



**Investor Presentation
Second Quarter, 2004**

June 1, 2004

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Second Quarter Overview

Rick Waugh
President & Chief Executive Officer

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Performance highlights

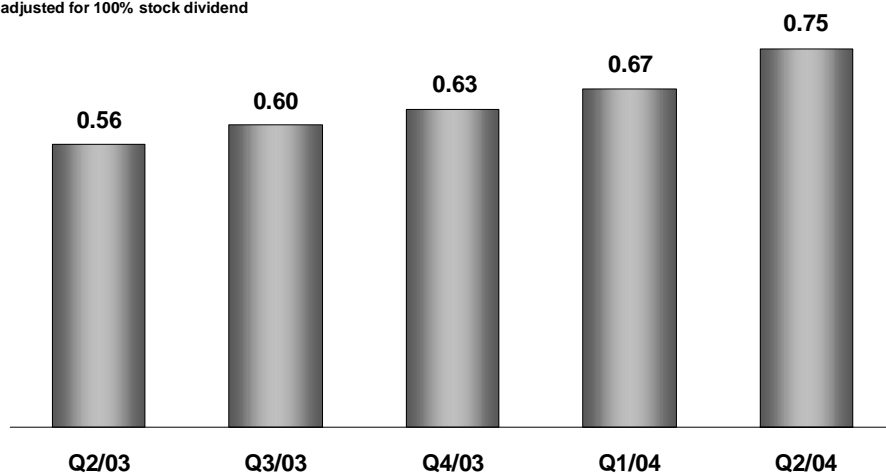
- **Record earnings**
 - EPS: \$0.75 vs. \$0.56
 - ROE: 21.8% vs. 17.2%
- **Strong contributions from all business lines**
- **Large securities' gains this quarter**
- **Improving credit quality**
 - net impaired loans \$(104) mm
- **Strong capital ratios**
 - Tangible Common Equity (TCE): 9.4%
- **Dividend increase**
 - +5 cents/quarter to 30 cents

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Continued upward trend in earnings

EPS, \$
adjusted for 100% stock dividend

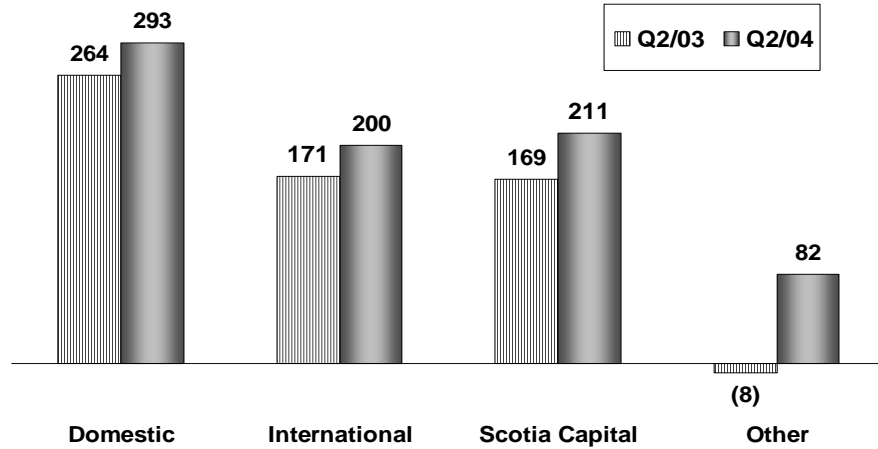


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Growth across all business lines

