



**Investor Presentation
January 31, 2002**

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Overview of Q1/02 Results

Peter Godsoe
Chairman & C.E.O.

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Performance highlights

- **Net income of \$52 million**
- **\$540 million after-tax charges for Argentina**
- **Excluding Argentine charges:**
 - Net income: \$592 million
 - EPS: \$1.10 up 16% from Q1/01
 - ROE: 17.3%
- **Specific provisions: \$850 million**
 - \$350 million excluding Argentina
- **Strong capital and reserves**
 - Tier 1: 9.2%
- **Dividend increase**
 - +3 cents to 37 cents/share

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Argentina update

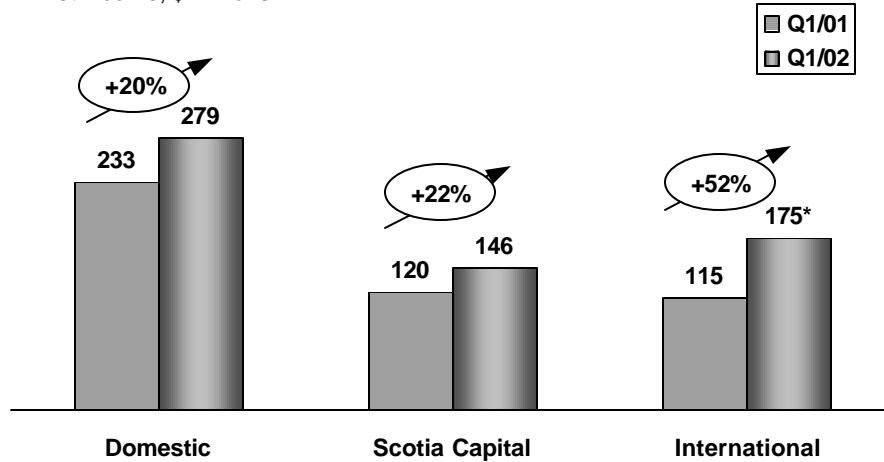
- **Extremely difficult and uncertain environment**
- **Strong action taken this quarter**
 - \$540 million after-tax charges
 - Goodwill of \$76 million written off
 - ~70% reserved against cross-border exposure of \$1.1 billion
- **Continue to closely monitor situation**

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Strong underlying performance

Net income, \$ millions



* net loss of \$(365) million after charges for Argentina

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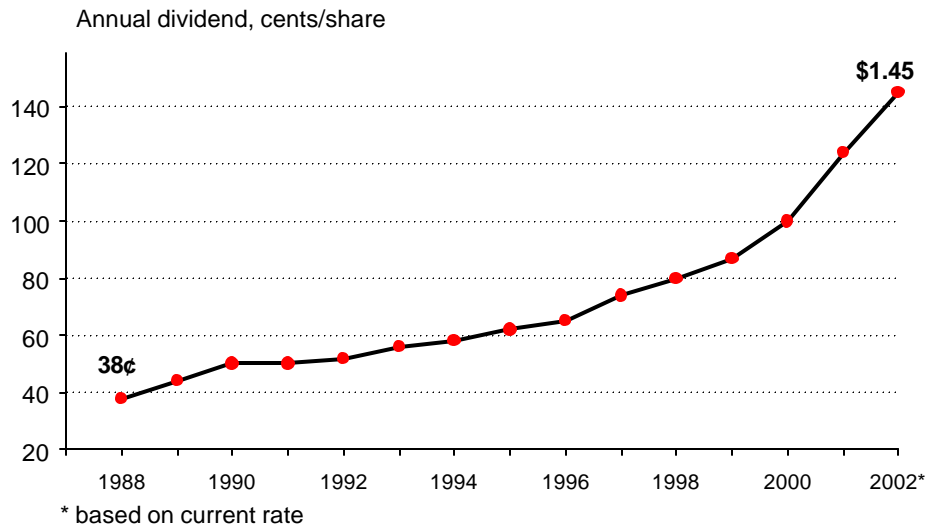
Performance versus targets

	<u>Q1/02</u> <u>Reported</u>	<u>Q1/02</u> <u>ex. Argentina</u>		<u>Target</u>
ROE	0.8%	17.3%	vs.	15-17%
EPS Growth	(95)%	16%	vs.	7-12%
Productivity	56.7%	54.5%	vs.	<58%
Tier 1	9.2%	9.5%	vs.	8%+

