	51
Underwriting & other commissions			34	44
Deposit & payment services			23	15
Credit fees			(16)	(10)
Retail & discount brokerage			(15)	(18)
Other			(2)	(1)
			87	11%

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Base expenses relatively flat

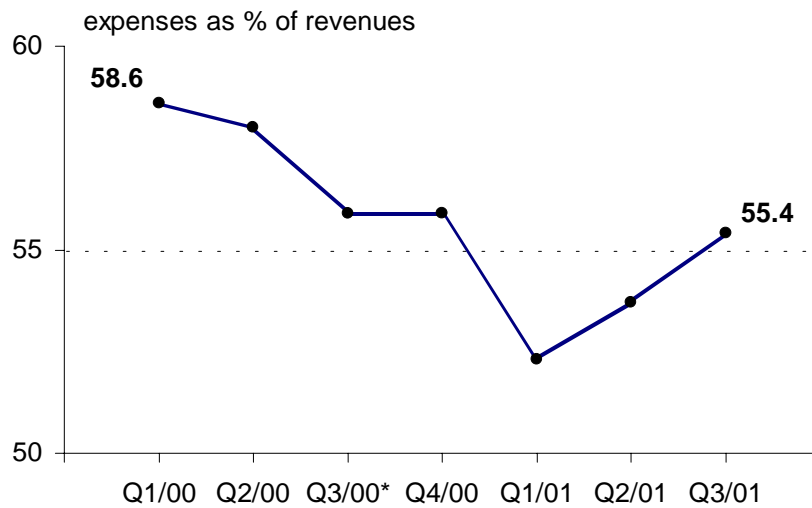
	Q3/01 vs.			
	Q2/01		Q3/00	
	\$MM	%	\$MM	%
Change in expenses	\$124	8.9%	\$208	15.9%
Less:				
- Inverlat	-	-	186	14.2
- performance-related (mainly SARs*)	83	6.0	49	3.7
- initial computer outsourcing costs	15	1.1	15	1.2
- sale of stock transfer business/ Quebec branches	-	-	(58)	(4.4)
Change in base expenses	\$26	1.8%	\$16	1.2%

* Stock appreciation rights

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Productivity running at 55%



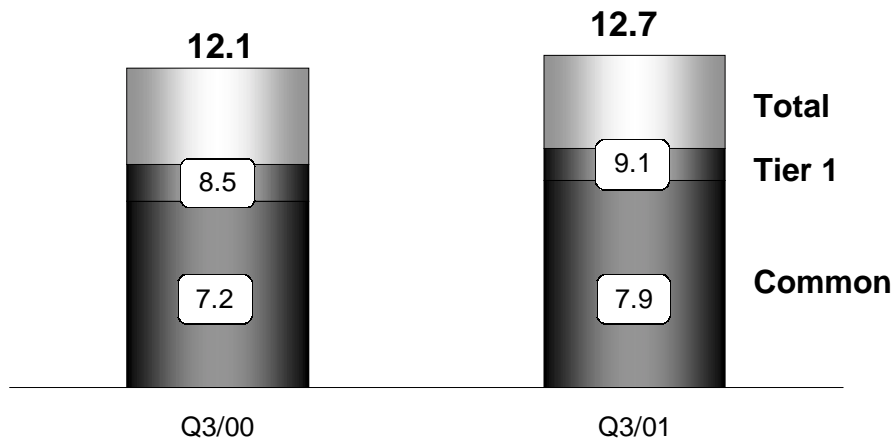
* adjusted for one-time gains

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Improved capital ratios

% of risk-adjusted assets



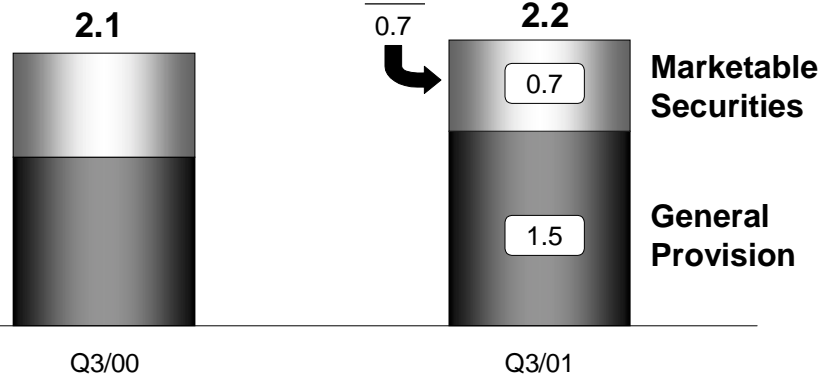
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Continuing strong reserves