net income, \$ millions



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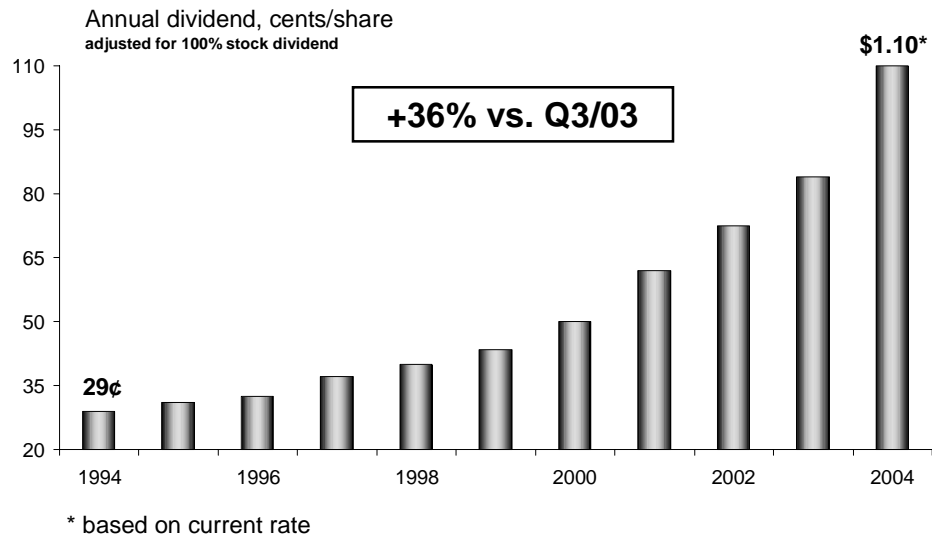
Exceeding 2004 targets to date

	<u>Q2/04</u>	<u>YTD/04</u>		<u>Target</u>
ROE	21.8%	20.6%	vs.	16-19%
EPS Growth	34%	28%	vs.	10-15%
Productivity	54.3%	54.3%	vs.	<58%

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A strong record of dividend growth



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Performance Review

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

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Items in the quarter

\$ millions, after tax

<u>Q2/04 vs. Q1/04</u>		<u>Q2/04 vs. Q2/03</u>
81	Shinsei gain	81
(24)	Revaluation of tax assets	-
57	Total	81
6c	EPS impact (cents)	8c

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Impact of stronger Canadian dollar

Foreign exchange impact, \$ millions

<u>Q2/04 vs. Q1/04</u>		<u>Q2/04 vs. Q2/03</u>
11	Net interest income	(96)
10	Other income	(79)
21	Total revenue	(175)
(7)	Expenses	62
11	Net income	(86)

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Margin

	Q2/04	vs. Q1/04	vs. Q2/03
Net interest margin	2.21%	3 bps	(4) bps
Canadian currency (ex AcG 13)		(4)	(11)
Foreign currency (ex AcG 13)		7	7
AcG 13/Other		-	-
		3 bps	(4) bps

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Growth in other income – large investment gains this quarter

Change Q2/04 vs. Q1/04			Change Q2/04 vs. Q2/03	
\$	%		\$	%
209	20	Reported	284	29
(10)		Impact of stronger Canadian dollar	79	
199	19	Underlying	363	38
175		Investment securities' gain	216	
18		Underwriting fees & other	42	
11		Retail brokerage	34	
6		Deposit & payment services	24	
12		Securitization revenues	20	
(9)		Card revenues	15	
(4)		Credit fees	(21)	
(50)		Trading revenue	(20)	
40		Other	53	

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Higher expenses - mainly due to performance-based compensation and pensions & benefits