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Consistent record of dividend increases



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Performance Review

Sabi Marwah
Executive Vice-President &
Chief Financial Officer

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Solid earnings excluding Argentina

	Net Income \$MM	EPS (Diluted \$)	ROE (%)
Reported	\$52	\$0.05	0.8%
Special charges for Argentina	540	1.05	16.5%
Excluding Argentine charges	\$592	\$1.10	17.3%
Growth vs. Q1/01	+16%	\$0.15	+0.3%

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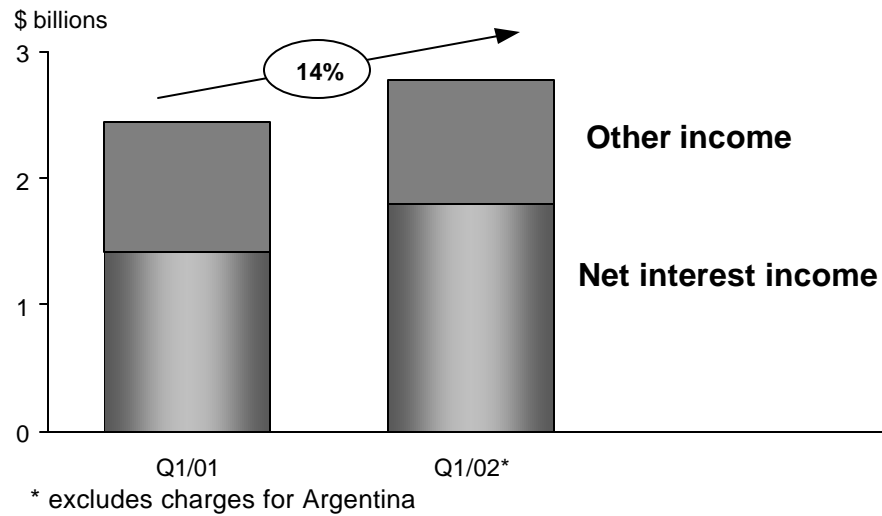
Argentina charges

\$ millions	Q1/02	2001	Total
Provision for credit losses			
Cross-border	187	-	187
Scotiabank Quilmes	313	50	363
	500	50	550
Other income			
Loss on securities	20	40	60
Other (pesofication)	87	10	97
	607	100	707
Taxes	(67)	(38)	(105)
Total	540	62	602

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Good top-line revenue growth



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Changes in margin

	<u>Q1/02</u>	<u>Inc. vs. Q1/01</u>
Net interest margin	2.41%	+18bp
Increase/(decrease) due to:		
Inverlat		+10
\$US funding spreads		+6
Other		<u>+2</u>
		+18bp

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Changes in other income

\$ millions

<u>Q1/02</u>	<u>Q4/01</u>	<u>change</u>		<u>Q1/02</u>	<u>Q1/01</u>	<u>change</u>
869	989	(12)%	Reported	869	1,014	(14)%
(107)	(40)		Argentina charges	(107)	-	
8	68		Gain on securities	8	73	
-	65		Gains on sale of businesses	-	27	
37	40		Securitization revenues	37	82	
70	84		Inverlat	70	3	
861	772	12%	Underlying	861	829	4%

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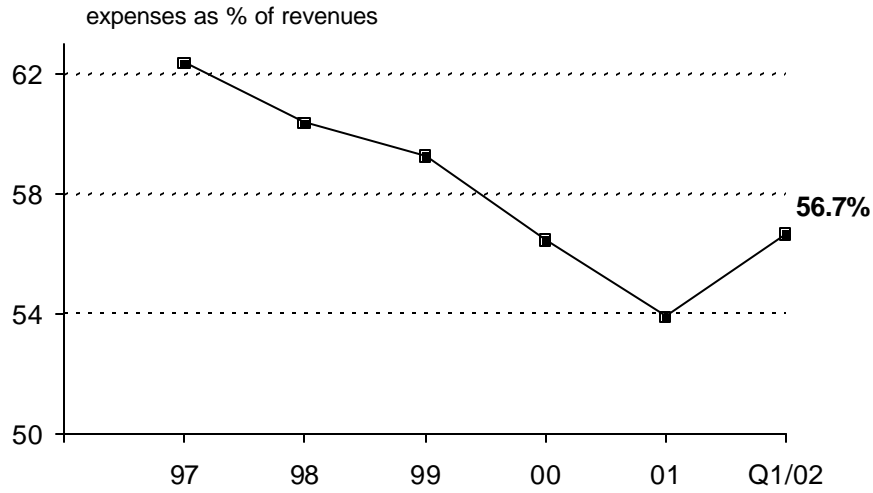
Tight control of base expenses

