

THIRD QUARTER REPORT
FOR THE PERIOD ENDED
JULY 31, 2000



Putting people first



Financial Highlights

<i>(Unaudited)</i>	As at and for the three months ended			Change July 2000/ July 1999	For the nine months ended		Change July 2000/ July 1999
	July 31 2000	April 30 2000	July 31 1999		July 31 2000	July 31 1999	
OPERATING RESULTS							
(\$ millions)							
Net interest income (TEB ⁽¹⁾)	1,437	1,310	1,193	244	3,949	3,609	340
Total revenue (TEB ⁽¹⁾)	2,427	2,298	1,979	448	6,749	5,952	797
Provision for credit losses	227	177	108	119	539	476	63
Non-interest expenses	1,310	1,332	1,196	114	3,828	3,520	308
Net income	548	465	397	151	1,429	1,149	280
OPERATING MEASURES							
Return on equity (%)	19.8	17.7	15.3	4.5	17.8	15.3	2.5
Productivity ratio (%)	54.0	58.0	60.4	(6.4)	56.7	59.1	(2.4)
BALANCE SHEET INFORMATION							
(\$ millions)							
Loans and acceptances	170,713	168,514	157,112	13,601			
Total assets	243,124	244,777	227,399	15,725			
Deposits	167,725	169,111	156,498	11,227			
Common equity	10,719	10,255	9,766	953			
BALANCE SHEET MEASURES							
Tier 1 capital (\$ millions)	13,047	12,571	11,599	1,448			
Total capital (\$ millions)	18,593	18,048	16,731	1,862			
Risk-adjusted assets (\$ millions)	152,977	150,109	144,931	8,046			
Tier 1 capital ratio (%)	8.5	8.4	8.0	0.5			
Total capital ratio (%)	12.1	12.0	11.5	0.6			
Net impaired loans as a % of loans and acceptances	(0.1)	(0.1)	0.2	(0.3)			
COMMON SHARE INFORMATION							
Per share - basic earnings (\$)	1.05	0.88	0.75	0.30	2.72	2.17	0.55
- dividends (\$)	0.24	0.24	0.21	0.03	0.72	0.63	0.09
- book value (\$)	21.60	20.71	19.78	1.82			
Share price - high (\$)	39.05	34.15	35.10	3.95	39.05	36.90	2.15
- low (\$)	33.15	26.05	30.00	3.15	26.05	29.75	(3.70)
- close (\$)	37.55	33.75	31.35	6.20			
Market capitalization (\$ billions)	18.6	16.7	15.5	3.1			
VALUATION MEASURES							
Dividend yield (%)	2.7	3.2	2.6	0.1	2.9	2.5	0.4
Market value to book value multiple	1.7	1.6	1.6	0.1			
Price to earnings multiple	10.8	10.6	11.0	(0.2)			

(1) Taxable equivalent basis.

(2) Certain comparative amounts in this quarterly report have been reclassified to conform with current period presentation.

Letter to Shareholders

Scotiabank recorded the best results in its history this quarter. Net income was \$548 million and earnings per share were \$1.05, up 38% and 40% respectively, year over year, and well ahead of your Bank's targets. Solid performances across all business lines contributed to these strong results.

Dividend increase

The Board of Directors, at its meeting on August 29, 2000, approved a quarterly dividend increase of four cents to 28 cents per common share, payable on October 27, 2000, to shareholders of record as of October 3, 2000.

Enhancing products and services

Within the Canadian marketplace, we are using a combination of traditional branches, specialized sales forces and world-class technology to enhance service delivery. By continuously developing innovative new financial solutions, and putting customers first, we are providing increased value and choice for personal and business clients.