\$ millions

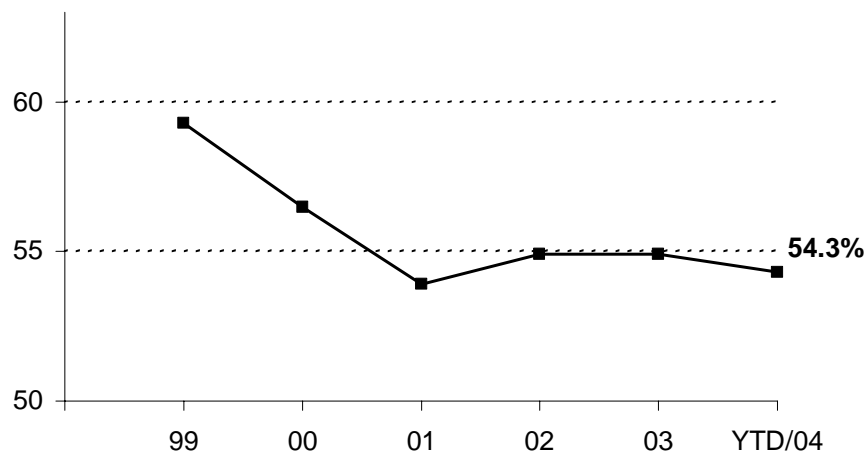
<u>Change Q2/04 vs. Q1/04</u>			<u>Change Q2/04 vs. Q2/03</u>	
<u>\$</u>	<u>%</u>		<u>\$</u>	<u>%</u>
117	8	Reported	94	7
(7)		Impact of stronger Canadian dollar	62	
110	8	Underlying	156	11
48		Performance/stock-based compensation	58	
17		Pension & staff benefits	46	
3		Mortgage acquisition/Dominican Republic	24	
13		Salaries	19	
29		Other	9	

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Continued productivity leadership

expenses as % of revenues

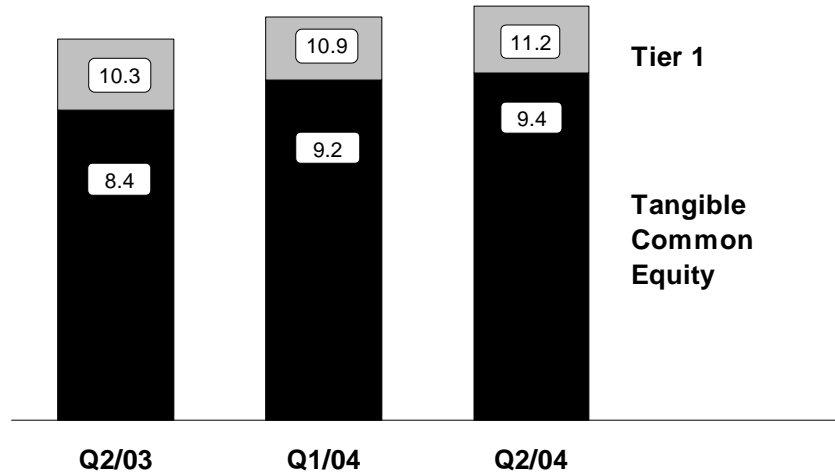


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Very strong capital ratios

% of risk-weighted assets



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Large securities' surplus position – notwithstanding realized gains

\$ millions

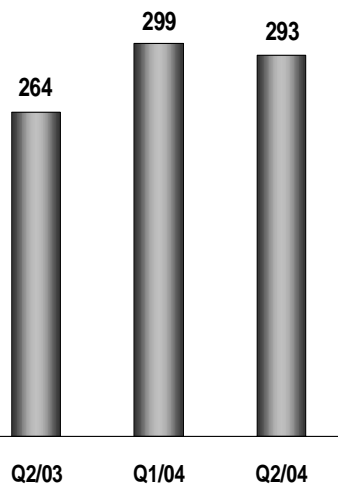
	Q2/04	Q1/04	Q2/03
Securities' Surplus (Deficit)			
- Equities	518	536	(22)
- Emerging market debt	489	554	432
- Fixed income	-	67	8
	1,007	1,157	418

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Business Line Results

Domestic – continuing solid performance

net income, \$ millions



- **Net income: up 11% vs. Q2/03**
 - down 2% qtr/qtr due to higher expenses
- **Revenue up 9% year over year**
 - higher net interest income due to strong volume growth
 - good year over year growth in retail brokerage and mutual funds
- **Good retail asset and core deposit growth**
 - residential mortgages up 15% vs. Q2/03
 - revolving credit up 16% vs. Q2/03
 - core deposits up 19% vs. Q2/03