	<u>Q1/02 vs. Q1/01</u>	
	<u>\$MM</u>	<u>%</u>
Change in expenses	252	20%
Inverlat	208	16%
Performance-based compensation	37	3%
Change in base expenses	7	1%

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Continued productivity leadership



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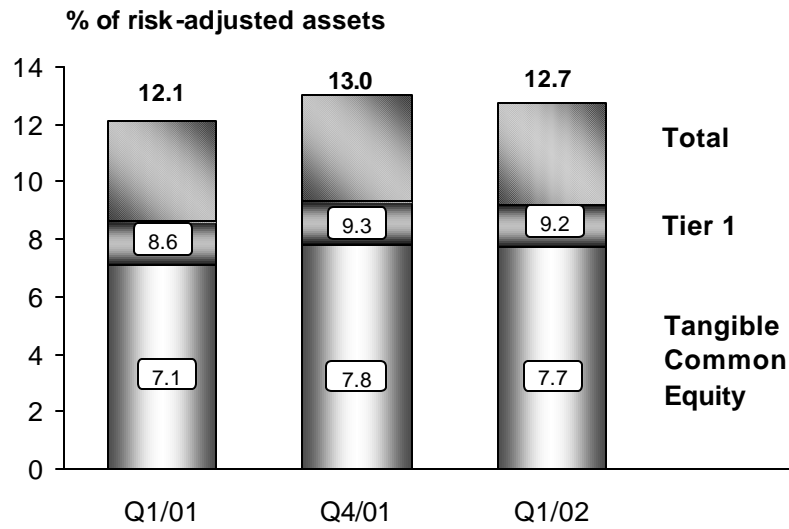
Taxes

	Q1/02		
	NIBT (\$ millions)	Taxes (\$ millions)	Tax Rate (%)
Reported	241	146	61%
Add: Argentina charges	607	67	11%
Underlying	848	213	25%

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Capital ratios – among best in industry

