



**Investor Presentation
April 30, 2002**

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Performance Review

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

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Performance highlights

- **Net income of \$598 million, up 11% from Q2/01**
 - EPS: \$1.11 up 10%
 - ROE: 18.3% vs. 17.9%
- **Specific provisions: \$350 million**
 - unchanged from Q1/02
- **Productivity ratio: 54.3%**
- **Strong capital and reserves**
 - Tier 1: 9.9%

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Argentina update

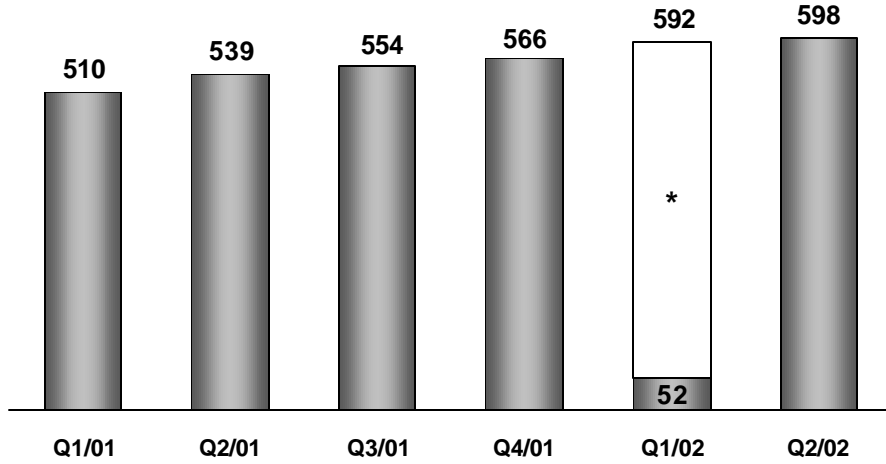
- **Minimal impact on Q2/02 earnings**
- **Well provisioned against Argentine risks**
 - 90% on cross-border (ex. Brady Bonds, tax-effected)
- **Continue to monitor situation closely**

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Steady earnings growth ex. Argentina

Net Income, \$ millions

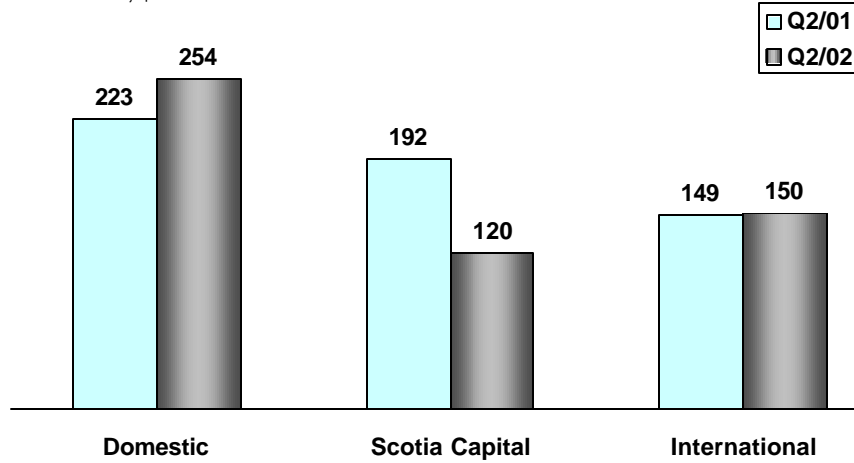


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...from broad diversification of businesses

