



**Investor Presentation
April 30, 2003**

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Second Quarter Overview

Peter Godsoe
Chairman & Chief Executive Officer

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Performance highlights

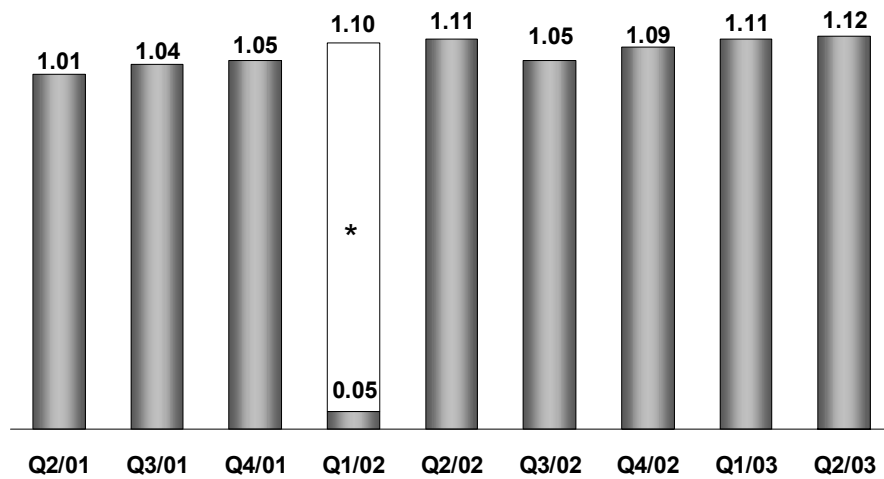
- **Solid, consistent earnings**
 - EPS: \$1.12 vs. \$1.11
 - ROE: 17.2% vs. 18.3%
- **Credit quality stabilizing**
 - Net impaired loans: \$378 million, down \$181 million from Q1/03
 - Specific provisions: \$248 million, down \$77 million from Q1/03
- **Lower revenues**
 - mainly due to stronger Canadian dollar and sale of businesses
- **Strong capital ratios**
 - Tier 1: 10.3%
 - Tangible Common Equity (TCE): 8.4%
- **Dividend increase**
 - +4 cents/quarter

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Consistent earnings

EPS (diluted), \$



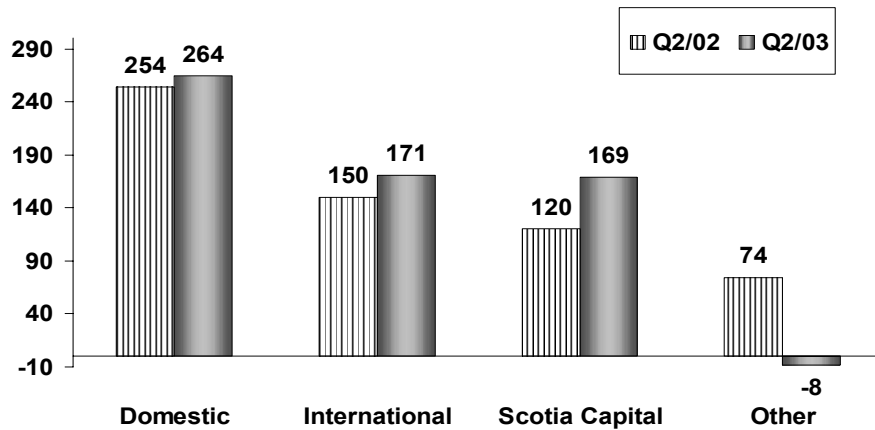
* charges relating to Argentina of \$1.05/share

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Strength from core businesses

net income, \$ millions



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Meeting most 2003 targets

	<u>Q2/03</u>	<u>YTD/03</u>		<u>Target</u>
ROE	17.2%	16.9%	vs.	15-18%
EPS Growth*	1%	1%	vs.	5-10%
Productivity	55.6%	53.4%	vs.	<58%
Tier 1	10.3%	10.3%	vs.	8%+

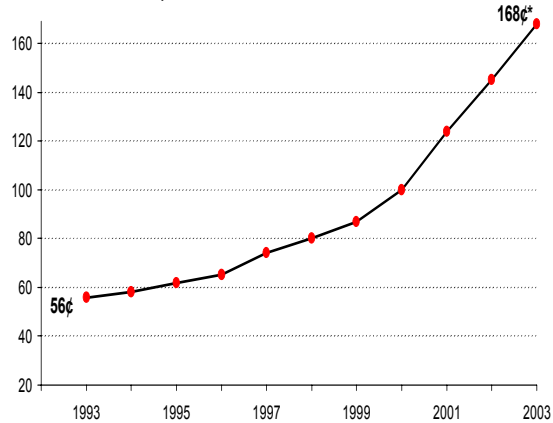
* excluding 2002 charges relating to Argentina