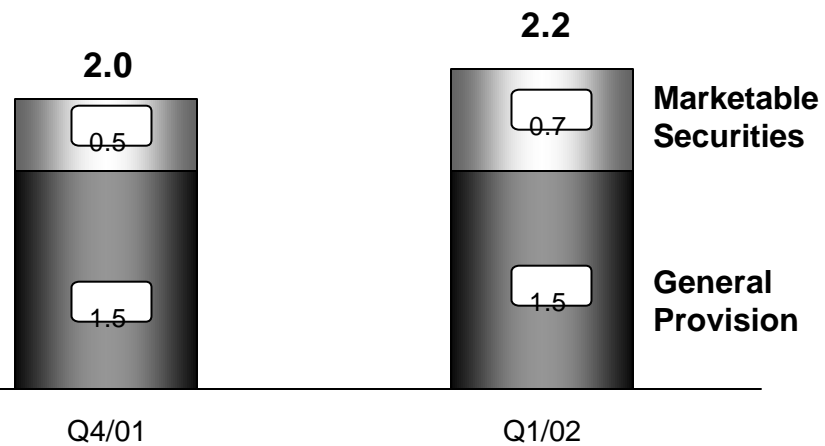


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Higher reserves

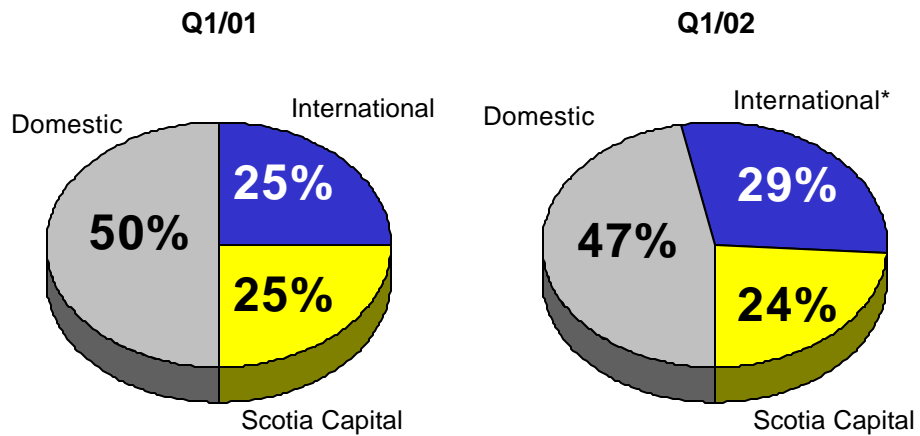
\$ billions



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Business Line Results

Strength in diversification

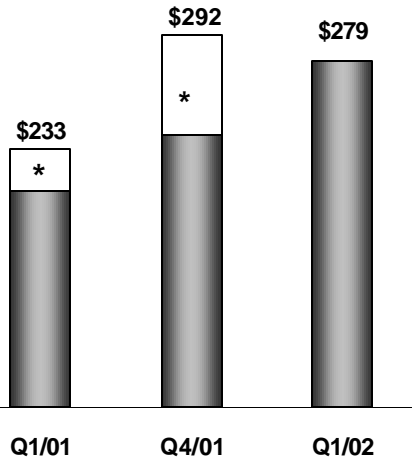


* excludes charges for Argentina



Domestic – steady upward performance

Net income, \$ millions



- **Solid asset growth yr/yr**
 - > Personal loans +6%
 - > Residential mortgages +7%
- **Innovative products**
 - > ScotiaLine VISA ↑ 125+ bps
- **Expenses well contained**
 - > up 2.5% yr/yr
- **Best of class retail risk profile**
 - > PCL 22bps in Q1/02

* Q1: Gain on sale of Quebec branches; Q4 gain on sale of Corporate Trust
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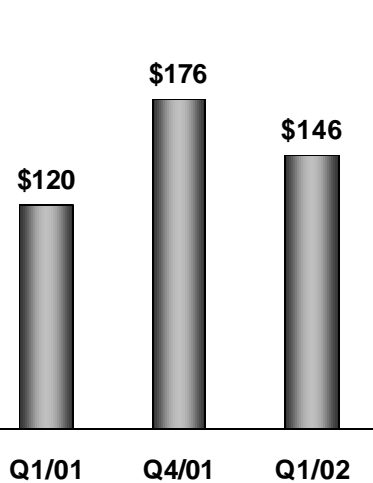
Growing Wealth Management

- **Mutual fund success**
 - > assets +24%
 - > bank market share +98bps
- **Expanding brokerage business**
 - > acquisition of Charles Schwab Canada
 - > “ScotiaMcLeod Direct Investing” brand
- **New sales force**
 - > 400 financial planners
- **12 new private client centres**



Scotia Capital – solid quarter

Net income, \$ millions



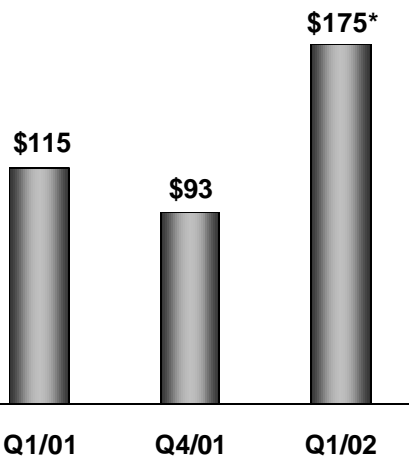
- **Revenues up 12% yr/yr**
 - Global Trading up 52%
 - Underwriting up 50%+
 - Lending down 6%
- **Provision for credit losses**
 - up vs. Q4/01
 - mainly U.S.
- **Expenses**
 - higher performance-related compensation

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International – good earnings ex. Argentina

Net income, \$ millions



- **Caribbean**
 - net income up 10% yr/yr
- **Asia**
 - improved performance
- **Latin America**
 - Inverlat contributed \$23 million