Net income, \$ millions



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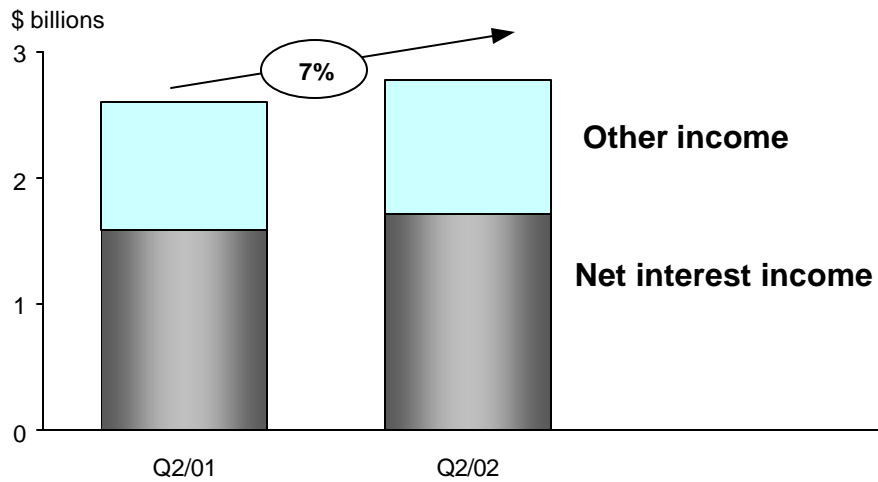
Performance ahead of targets

	<u>Q2/02</u>	vs.	<u>Target</u>
ROE	18.3%		15-17%
EPS Growth	10%		7-12%
Productivity	54.3%		<58%
Tier 1	9.9%		8%+

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Good top-line revenue growth



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Changes in margin

	<u>Q2/02</u>	<u>Versus</u>	
		<u>Q2/01</u>	<u>Q1/02</u>
Net interest margin	2.34%	-	(7)bp

- Decline from Q1/02 due to lower foreign currency spreads – mainly in Latin America

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Changes in other income

\$ millions

<u>Q2/02</u>	<u>Q1/02</u>	<u>change</u>		<u>Q2/02</u>	<u>Q2/01</u>	<u>change</u>
1,058	869	22%	Reported	1,058	1,014	4%
16	-		Tax settlement	16	-	
14	45		Quilmes (devaluation)	14	46	
-	(107)		Argentine charges	-	-	
1,028	931	10%	Underlying	1,028	968	6%

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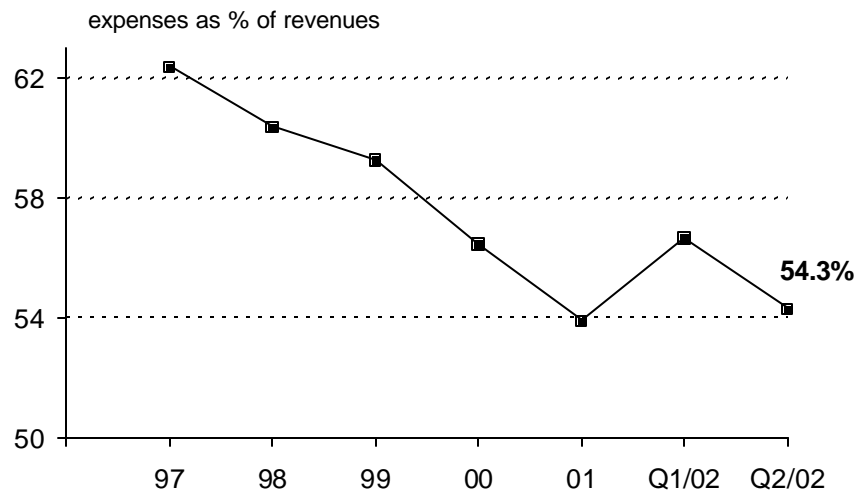
Tight control of base expenses

<u>Q2/02 vs. Q1/02</u>			<u>Q2/02 vs. Q2/01</u>		
<u>\$MM</u>	<u>%</u>		<u>\$MM</u>	<u>%</u>	
(7)	(1)%	Change in expenses	111	8%	
16	1%	Performance-based compensation	95	7%	
(37)	(3)%	Quilmes (devaluation)	(37)	(3)%	
14	1%	Change in base expenses	53	4%	