For example:

- all Canadian branches are now operating with Forms-Free Teller, our paperless banking system, which electronically processes and automatically balances all routine, in-branch transactions;
- branches launched the first phase of a new, sales-focused structure that will help employees further strengthen customer relationships and increase sales. This includes a sophisticated new contact management and sales tracking/reporting system called Sales Builder;
- the Scotia Simple Switch program introduced this July gives customers a quick and easy way to transfer their pre-authorized transactions from another financial institution;
- in the small business market, we launched the ScotiaLine VISA card for business – a lending solution that combines a line of credit at competitive rates with convenient, no-fee VISA card access;
- we began offering a five-year variable rate mortgage for as low as prime, capped at 0.25% below the fixed five-year mortgage rate, with an accelerated prepayment schedule that can produce significant long-term savings for customers; and
- in the wealth management area, we are continuing to focus on delivering investment solutions to specifically match client needs. We launched Scotia Partner

Portfolios in June – four new mutual fund portfolios available in all our branches, which include 16 leading mutual funds from seven different companies – to complement our family of 29 Scotia Mutual Funds and our asset allocation services.

Continued e-commerce investments

Technology is playing a critical role in the development of all our business lines, and our subsidiary, e-Scotia, is expanding our ability to provide customers with financial services anytime, anywhere. Recent examples of technology at work include innovations such as smart cards, wireless banking on cell phones and pagers, and enhancements to our online trading and investment platforms, which will be fully unveiled this fall. Scotiabank also became the first Canadian bank to join both e-route and EPOST, making it easier for Canadians to receive and pay their bills online.

In a recent survey by Quicken looking at Internet banking services in Canada, Scotiabank received an excellent four star ranking, among the best of the major banks. The survey recognized Scotiabank as a leader for offering our customers a solid online financial services package that is easy and convenient to use.

The Bank continued to expand its leadership position in technology by pursuing strategic partnerships and equity investments. Recent examples include:

- a strategic partnership between e-Scotia and Creditwave, a Canadian e-commerce company specializing in Internet point-of-sale lending, that will allow small and medium-sized businesses to provide instant, online credit to their customers; and
- an agreement between Scotiabank and TIM Dealer Services Inc. of Halifax to provide auto dealerships across Canada with an Internet-based credit application and approval system that can easily be integrated into their existing computer systems.

Top rankings for Scotia Capital

Our corporate and investment banking unit continues to benefit from its new, integrated, client-focused structure, participating in a number of major deals during the quarter.

For example:

- Scotia Capital was co-lead manager and book runner on the \$1 billion initial public debt offering for Hydro One Inc., one of the two main successor companies of

Ontario Hydro. This was the largest Canadian corporate offering of bonds to date this year, and is the second-largest multi-tranche issue ever completed in Canada;

- the largest equity forward contract in Canadian history was executed during the quarter, and led by Scotia Capital as the only Canadian dealer, among the three included. The total transaction enabled BCE Inc. to lock in the price on 46.4 million shares of Nortel Corporation for one year; and

- in the United States, Scotia Capital recently closed a transaction with Calpine Construction Finance Company, the first-ever project finance deal for a portfolio of construction projects. It was named Project Finance Deal of the Year by *Investment Dealer* digest.

Scotia Capital's capabilities also continued to be recognized:

- *Investment Executive* named Scotia Capital Canada's top underwriter of IPOs for 1999, while *The Globe and Mail* ranked the firm number one for sales of IPOs; and
- Scotia Capital was named the number one Canadian bank for currency research, and the number one Canadian bank for trading strategies by international professionals in *Euromoney's* May 2000 Global Foreign Exchange Poll.

Best global performance

Scotiabank was judged to be the best performing bank in the world, as ranked by relative industry global performance in the Templeton Global Performance Index 2000. Scotiabank also achieved a top-20 ranking among more than 200 *Fortune Global 500* companies. The index, developed by Templeton College at Oxford University, ranks the world's leading multinational enterprises according to the performance of their foreign operations.

As in Canada, we are exploring new ways to enhance sales and service and deepen customer relationships in our branches worldwide:

- we are implementing a new Sales Delivery Platform in Bahamas, Barbados and Trinidad and Tobago, which will ultimately be rolled out to other countries in the Caribbean and Latin America;
- together with the Export Development Corporation (EDC), we launched the Scotia Americas Capital

Equipment Purchase Program for small and medium-sized exporters in July. Under this agreement, Canadian exporters can offer access to special financing at attractive rates to prospective buyers in Argentina, Chile, El Salvador, Jamaica and Trinidad and Tobago, through Scotiabank's subsidiaries and affiliates in those countries. As well, Scotiabank and EDC will provide services for overseas importers via our operations in these countries, taking advantage of our unique presence in the Americas; and

- Scotiabank continues to expand internationally in high potential markets, and announced its intention to increase its ownership up to 100% in Banco Sud Americano in Chile.