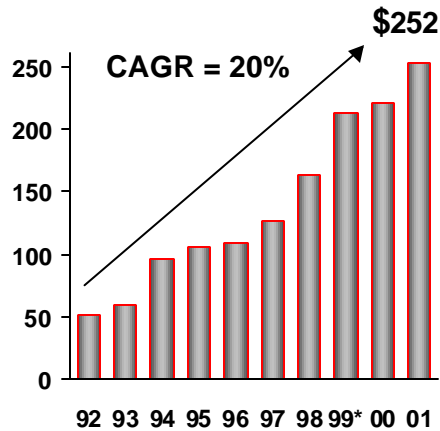
* net loss of \$(365) million after charges for Argentina

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Ongoing growth from Caribbean

Net income, \$ millions



- **Business growth**

- > growing share with existing 2 million customers
- > acquired Citibank's VISA portfolio (Bahamas)

- **Continued delivery channel expansion**

- > new branches in Dominican Republic & Puerto Rico
- > ATMs: +6% qtr/qtr

- **Strong emphasis on technology**

- > sales delivery platform
- > credit behaviour scoring

* excludes real estate gains in 1999 net income

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Mexico – growing the franchise



- **1 million retail/commercial customers**



- **Strong lending and deposit growth**

- > retail lending +24%
- > commercial/corporate loans +34%
- > deposits +42%



- **Excellent growth in internet channel**

- > internet transactions +300% yr/yr



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Risk Review

John Crean
Senior Executive Vice-President
Global Risk Management

Risk Overview

- **Large provisions against Argentina**
 - > specific provisions of \$500 million
 - > net impaired loans of \$475 million

- **Net impaired loans (ex. Argentina) up slightly**
 - > \$195 million in Q1/02 vs. \$154 million in Q4/01

- **Continued high level of provisioning**
 - > \$350 million in specific provisions (ex. Argentina)
 - > mainly U.S.



Impaired loan formations in Q1/02

\$ millions

Scotia Capital (mostly U.S.)	308
Domestic	65
International	100
	473
Argentina	
Scotiabank Quilmes*	621
Cross-border	309
	930
Total	1,403

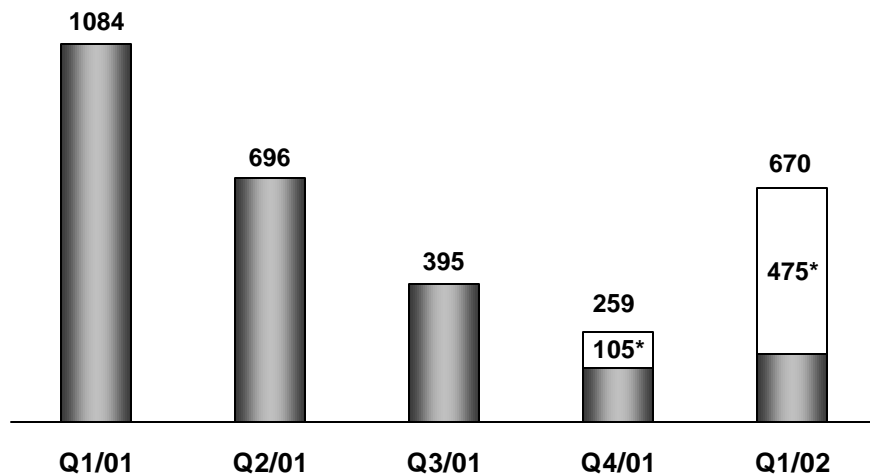
* Before impact of devaluation and pesofication (\$124 million)

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Trend in impaired loans

Net impaired loans, \$ millions



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Provisions

Specific provisions, \$ millions

	<u>Q1/02</u>	<u>Q4/01</u>	<u>Q1/01</u>
Scotia Capital	260	157	292
Domestic	65	57	58
International	25	86	50
	350	300	400
Argentina	500	50	-
	850	350	400

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Argentina – large provisions established

cross-border exposure before provisions noted below, January 31, 2002, \$ millions

Brady Bonds	140
Trade/Interbank	125
Corporate/Other	487
Scotiabank Quilmes	308*
	1,060
Provisions	(707)
Net cross-border exposure	353