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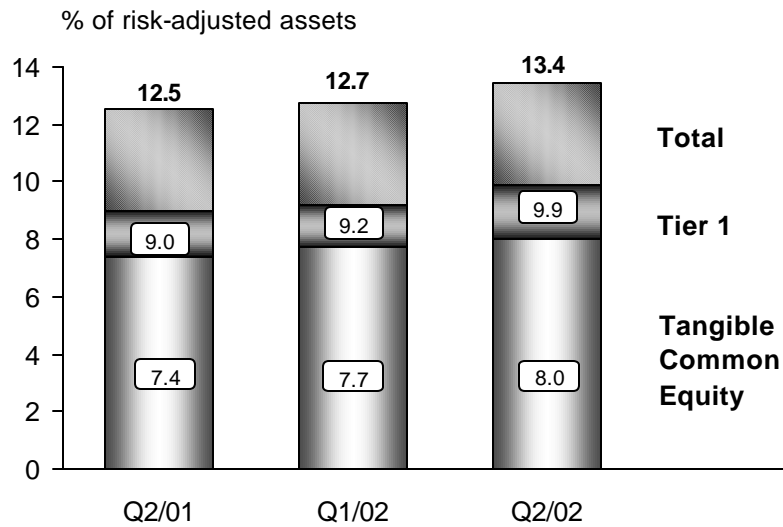
Continued productivity leadership



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Capital ratios – the best in industry

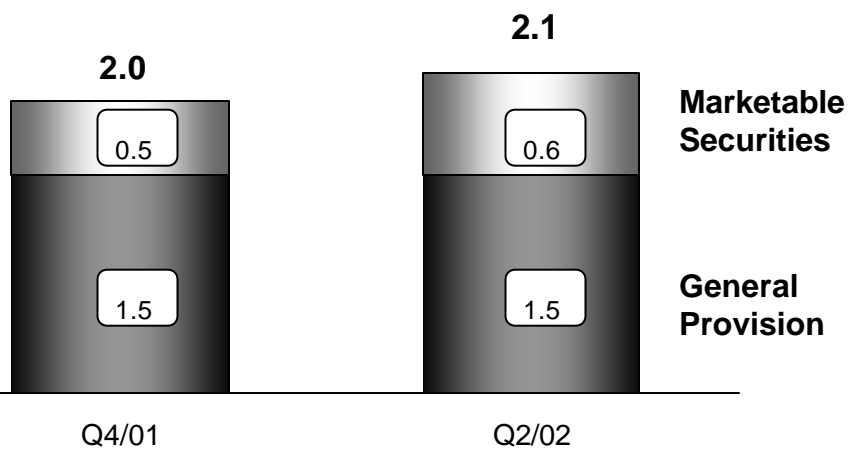


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Highest reserves

\$ billions



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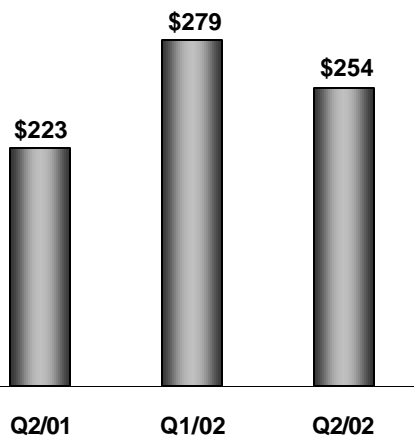
Business Line Results

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Domestic – another solid quarter

Net income, \$ millions



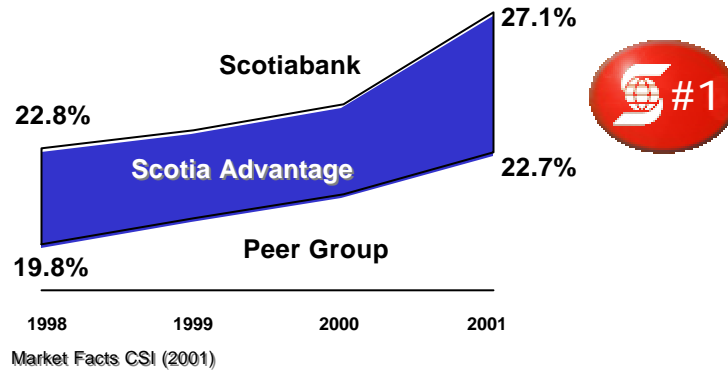
- **Continued retail asset growth**
 - > up \$5 billion
 - > mortgages up 9%
 - > Scotialine VISA up 70%
- **Retail credit quality**
 - > best of class
- **Expenses tightly controlled**
 - > up less than 2% yr/yr
- **Net income decline from Q1**
 - > due to shorter quarter, seasonal factors

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Leader in customer satisfaction