The Scotiabank team advantage

We strongly believe that the Scotiabank team represents our most important competitive advantage. That's why we strive to attract and retain high-quality employees and make Scotiabank a great place to work. It's also why recognition as an employer of choice is an important achievement. We were proud to be identified as one of Canada's top 100 employers and to be recognized as one of the 10 best employers for women in Canada in *Canada's Top 100 Employers*, a study by Richard Yerema.

Outlook

The year 2000 is shaping up as another good year for economic growth in Canada and the United States. The upswing in the global economy continues, with broadening recovery in Asia and increasing momentum in Latin America. These strengthening conditions are expected to support continued earnings growth for our Bank.



Peter C. Godsoe

Chairman of the Board and
Chief Executive Officer

August 29, 2000

Toronto, Ontario, Canada

Forward-looking statements This report 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 therefore cautioned not to place undue reliance on such statements.

Review of Operating Performance

SCOTIABANK REPORTED THE HIGHEST QUARTERLY PROFIT IN ITS HISTORY. Net income was \$548 million in the third quarter, 38% higher than a year ago, extending the Bank's record of growing earnings over the past decade. Earnings per share climbed to \$1.05, an increase of 40%, while return on equity rose to 19.8% from 15.3% last year. Overall, this quarter's results far exceeded the Bank's performance targets.

All the business lines contributed to this excellent performance. The year-over-year increase was led by a 49% earnings growth in Domestic Banking (including Wealth Management), followed by a 25% rise in International, and a 20% increase in Scotia Capital.

Performance in the third quarter also substantially exceeded the preceding quarter as follows:

- income of \$548 million, up 18% over \$465 million;
- earnings per share of \$1.05, compared to \$0.88;
- productivity ratio of 54.0%, a marked improvement from 58.0%;
- return on equity of 19.8%, an increase from 17.7%.

For the nine month period ended July 31, 2000, net income was \$1,429 million or 24% higher than the same period a year ago. Earnings per share climbed to \$2.72 from \$2.17, while return on equity improved sharply to 17.8% from 15.3%.

Special items recorded this quarter included the sales of the Bank's stock transfer business and the Bank's 40% investment in Solidbank in the Philippines. These items contributed \$0.11 in earnings per share in the third quarter results.

Revenues

The quarter's strong results were driven by excellent revenue growth. Total revenues – comprised of net interest

income and other income – rose to \$2,375 million in the third quarter, a significant increase of 22% over last year.

Net interest income

Higher lending volumes and a stronger interest margin generated a substantial year-over-year increase in net interest income, which climbed by 20% to \$1,385 million.

Both foreign currency and Canadian currency interest profits were up year over year. In Canada, growth in residential mortgage loans of 6%, along with higher securities income, combined for an increase in Canadian currency profits. Internationally, net interest income rose primarily through loan growth in the United States, and continued strength in the Bank's Caribbean operations. As well, income from Banco Sud Americano, Chile was consolidated for the first time in the preceding quarter, contributing to the year-over-year improvement.

Other income

Other income climbed by 26% in the third quarter to \$990 million, a significant gain over the same quarter last year. The growth was very broad based, led by wealth management-related revenues, including a 33% rise in retail brokerage fees. Double-digit revenue gains were also achieved in credit-related fees, trading revenues and underwriting fees.

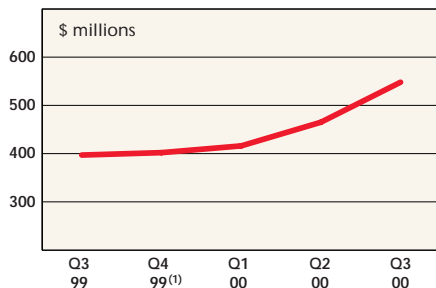
Gains on investment securities were \$115 million versus \$89 million last year, as the Bank continued to take advantage of favourable equity markets. Included in these gains was \$21 million relating to the sale of Solidbank.