Gaining market share in Canada

Canadian bank market share

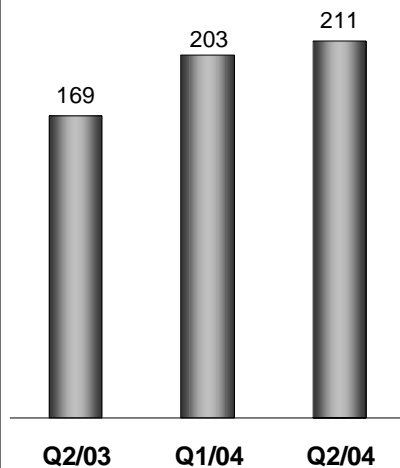
	March 2004 (%)	vs. March 2003 (bps)	vs. December 2003 (bps)
Residential mortgages	15.76	+41	+3
Chequing & savings	13.52	+92	+33
Lending to Canadian businesses	13.65	+14	+13
Business current accounts	14.19	+155	+36

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Scotia Capital – benefiting from lower loan losses

net income, \$ millions



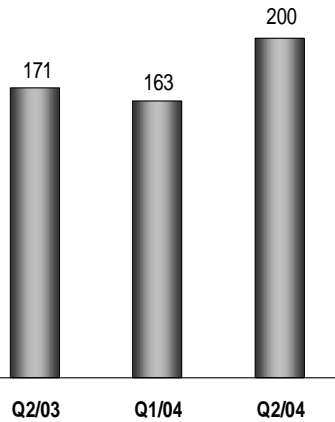
- **Lower provisions**
 - down \$139 million vs. Q2/03
- **Revenues down 9% yr/yr:**
 - lower asset levels
 - non-lending revenues up 16%
- **Higher expenses – performance-related compensation**
- **ROE 20% in Q2/04**

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International – improved earnings

net income, \$ millions



- **Caribbean**

- net income up 39% yr/yr and 37% qtr/qtr
- higher asset volumes
- good credit quality
- partly offset by foreign currency translation

- **Latin America**

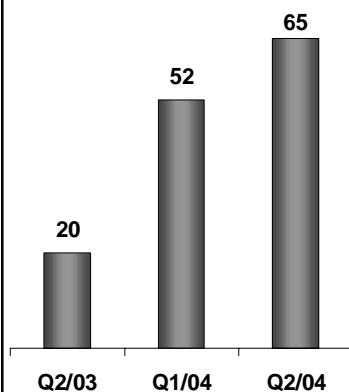
- Inverlat up 25% vs. Q1/04
- partly offset by lower securities gains vs. last year

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Scotiabank Inverlat – growing contribution

\$ millions



- **Net contribution rose to \$65 million**

- up 25% qtr/qtr

- **Strong asset growth (yr/yr):**

- retail loans up 46%
- high-margin credit card and auto loans up 67%
- commercial lending up 9%

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Risk Review

Warren Walker
Executive Vice-President
Global Credit Risk Management

Credit risk overview

- **Specific provisions: \$130 mm**
 - down \$40 mm vs. Q1/04
 - down \$118 mm vs. Q2/03

- **Net impaired loans: \$(104) mm**
 - down \$116 mm vs. Q1/04
 - down \$482 mm vs. Q2/03