Customer Satisfaction – % Excellent vs. Peer Group

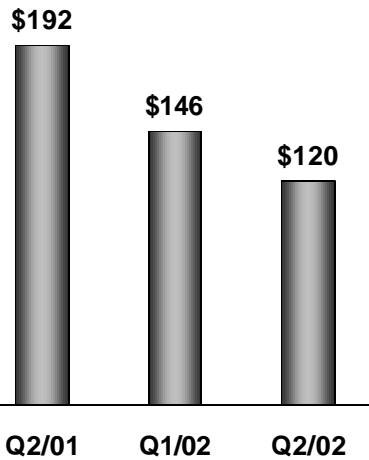


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Scotia Capital – choppy credit conditions

Net income, \$ millions



Revenues

- > up 7% yr/yr

Credit Quality

- > large provision for one telecom account
- > provisions stable qtr/qtr
- > uneven U.S. credit conditions

Expenses

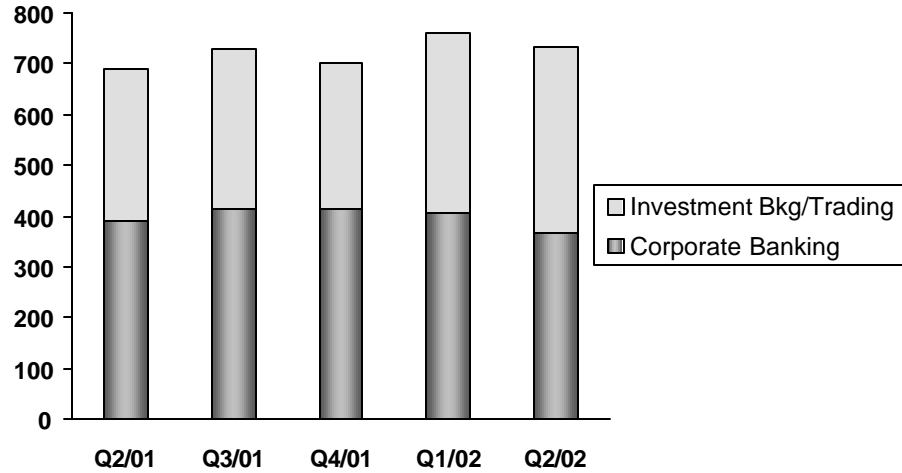
- > growth mostly performance based compensation

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Scotia Capital – stable revenues

Revenue, \$ millions

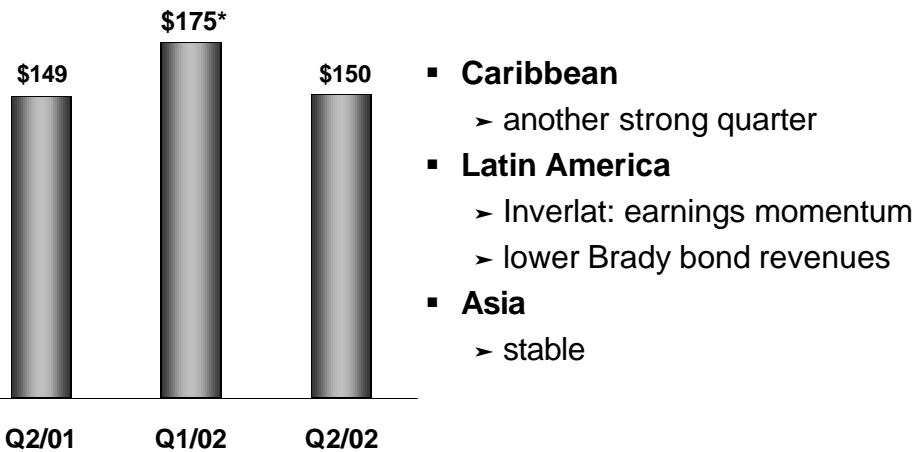


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International – good earnings ex-Argentina