As well, other income included \$61 million from the sale of the Bank's stock transfer business.

Expenses

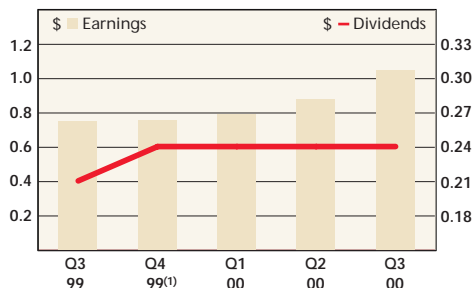
Continued focus on expense management resulted in a substantial improvement in the productivity ratio to 54.0%

Net income



(1) Refer to Accounting Note on page 7.

Earnings and dividends per common share



in the quarter (55.9% excluding special items), versus 60.4% in the third quarter last year. Scotiabank has the leading productivity ratio amongst its Canadian bank peers.

Total expenses were \$1,310 million in the third quarter, an increase of 9% over the same period last year. Excluding Banco Sud Americano's expenses, the growth was 6%. The majority of this increase arose from higher performance-driven compensation consistent with better performances in trading and retail brokerage.

Credit quality

The current forecast for the annual specific provision for credit losses is \$765 million, an increase of \$100 million from the previous forecast. This was primarily related to higher provisions required for several accounts in North America. The third quarter's specific provision for credit losses was \$227 million, up from \$108 million a year ago, and \$177 million in the preceding quarter.

Net impaired loans remained relatively unchanged. The allowance for credit losses exceeded the gross amount of impaired loans by \$163 million, or (0.1)% of total loans and acceptances, an improvement of \$32 million over the last quarter.

The Bank continues to maintain a substantial general provision of \$1,300 million.

Balance sheet

Total assets as at July 31, 2000, were \$243 billion, up 7% or \$16 billion from a year ago. Increases in securities and assets purchased under resale agreements accounted for \$10 billion of the increase, and the consolidation of Banco Sud Americano contributed almost \$4 billion.

Solid gains were achieved in both personal and business loans. Residential mortgages in Canada grew by over \$2 billion as customer demand remained strong. Prior to securitizations, personal loans increased by 8% reflecting the strong Canadian economy. The Bank's business loans portfolio had a year-over-year increase of 7%, with higher volumes across many of the Bank's operations.

In the Bank's investment securities portfolio, the surplus of market value over book value grew again this quarter to \$751 million, up \$102 million over April 30, 2000. The higher surplus arose primarily in the Bank's emerging market portfolio.

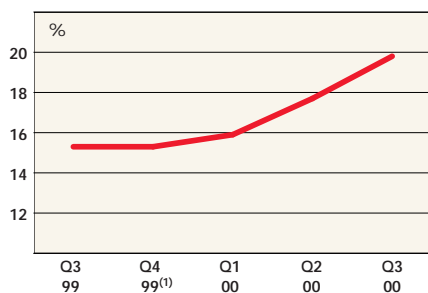
On the deposit side, the Bank posted solid growth in its market-leading stock-indexed GICs, accompanied by double-digit gains in current account balances, enabling a reduction in more expensive wholesale deposits.

Capital

The Bank is very well capitalized. Total shareholders' equity was \$12.5 billion as at July 31, 2000, compared to \$12.0 billion at the end of the preceding quarter, an increase of \$464 million or 4%, due principally to earnings retention of \$402 million.

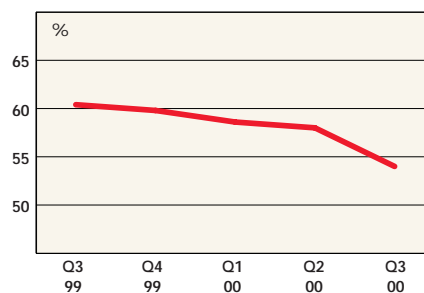
The Bank's Tier 1 capital ratio climbed to 8.5%, up from 8.4% in the prior quarter, and the Bank's total capital ratio was 12.1% compared to 12.0%. These capital ratios are among the best of the other Canadian banks, and remain well in excess of the minimum targets of 7% and 10% set by the Bank's regulator.