\$ billions

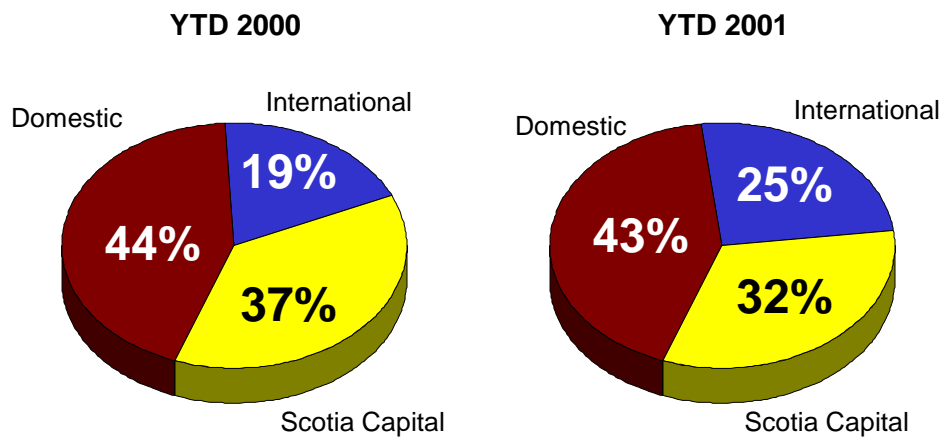
Govt/Corp bonds	0.3
Equities	0.2
Emerging Mkt. Bonds	0.2
Total	0.7



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Business Line Results

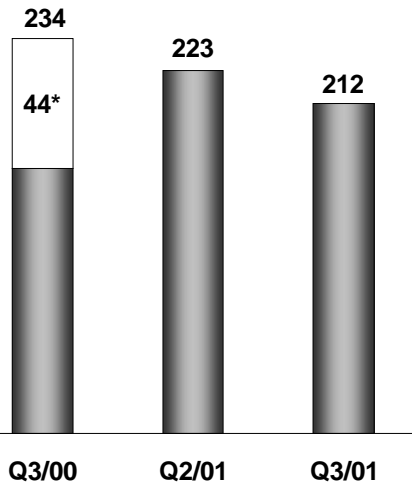
Strength of Diversification – Higher International in 2001





Domestic – Solid earnings

Net income, \$ millions



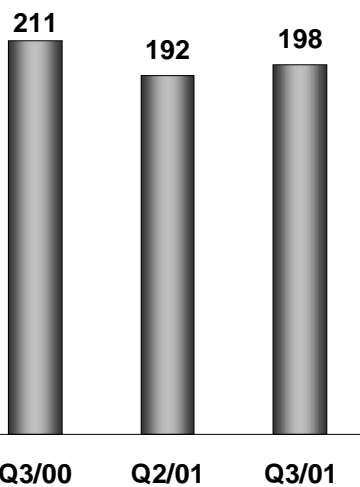
- Interest profit up \$32MM yr/yr
 - strong growth in retail assets: +\$3B
- Lower brokerage fees
- Expenses down \$56MM yr/yr
 - savings from programs/network realignments
 - sale of businesses
- Higher commercial credit losses qtr/qtr

* gain on sale of stock transfer business 19



Steady performance from Scotia Capital

Net income, \$ millions



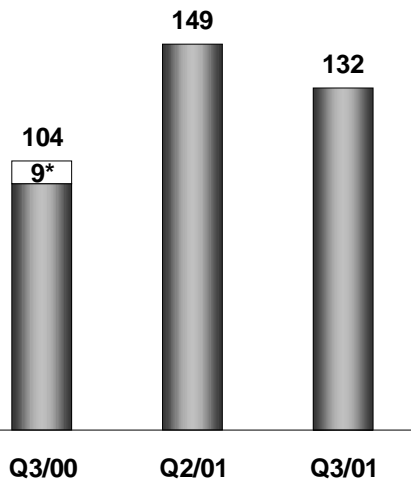
- Revenue up 8% yr/yr
 - record global trading +41%
 - record underwriting +44%
 - lending -9%
- Expenses up \$41MM
 - mostly higher performance-related compensation
- Credit losses stable qtr/qtr

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Growing International contribution

Net income, \$ millions



- Net income up 27% yr/yr
 - higher revenues in Caribbean
 - strong contribution from Latin America
 - Inverlat: \$21MM in Q3/01, \$17MM in Q2/01
- Expenses up 14% qtr/qtr
 - Mostly SARs

* gain on sale of Solidbank

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Risk Review

John Crean
Senior Executive Vice-President
Global Risk Management

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Risk Overview

- **Lower net impaired loans:** \$395 million at July 31
 - down \$301 million from Q2/01
 - continued loan sales
- **Higher general provision**
 - added \$75 million in Q3/01
- **Improved coverage ratio**
 - 91% vs. 85% in Q2/01

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Further impaired loan sales in Q3/01