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Consistent record of dividend growth

Annual dividend per share, cents



- Quarterly dividend up 19% yr/yr

- Dividend payout range increased to 35-45%

* based on Q3/03 rate

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Performance Review

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

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Major items in Q2/03

\$ millions	<u>Pre-tax</u>	<u>After-tax</u>
<u>Argentina</u>		
Release of specific provisions	27	17
Payment to Quilmes creditors	(31)	(20)
	(4)	(3)
<u>Gains (losses) on securities</u>		
Sale of Panama PDI bonds	63	40
LBO & other write-downs	(50)	(32)
	13	8
<u>Compensation</u>		
Higher stock-based compensation	(20)	(13)
<u>Other</u>		
Impact of lower tax rate	n/a	30
Impact of stronger Canadian dollar	(30)	(20)

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Margins up vs. Q1/03

	<u>Q2/03</u>	<u>vs. Q1/03</u>	<u>vs. Q2/02</u>
Net interest margin	2.25%	8 bps	(9) bps
Funding (N.A. & Europe)		1	(11)
U.S. Corporate		2	3
Other		5	(1)
		8 bps	(9) bps

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Lower other income

\$ millions

<u>Change Q2/03 vs. Q1/03</u>			<u>Change Q2/03 vs. Q2/02</u>	
<u>\$</u>	<u>%</u>		<u>\$</u>	<u>%</u>
(69)	(7)	Reported	(93)	(9)
-		Effect of sales of Argentine operations & merchant acquirer business	38	
(69)	(7)	Underlying	(55)	(5)
(21)		Deposit, payment & cards	14	
(8)		Investment, brokerage & trust	(27)	
(46)		Investment banking	20	
43		Securities gains	(48)	
(31)		Securitization revenue	(5)	
(6)		Other	(9)	

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Expenses well controlled

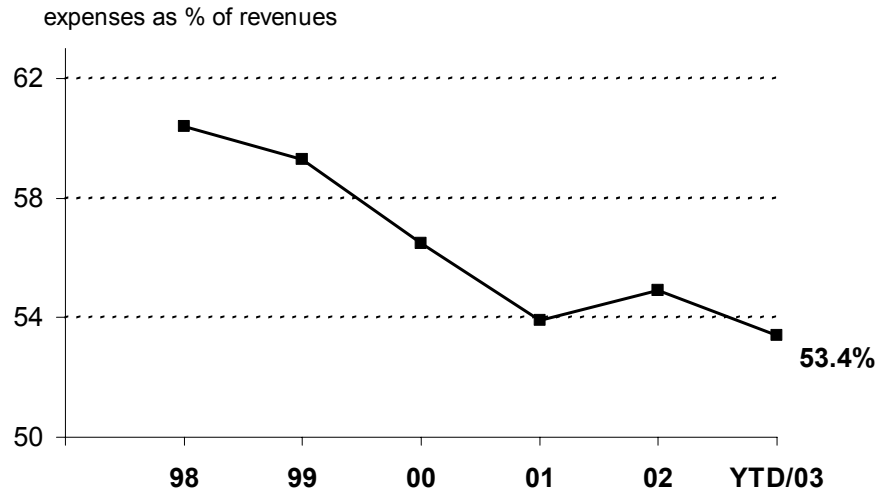
\$ millions

<u>Change Q2/03 vs. Q1/03</u>			<u>Change Q2/03 vs. Q2/02</u>	
<u>\$</u>	<u>%</u>		<u>\$</u>	<u>%</u>
74	5	Reported	(76)	(5)
31		Settlement with Quilmes creditors	31	
-		Effect of sales of Argentine operations & merchant acquirer business	(40)	
43	3		(67)	(5)
36		Stock & performance-based compensation	(35)	
7	1	Base expenses	(32)	(3)