Return on equity



(1) Refer to Accounting Note on page 7.

Productivity ratio



Business Line Highlights

Domestic Banking

Net income from Domestic Banking (including Wealth Management) rose 15% quarter over quarter and almost 50% over last year. Revenues were 15% above last year driven by continued growth in assets, higher retail and commercial fee income, a

substantial rise of 33% in retail brokerage revenue and the sale of the stock transfer business. As well, the provision for credit losses improved. The increase in non-interest expenses resulted from strategic initiatives and higher performance-based compensation.

<i>(Unaudited) (\$ millions)</i> <i>(Taxable equivalent basis)</i>	For the three months ended			For the nine months ended	
	July 31 2000	April 30 2000	July 31 1999	July 31 2000	July 31 1999
Net interest income	\$ 748	\$ 724	\$ 696	\$ 2,186	\$ 2,076
Provision for credit losses	(57)	(65)	(82)	(193)	(233)
Other income	479	438	372	1,337	1,104
Non-interest expenses	(791)	(759)	(721)	(2,295)	(2,145)
Provision for income taxes	(145)	(135)	(108)	(409)	(320)
Net Income	\$ 234	\$ 203	\$ 157	\$ 626	\$ 482
Average Assets (\$ billions)	\$ 89	\$ 89	\$ 86	\$ 89	\$ 85

International Banking

International Banking continued to show solid growth in earnings, rising 10% in the quarter and 25% year over year. Strong revenue growth of 7% in the Caribbean, along with the

sale of Solidbank, were the largest contributors to the quarterly increase. Higher earnings in all regions led to the substantial growth over last year.

<i>(Unaudited) (\$ millions)</i> <i>(Taxable equivalent basis)</i>	For the three months ended			For the nine months ended	
	July 31 2000	April 30 2000	July 31 1999	July 31 2000	July 31 1999
Net interest income	\$ 348	\$ 342	\$ 263	\$ 982	\$ 789
Provision for credit losses	(46)	(47)	(24)	(135)	(104)
Other income	135	108	109	338	318
Non-interest expenses	(269)	(252)	(216)	(739)	(642)
Provision for income taxes	(55)	(45)	(36)	(140)	(111)
Non-controlling interest in net income of subsidiaries	(9)	(11)	(13)	(31)	(37)
Net Income	\$ 104	\$ 95	\$ 83	\$ 275	\$ 213
Average Assets (\$ billions)	\$ 32	\$ 31	\$ 26	\$ 30	\$ 26

Scotia Capital

Scotia Capital generated very strong revenue growth of 17% over last quarter and 30% year over year. Growth in business volumes and margins, as well as higher underwriting and credit fee income, were the major contributors. Trading revenues fell from

the record level last quarter, but were well above last year. These strong results more than offset the higher provisions for credit losses in corporate lending.

<i>(Unaudited) (\$ millions)</i> <i>(Taxable equivalent basis)</i>	For the three months ended			For the nine months ended	
	July 31 2000	April 30 2000	July 31 1999	July 31 2000	July 31 1999
Net interest income	\$ 407	\$ 306	\$ 293	\$ 1,003	\$ 881
Provision for credit losses	(130)	(79)	(19)	(244)	(19)
Other income	269	272	225	744	709
Non-interest expenses	(218)	(237)	(206)	(636)	(591)
Provision for income taxes	(117)	(100)	(117)	(331)	(393)
Net Income	\$ 211	\$ 162	\$ 176	\$ 536	\$ 587
Average Assets (\$ billions)	\$ 103	\$ 98	\$ 92	\$ 98	\$ 99

Other⁽¹⁾

Net income for the third quarter improved year over year as a result of higher gains on investment securities earned by Group

Treasury. As well, there was a net write down on certain real estate assets last year.