Net income, \$ millions



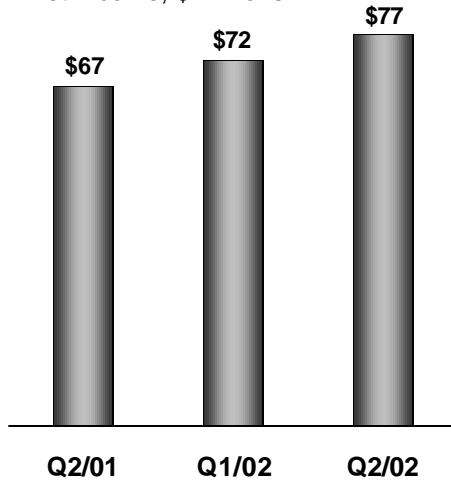
* net loss of \$(365) million after charges for Argentina

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Steady contribution from Caribbean

Net Income, \$ millions



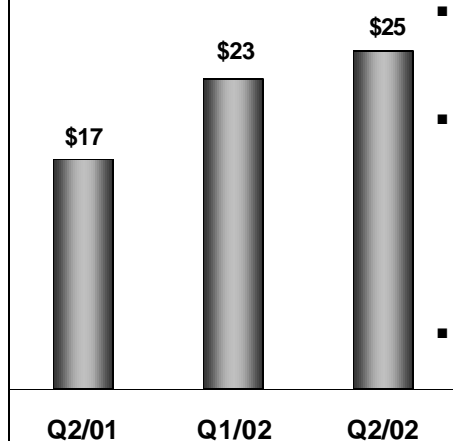
- **Strong earnings growth**
 - > up 15% yr/yr
- **Asset growth**
 - > up 14% yr/yr
- **Credit quality**
 - > stable
- **Expansion of network**
- **Investment in technology**

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Mexico – upward momentum

BNS share of Inverlat earnings,
\$ millions



- **Earnings momentum**
 - > up 47% yr/yr
- **Strong lending & deposit growth**
 - > retail lending +25%
 - > comm./corporate loans +20%
 - > deposits +50%
- **Inverlat Capital Markets**
 - > merged corporate & investment

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Risk Review

John Crean
Senior Executive Vice-President
Global Risk Management

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Risk Overview

- **Credit quality – choppy conditions but overall portfolio stable**
 - net impaired loans down slightly before Argentina
 - specific provisions unchanged at \$350 million vs. Q1

- **Argentine net impaired loans down**
 - down \$143 million due to further Peso devaluation

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Gross impaired loan formations in Q2/02

\$ millions

Scotia Capital	198*
Domestic	89
International	72
Total	<u>359</u>

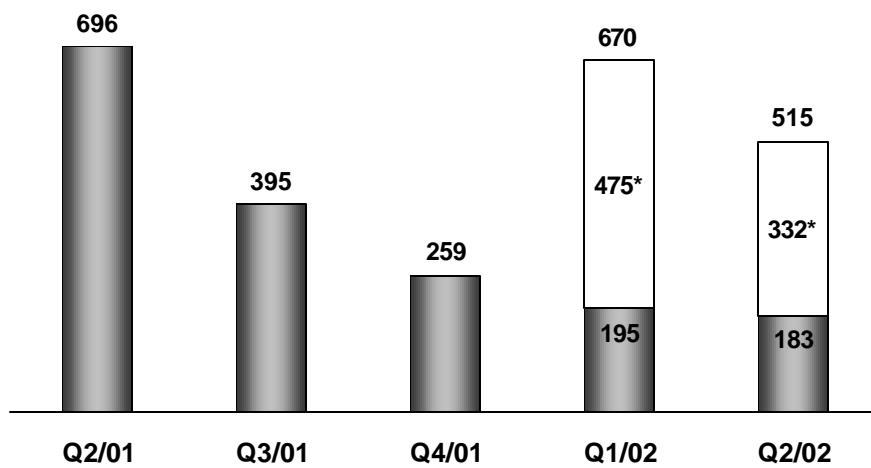
* mainly from one large telecommunications account

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Downward trend in net impaired loans (ex. Argentina)

Net impaired loans, \$ millions



* Argentine net impaired loans

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Specific provisions unchanged vs. Q1

\$ millions

	<u>Q2/02</u>	<u>Q1/02</u>	<u>Q2/01</u>
Scotia Capital	269	260	153
Domestic	67	65	54
International	14	25	43
	350	350	250
Argentina	-	500	-
	350	850	250