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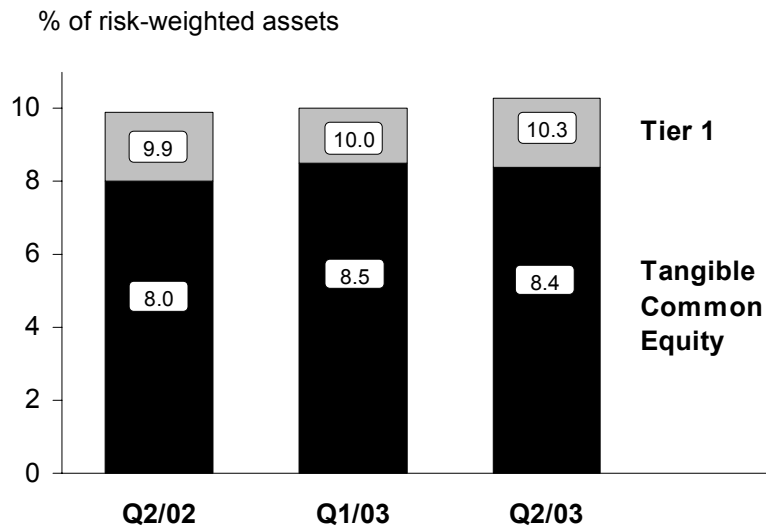
Continued productivity leadership



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Very strong capital ratios



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Rising securities surplus

\$ millions

	Q2/03	Q1/03	Q4/02
Securities Surplus (Deficit)			
- Emerging Market Debt	432	343	219
- Fixed Income	8	15	(113)
- Equities	(22)	(114)	(131)
	418	244	(25)

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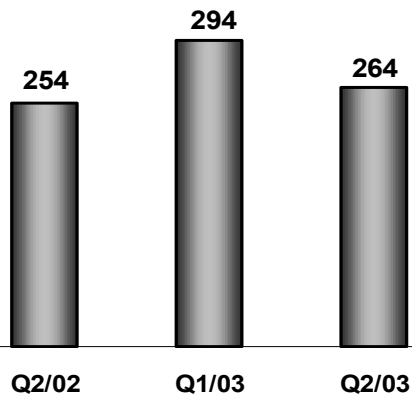
Business Line Results

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Domestic – solid quarter

net income, \$ millions



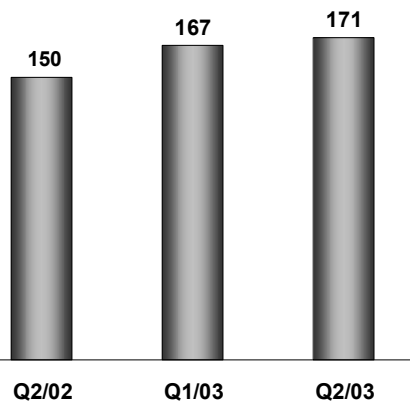
- **Net income up 4% yr/yr**
 - qtr/qtr decline primarily due to 3 fewer days & moderately higher expenses
- **Continued growth in retail assets & core deposits yr/yr**
 - residential mortgages up 9%
 - revolving credit up 20%
 - core deposits up 14%
- **Very good credit quality**

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International – diversified earnings

net income, \$ millions



- **Net income up 14% yr/yr**
- **Latin America**
 - Inverlat up 20% yr/yr
 - gain on sale of PDI bonds
- **Caribbean**
 - lower earnings contribution primarily due to stronger Canadian dollar
- **Asia**
 - unchanged results yr/yr

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Scotiabank Inverlat – increased ownership

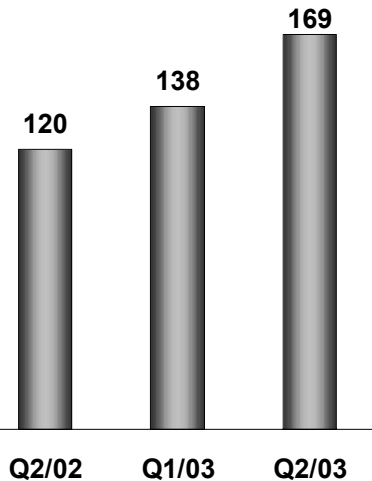
- Increased ownership in Inverlat to 91%
- Purchased Mexican government's 36% interest for \$465 million or 1.275x book value
- Offer made to purchase remaining 9% of Inverlat shares held by former shareholders
- Expected to add \$80+ million in earnings annually

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Scotia Capital – loan losses declining

net income, \$ millions



- **Net income up 41% yr/yr**
- **Decrease in provisions**
 - \$98 million down yr/yr
 - \$53 million down qtr/qtr
- **Lower revenues yr/yr**
 - lower funding spreads
 - U.S. dollar depreciation