Minimal net formations this quarter

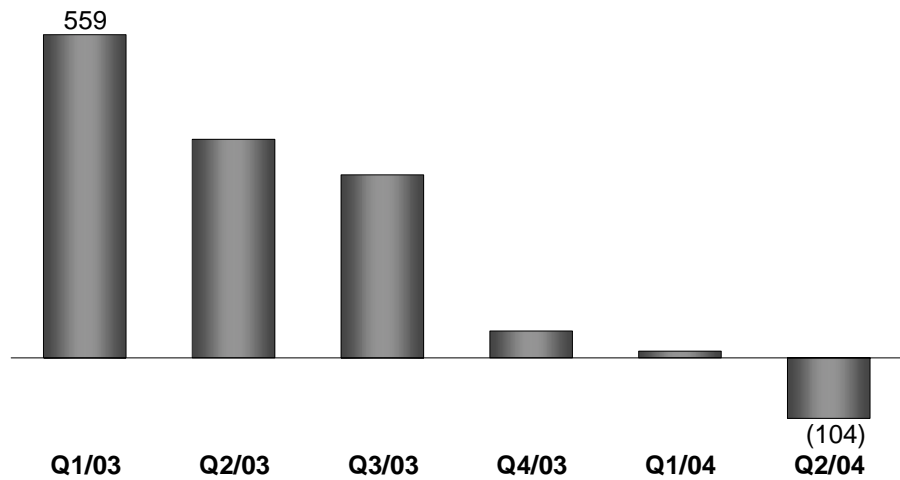
Domestic		
- Retail	64	
- Commercial	29	
		93
International		
		(55)
Scotia Capital		
- Canada	(32)	
- U.S.	(32)	
- Europe	31	
		(33)
Total		5

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Positive trend in net impaired loans

net impaired loans, \$ millions



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Lower specific provisions

specific provisions, \$ millions

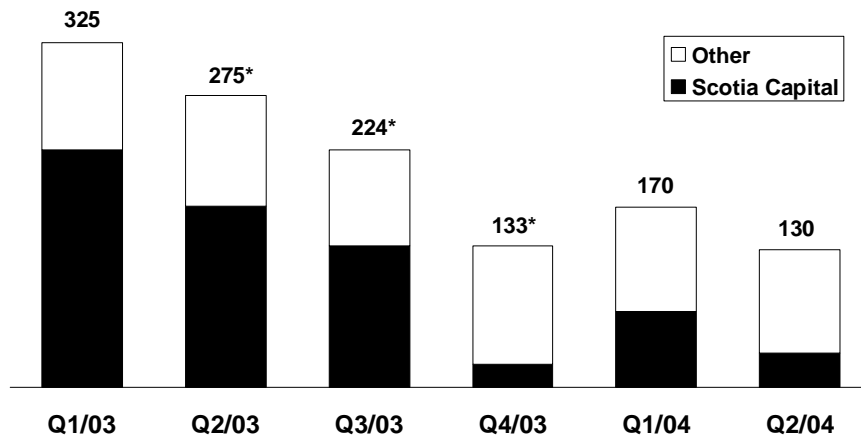
	<u>Q2/04</u>	<u>Q1/04</u>	<u>Q2/03</u>
Domestic:	81	92	77
International:	18	7	3
Scotia Capital:			
- Canada	(2)	18	65
- U.S.	18	26	12
- Europe	16	27	94
	32	71	171
Other	(1)	-	(3)
Total	130	170	248

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Positive trend in specific provisions

specific provisions, \$ millions



* excluding Argentina

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Continued decrease in cable & telecom exposure

Loans & acceptances, \$ millions						
Sector	Investment Grade		Non-Investment Grade		Total	
	Q2/04	Q1/04	Q2/04	Q1/04	Q2/04	Q1/04
Cable operators	20	27	1,251	1,443	1,271	1,470
Regulated telephone	397	416	96	91	493	507
Unregulated telephone	53	47	148	164	201	211
Wireless	92	115	453	502	545	617
Long-haul fibre cable	-	-	17	30	17	30
CLECs	-	-	28	48	28	48
Total	562	605	1,993	2,278	2,555	2,883

Impaired Loans: Gross \$320mm, Net \$235mm

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Large decrease in power & energy trading exposure

Loans & acceptances, \$ millions						
Sector	Investment Grade		Non-Investment Grade		Total	
	Q2/04	Q1/04	Q2/04	Q1/04	Q2/04	Q1/04
Regulated Utilities	577	757	174	445	751	1,202
Diversified Generation	0	63	249	192	249	255
Independent Power Projects with PPAs*	309	314	294	305	603	619
Other Power Projects	46	45	373	517	419	562
Total	932	1,179	1,090	1,459	2,022	2,638