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Cable & Telecom exposure

Loans & acceptances, \$ millions, April 30, 2002

Sector*	Investment Grade	Non-Investment Grade	Total
Cable operators	428	1,315	1,743
Regulated telephone	1,035	71	1,106
Unregulated telephone/wireless	362	1,122	1,484
Long-haul fibre cable	-	129	129
CLECs	-	198	198
Total	1,825	2,835	4,660

Impaired loans: gross \$287; net \$87

* no Paging exposure

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Argentina – well reserved

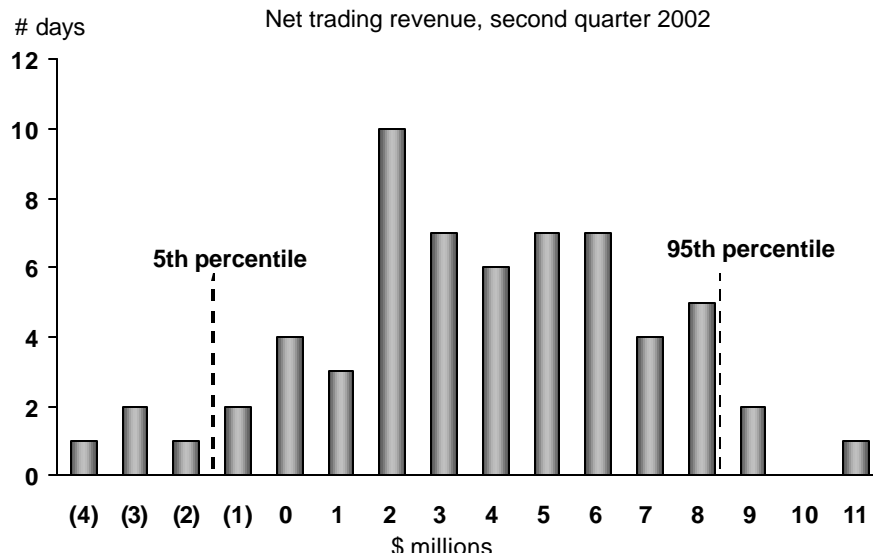
cross-border exposure, \$ millions

	<u>Q2/02</u>	<u>Q1/02</u>
Brady Bonds	117	140
Trade/Interbank	114	125
Corporate/Other	462	487
Scotiabank Quilmes (carrying value)	92	308
Gross Exposure	785	1,060
Provisions	(466)	(707)
Net exposure	319	353

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Low variability of trading revenue...

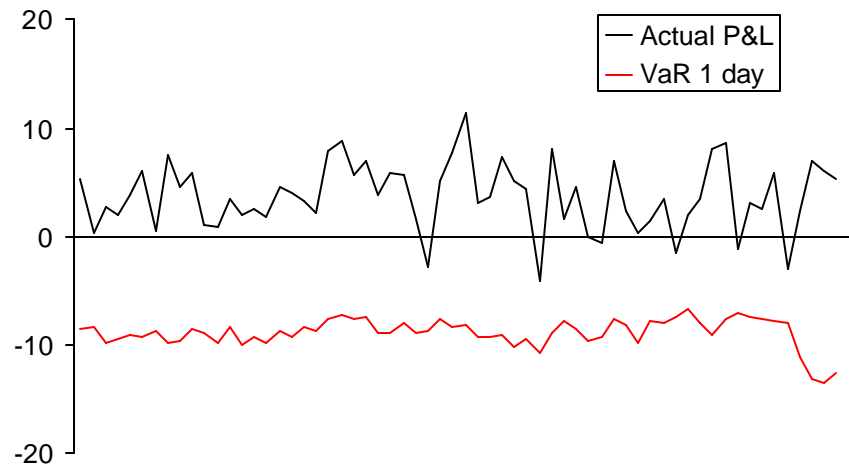


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...reflecting moderate market risk

\$ millions, February 1, 2002 to April 30, 2002



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Risk management summary

- **Domestic retail and commercial, International portfolios in good shape**
- **Scotia Capital – managing closely**
- **Expect provisions to decline in second half of 2002**

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Outlook

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

Outlook

- **Economic outlook slightly more favourable**
- **Managing credit portfolios closely**
- **Expect to meet performance targets (ex. Argentina)**
 - **EPS: 7-12%**
 - **ROE: 15-17%**

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