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Risk Review

Warren Walker
Executive Vice-President
Global Credit Risk Management

Credit quality overview

- **Domestic**
 - retail – very good
 - commercial – stable

- **International – stable**

- **Scotia Capital – stabilizing**
 - successful restructurings in Power sector



Q2/03 highlights

- **Lower net impaired loans: \$378 million**
 - down \$181 million vs. Q1/03
 - lower formations in Scotia Capital

- **Lower specific provisions: \$248 million**
 - down \$77 million vs. Q1/03
 - \$27 million reversal relating to Argentine cross-border exposure

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Net formations by business line

\$ millions, Q2/03

Scotia Capital

- Canada	73	
- U.S.	(11)	
- Europe/Asia	21	
		83

Domestic

79

International

(9)

Total

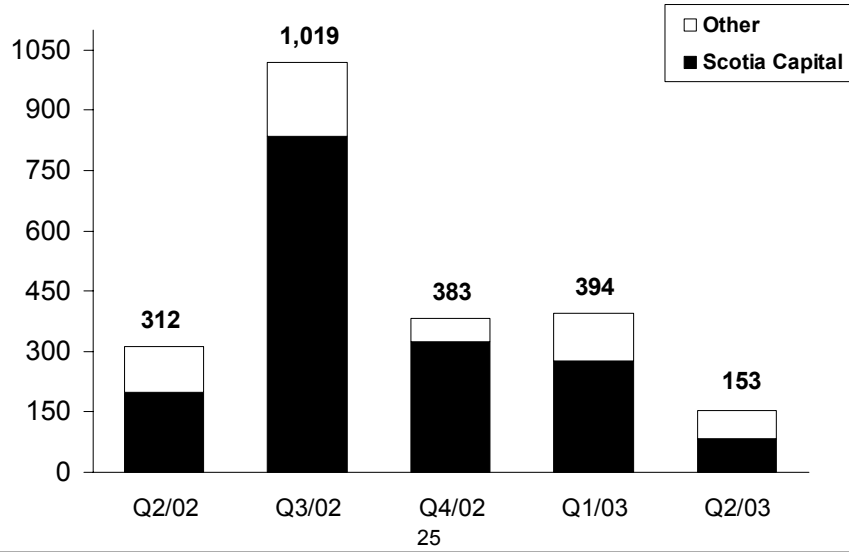
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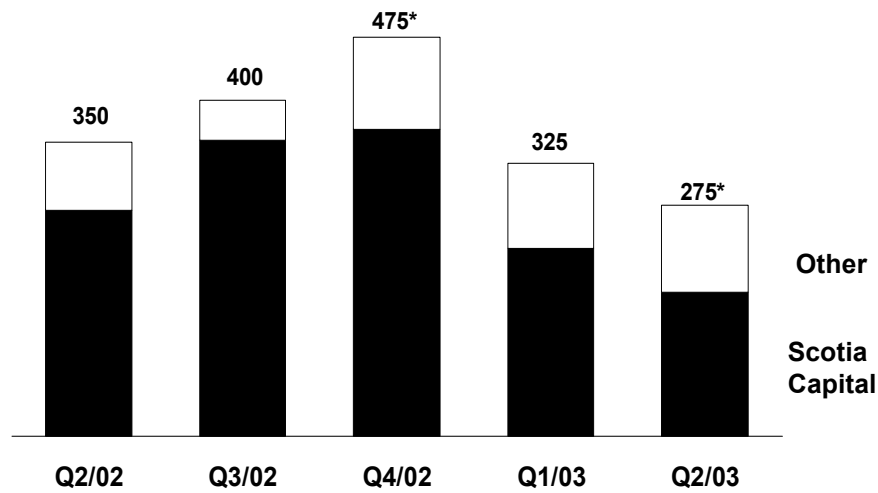
Decline in net formations

net formations, \$ millions



Decrease in specific provisions

specific provisions, \$ millions



*excluding Argentina



Lower power & energy trading exposure

Loans & acceptances, \$ millions

<u>Sector</u>	<u>Investment Grade</u>	<u>Non-Investment Grade</u>	<u>Q2/03 Total</u>	<u>Q1/03 Total</u>
Regulated Utilities	665	630	1,295	1,392
Diversified Generation	-	777	777	879
Independent Power Projects with PPAs*	439	389	828	936
Other Power Projects	150	829	979	1,209
Total	1,254	2,625	3,879	4,416