\$ millions

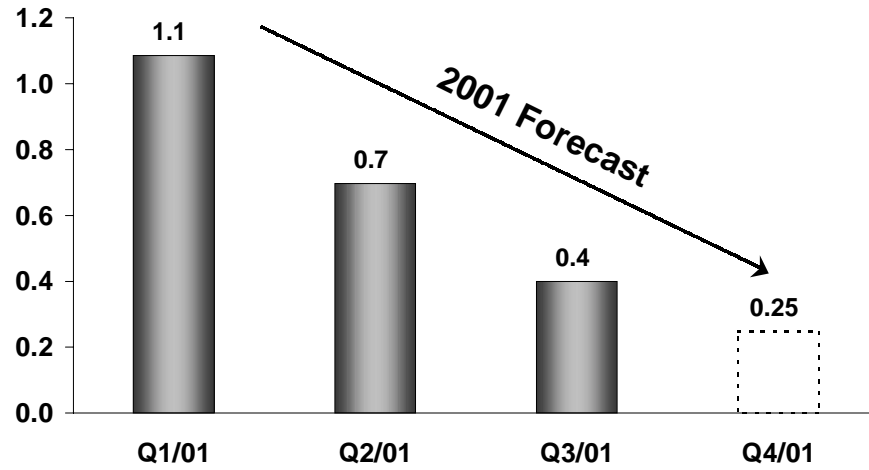
Scotia Capital	- loan sales	(214)
	- new formations	103
		<hr/>
		(111)
Domestic		40
International		154
		<hr/>
Net formations		83

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On track to meet Q4/01 net impaired loan target

Net impaired loans, \$ billions

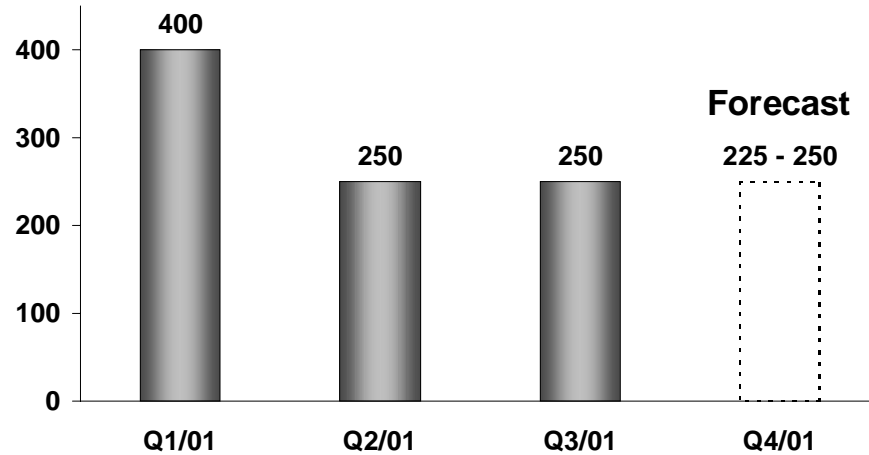


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Forecast of specific provisions

\$ millions



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Lower telecom & cable exposure

Loans & acceptances, \$ millions, July 31, 2001

<u>Sector</u>	<u>Investment Grade</u>	<u>Non-Investment Grade</u>	<u>Total</u>	<u>Total U.S. Exposure</u>
Cable Operators	347	1,133	1,480	577
Regulated Telephone	885	-	885	-
Unregulated telephone/wireless	460	1,318	1,778	964
Other communications	15	422	437	360
Total	1,707	2,873	4,580	1,901
Of which CLECs			211	149

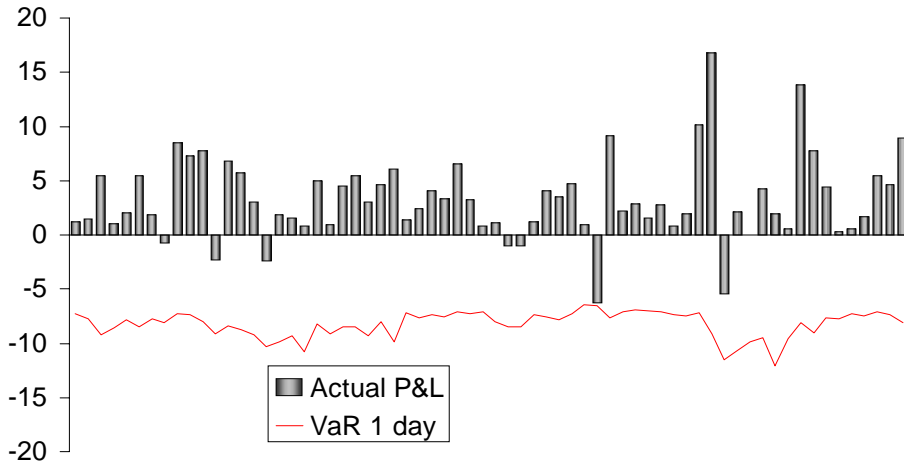
Total exposure down \$200 million from Q2/01
Net impaired loans: \$125 million

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Moderate trading risk maintained

\$ millions, May 1, 2001 to July 31, 2001



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Outlook

Peter Godsoe
Chairman & C.E.O.

Outlook

- **Economic slowdown**
 - pickup not expected until 2002
- **Closely managing credit portfolios**
- **Solid balance sheet**
 - strong capital & reserves
- **Solid earnings momentum**
 - benefiting from diversification
 - on track to meet targets

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.