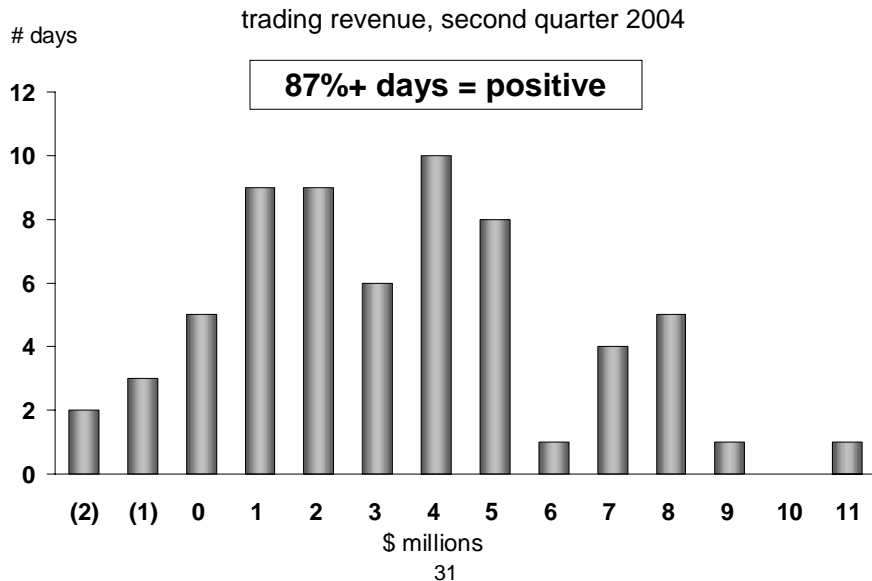
Impaired Loans: Gross \$456mm, Net \$289mm

* Power Purchase Agreements

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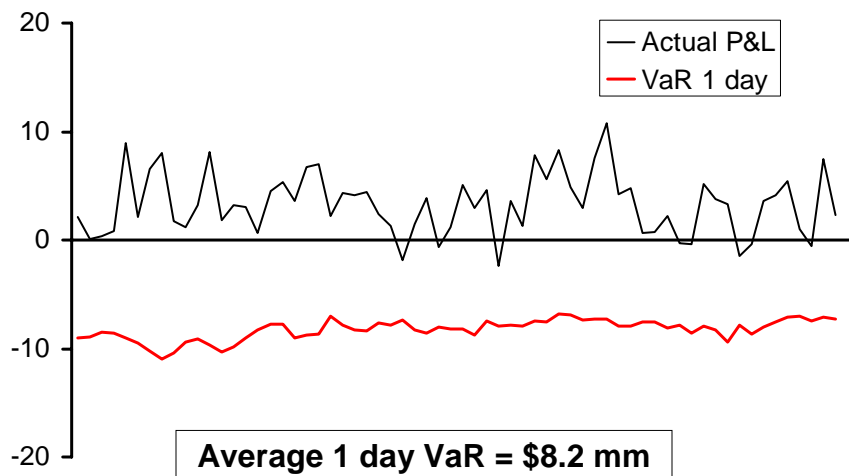


Low variability of trading revenue...



...reflecting moderate market risk

\$ millions, February 1, 2004 to April 30, 2004



Risk summary

- **Credit markets continue to improve**
- **Stable portfolios**
- **Continue to expect lower credit losses in 2004**

Outlook

Rick Waugh
President & Chief Executive Officer

- **Positive outlook on global economy**
- **3 strong growth platforms**
- **Challenges remain**
 - margin compression
 - sluggish business lending
- **Strong capital and reserves**
 - increase returns to shareholders
- **Fully expect to meet 2004 performance targets**

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