Impaired Loans: gross \$290; net \$150

* Power Purchase Agreements

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Modest airlines exposure

Loans & acceptances, \$ millions

April 30, 2003

<u>Sector</u>	<u>Investment Grade</u>	<u>Non-Investment Grade</u>	<u>Total</u>
Operating airlines	28	81	109
Aircraft finance	124	154	278
Total	152	235	387

Impaired loans: gross \$160; net \$61

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Hotel exposure manageable

Loans & acceptances, \$ millions

April 30, 2003

<u>Geographic Distribution</u>	<u>Investment Grade</u>	<u>Non-Investment Grade</u>	<u>Total</u>
Canada	392	285	677
USA	286	525	811
Caribbean & Central America	201	689	890
Other	323	623	946
Total	1,202	2,122	3,324

Impaired Loans: gross \$49; net \$41

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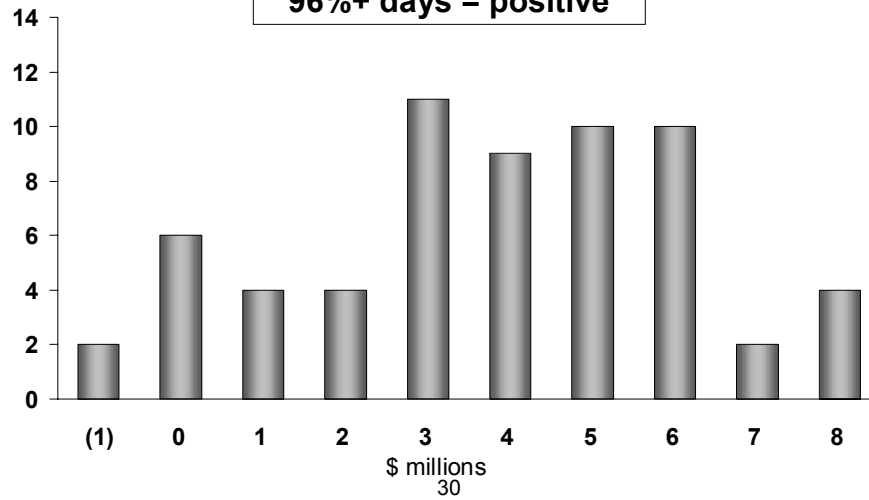


Low variability of trading revenue...

trading revenue, Q2/03

days

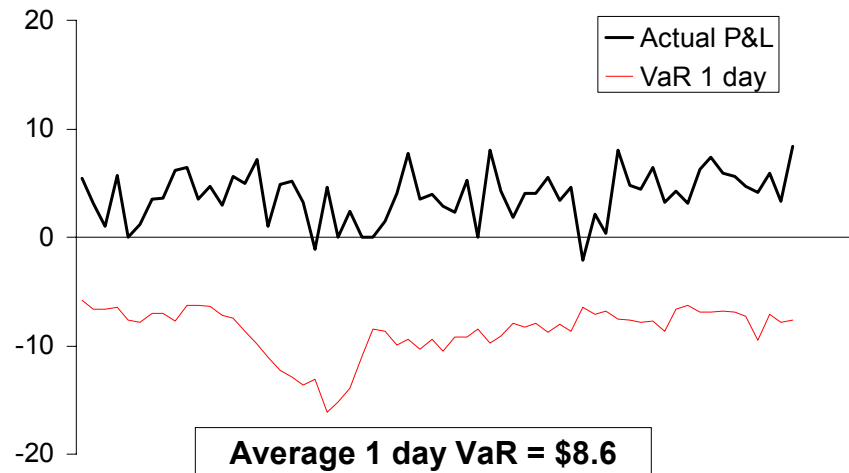
96%+ days = positive



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...reflecting moderate market risk

\$ millions, February 1, 2003 to April 30, 2003



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Risk summary

- **Good credit quality in Domestic & International**
- **Scotia Capital: U.S. & European portfolios stabilizing**
 - continue to closely monitor the Power portfolio
- **Expect some decline in provisions in second half**

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Outlook

Peter Godsoe
Chairman & Chief Executive Officer

Outlook

- **Credit quality**
 - continue to manage cautiously
- **Revenue growth challenging**
- **Strength from earnings diversification**
 - Inverlat contribution to increase
- **Strong capital provides flexibility**
- **Expect to meet 2003 performance targets**

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By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. The Bank cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements.

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