	For the three months ended			For the nine months ended	
	July 31 2000	April 30 2000	July 31 1999	July 31 2000	July 31 1999
<i>(Unaudited) (\$ millions)</i>					
Net interest income ⁽²⁾	\$ (118)	\$ (109)	\$ (96)	\$ (365)	\$ (246)
Provision for credit losses	6	14	17	33	(120)
Other income	107	170	80	381	212
Non-interest expenses	(32)	(84)	(53)	(158)	(142)
Provision for income taxes ⁽²⁾	45	17	33	113	163
Non-controlling interest in net income of subsidiaries	(9)	(3)	–	(12)	–
Net Income	\$ (1)	\$ 5	\$ (19)	\$ (8)	\$ (133)
Average Assets (\$ billions)	\$ 17	\$ 18	\$ 19	\$ 19	\$ 20

(1) Represents corporate adjustments and smaller operating segments, including Group Treasury.

(2) Includes the elimination of the tax-exempt income gross up reported in net interest income and provision for income taxes for the three months ended July 31, 2000 (\$52), April 30, 2000 (\$47) and July 31, 1999 (\$37), and for the nine months ended July 31, 2000 (\$143) and July 31, 1999 (\$109).

Geographic Highlights

	For the three months ended			For the nine months ended	
	July 31 2000	April 30 2000	July 31 1999	July 31 2000	July 31 1999
<i>(Unaudited)</i>					
Net Income (\$ millions)					
Canada	\$ 377	\$ 340	\$ 255	\$ 962	\$ 769
United States	66	87	100	269	330
Other international	142	119	121	360	339
Corporate adjustments	(37)	(81)	(79)	(162)	(289)
	\$ 548	\$ 465	\$ 397	\$ 1,429	\$ 1,149
Average Assets (\$ billions)					
Canada	\$ 142	\$ 141	\$ 133	\$ 141	\$ 133
United States	42	38	34	39	38
Other international	55	54	52	53	54
Corporate adjustments	2	3	4	3	5
	\$ 241	\$ 236	\$ 223	\$ 236	\$ 230

Accounting Note

The financial results have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), other than the accounting for the one-time increase to the general provision for credit losses of \$550 million (\$314 million after tax), recorded as a direct charge to retained earnings in the quarter ending October 31, 1999, which is in accordance with the accounting requirements specified by the Superintendent of Financial Institutions Canada under the Bank Act. Had the

one-time increase to the general provision been recorded in accordance with Canadian GAAP as a charge to the Statement of Income, the financial results in the quarter ending October 31, 1999, would have been as follows: net income \$88 million, return on common shareholders' equity 2.5%, and net income per common share \$0.12. Further details are available in Note 20 of the October 31, 1999, Consolidated Financial Statements presented in the 1999 Annual Report.

Consolidated Financial Statements

Interim Consolidated Statement of Income

	For the three months ended			For the nine months ended	
<i>(Unaudited)</i> <i>(\$ millions except per share amounts)</i>	July 31 2000	April 30 2000	July 31 1999	July 31 2000	July 31 1999
Interest income					
Loans	\$ 3,182	\$ 2,898	\$ 2,565	\$ 8,833	\$ 8,004
Securities	577	537	480	1,664	1,378
Deposits with banks	252	208	212	666	730
	4,011	3,643	3,257	11,163	10,112
Interest expense					
Deposits	2,118	1,929	1,720	5,979	5,501
Subordinated debentures	77	78	81	237	232
Other	431	373	300	1,141	879
	2,626	2,380	2,101	7,357	6,612
Net interest income	1,385	1,263	1,156	3,806	3,500
Provision for credit losses	227	177	108	539	476
Net interest income after provision for credit losses	1,158	1,086	1,048	3,267	3,024
Other income					
Deposit and payment services	158	154	152	467	452
Investment management and trust	178	219	144	577	451
Credit fees	168	141	136	468	389
Investment banking	201	218	181	554	520
Net gain on investment securities	115	147	89	333	241
Securitization revenues	52	49	45	156	113
Other	118	60	39	245	177
	990	988	786	2,800	2,343
Net interest and other income	2,148	2,074	1,834	6,067	5,367
Non-interest expenses					
Salaries	661	670	583	1,916	1,715
Pension contributions and other staff benefits	91	91	96	264	257
Premises and equipment, including depreciation	270	269	250	786	762
Other	288	302	267	862	786
	1,310	1,332	1,196	3,828	3,520
Income before the undernoted:	838	742	638	2,239	1,847
Provision for income taxes	272	263	228	767	661
Non-controlling interest in net income of subsidiaries	18	14	13	43	37
Net income	\$ 548	\$ 465	\$ 397	\$ 1,429	\$ 1,149
Preferred dividends paid	\$ 27	\$ 27	\$ 27	\$ 81	\$ 81
Net income available to common shareholders	\$ 521	\$ 438	\$ 370	\$ 1,348	\$ 1,068
Net income per common share	\$ 1.05	\$ 0.88	\$ 0.75	\$ 2.72	\$ 2.17