* carrying value of investment before provisions

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Cable & Telecom exposure

Loans & acceptances, \$ millions, January 31, 2002

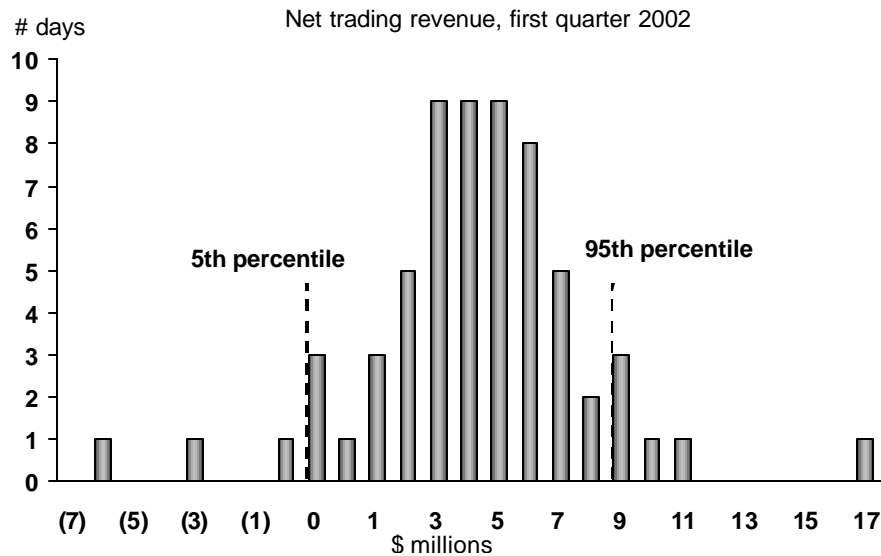
<u>Sector*</u>	<u>Investment Grade</u>	<u>Non-Investment Grade</u>	<u>Total</u>
Cable operators	351	1,277	1,628
Regulated telephone	855	51	906
Unregulated telephone/wireless	360	1,170	1,530
Long-haul fibre cable	162	124	286
CLECs	-	199	199
Total	1,728	2,821	4,549

Net impaired loans: \$60 million

* no Paging exposure



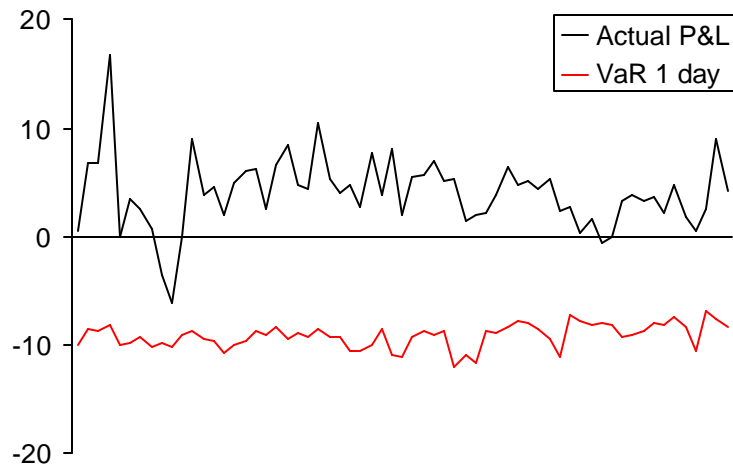
Low variability of trading revenue...





...reflecting moderate market risk

\$ millions, November 1, 2001 to January 31, 2002



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Risk management summary

Domestic

- Retail and commercial in excellent shape

International

- Caribbean & Asia: good
- Latin America: stable excluding Argentina
- Argentina: reserved

Scotia Capital

- Canada & Europe: good shape
- U.S. softness for most of 2002

Specific Provisions

- Forecasting same level as 2001 (excluding Argentina)

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Outlook

Peter Godsoe
Chairman & C.E.O.

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Outlook for 2002

- **Economic outlook**
 - Expect North American pick-up second half of 2002
 - Expect global recovery in 2003
- **Aggressively managing credit portfolios**
- **Argentina – monitoring closely**
- **Expect to meet performance targets (ex. Argentina)**
 - EPS: 7-12%
 - ROE: 15-17%

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