Condensed Consolidated Balance Sheet

<i>(Unaudited) (\$ millions)</i>	As at			% Change July 2000/ July 1999
	July 31 2000	April 30 2000	July 31 1999	
Assets				
Cash resources	\$ 19,043	\$ 21,082	\$ 19,626	(3.0)%
Securities	36,891	37,968	33,350	10.6
Loans				
– Residential mortgages	49,453	48,970	46,655	6.0
– Personal and credit cards	16,972	16,390	18,300	(7.3)
– Business and governments	74,188	72,486	69,159	7.3
– Assets purchased under resale agreements	20,751	21,027	13,706	51.4
	161,364	158,873	147,820	9.2
Customers' liability under acceptances	9,349	9,641	9,292	0.6
Other assets	16,477	17,213	17,311	(4.8)
	\$ 243,124	\$ 244,777	\$ 227,399	6.9%
Liabilities and Shareholders' Equity				
Deposits – Personal	\$ 68,588	\$ 68,875	\$ 64,962	5.6%
– Business and governments	74,742	75,271	65,437	14.2
– Banks	24,395	24,965	26,099	(6.5)
	167,725	169,111	156,498	7.2
Acceptances	9,349	9,641	9,292	0.6
Obligations related to assets sold under repurchase agreements	21,242	20,989	18,801	13.0
Obligations related to securities sold short	4,916	5,121	4,103	19.8
Other liabilities	22,071	22,523	21,713	1.6
Subordinated debentures	5,327	5,362	5,451	(2.3)
Equity				
– Preferred shares	1,775	1,775	1,775	–
– Common shares	2,727	2,703	2,665	2.3
– Retained earnings	7,992	7,552	7,101	12.6
	\$ 243,124	\$ 244,777	\$ 227,399	6.9%

Condensed Consolidated Statement of Changes in Shareholders' Equity

<i>(Unaudited) (\$ millions)</i>	For the nine months ended	
	July 31 2000	July 31 1999
Balance at beginning of period	\$ 11,406	\$ 10,814
Common shares issued	49	40
Net income	1,429	1,149
Dividends		
– Preferred	(81)	(81)
– Common	(357)	(311)
Net unrealized foreign exchange gains and losses, and other	48	(70)
Balance at end of period	\$ 12,494	\$ 11,541

Condensed Consolidated Statement of Cash Flows

<i>(Unaudited) (\$ millions)</i>	For the nine months ended	
	July 31 2000	July 31 1999
Cash flows from operating activities		
Net income	\$ 1,429	\$ 1,149
Adjustments to net income to determine net cash flows	783	705
Trading securities	(3,772)	(1,427)
Net gains on investment securities	(333)	(241)
Other, net	(484)	2,339
	(2,377)	2,525
Cash flows from financing activities		
Deposits	9,300	(7,008)
Obligations related to assets sold under repurchase agreements	4,148	4,449
Obligations related to securities sold short	2,078	996
Subordinated debentures and capital stock	(39)	46
Cash dividends paid	(414)	(370)
Other, net	848	(444)
	15,921	(2,331)
Cash flows from investing activities		
Interest-bearing deposits with banks	(1,458)	2,229
Investment securities	1,634	(1,898)
Loans, excluding securitizations	(14,557)	(7,777)
Proceeds from loans securitized	1,299	7,259
Acquisitions of subsidiaries ⁽¹⁾	(118)	-
Other, net	(84)	(118)
	(13,284)	(305)
Effect of exchange rate changes on cash and cash equivalents	(2)	(40)
Net change in cash and cash equivalents	258	(151)
Cash and cash equivalents, beginning of period	1,208	1,088
Cash and cash equivalents, end of period	\$ 1,466	\$ 937
Represented by:		
Cash resources per Consolidated Balance Sheet, adjusted for:	\$ 19,043	\$ 19,626
Interest-bearing deposits with banks	(16,247)	(17,209)
Precious metals inventory	(1,330)	(948)
Cheques and other items in transit, net	-	(532)
Cash and cash equivalents, end of period	\$ 1,466	\$ 937
<i>(1) Net of cash and cash equivalents at date of acquisition of \$112.</i>		
Cash disbursements for:		
Interest	\$ 7,267	\$ 5,907
Income taxes	674	621

Shareholder & Investor Information

Share Data

<i>(thousands of shares)</i>	July 31, 2000
Preferred shares outstanding	
- Series 6	12,000
- Series 7	8,000
- Series 8	9,000
- Series 9	10,000
- Series 10	7
- Series 11	9,993
- Series 12	12,000
Class A preferred shares issued by Scotia Mortgage Investment Corporation	250
Series 2000-1 trust securities issued by BNS Capital Trust	500 ⁽¹⁾
Common shares outstanding	496,364
Outstanding options granted under the Stock Option Plan to purchase common shares	26,896

(1) Reported in other liabilities in the Condensed Consolidated Balance Sheet. See Prospectus dated March 28, 2000, for convertibility features.

Further details are available in Note 11 of the October 31, 1999, Consolidated Financial Statements presented in the 1999 Annual Report.

Direct Deposit Service

Shareholders may have dividends deposited directly into accounts held at financial institutions which are members of the Canadian Payments Association. To arrange direct deposit service, please write to the Transfer Agent.

Dividend and Share Purchase Plan

Scotiabank's dividend reinvestment and share purchase plan allows common and preferred shareholders to purchase additional common shares by reinvesting their cash dividend without incurring brokerage or administrative fees.

As well, eligible shareholders may invest up to \$20,000 each fiscal year to purchase additional common shares of the Bank. Debenture holders may apply interest on fully registered Bank subordinated debentures to purchase additional common shares. All administrative costs of the Plan are paid by the Bank.

For more information on participation in the Plan, please contact the Transfer Agent.

Dividend Dates for 2000

Record and payment dates for common and preferred shares, subject to approval by the Board of Directors.

Record Date	Payment Date
Jan. 4	Jan. 27
April 4	April 26
July 4	July 27
Oct. 3	Oct. 27

Duplicated Communication

If your shareholdings are registered under more than one name or address, multiple mailings will result. To eliminate this duplication, please write to the Transfer Agent to combine the accounts.

General Information

Information on your shareholdings and dividends may be obtained by writing to the Bank's Transfer Agent:

Montreal Trust Company of Canada
100 University Ave., 8th Floor
Toronto, Ontario, Canada M5J 2Y1
Telephone: (416) 981-9633; 1-800-663-9097
Fax: (416) 981-9507
E-mail: faq@montrealtrust.com

Financial analysts, portfolio managers and other investors requiring financial information, please contact Investor Relations, Finance Department:

Scotiabank
Scotia Plaza
44 King Street West, Toronto, Ontario,
Canada M5H 1H1
Telephone: (416) 866-5982
Fax: (416) 866-7867
E-mail: invrelns@scotiabank.ca

For other information and for media inquiries, please contact the Public and Corporate Affairs Department at the above address.

Telephone: (416) 866-3925
Fax: (416) 866-4988
E-mail: corpaff@scotiabank.ca

For information relating to Scotiabank and its services, visit us at our World Wide Web site: <http://www.scotiabank.com>

The Bank of Nova Scotia is incorporated in Canada with limited liability.

Le Rapport annuel et les états financiers périodiques de la Banque sont publiés en français et en anglais et distribués aux actionnaires dans la version de leur choix. Si vous préférez que la documentation vous concernant vous soit adressée en français, veuillez en informer le Service des relations publiques de la Banque Scotia, Scotia Plaza, 44, rue King Ouest, Toronto (Ontario), Canada M5H 1H1, en joignant, si possible l'étiquette d'adresse, afin que nous puissions prendre note du changement.