



**Investor Presentation
January 31, 2001**

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Overview of Q1/01 Results

Peter Godsoe
Chairman & C.E.O.

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Q1/01 Performance Highlights

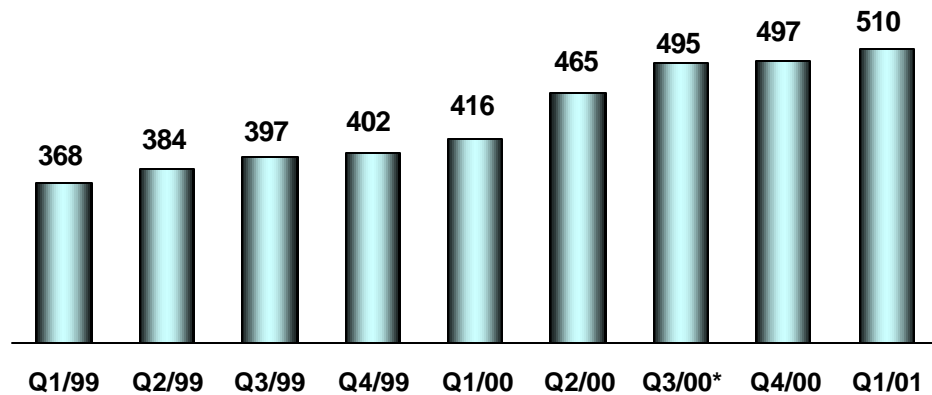
- Solid earnings momentum
 - EPS up 23% year-over-year
 - ROE 17.0% vs. 15.9%
- Strong top-line revenue growth: up 20% vs. Q1/00
- Improved productivity: 51.7% vs. 58.6%
- Aggressively managing credit quality
 - \$175MM additional credit loss charge in Q1/01
- Strong capital ratios and reserves

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Solid Earnings Momentum

Net Income, \$ millions



* excludes unusual items

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Met or Exceeded Targets

	<u>Q1/01</u>		<u>Target</u>
ROE	17.0%	vs.	16-18%
EPS Growth	23%	vs.	12-15%
Productivity	51.7%	vs.	<60%
Tier 1	8.6%	vs.	7.5%+

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Performance Review

Sabi Marwah
Executive Vice-President &
Chief Financial Officer

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Minimal Impact of Special Items in Q1/01

\$ millions

Gain on sale of Quebec branches (after-tax)	\$21
Deferred income tax adjustment	<u>(24)</u>
Total impact (after-tax)	\$(3)

Note: Additional \$175MM charge for loan losses also taken in Q1/01

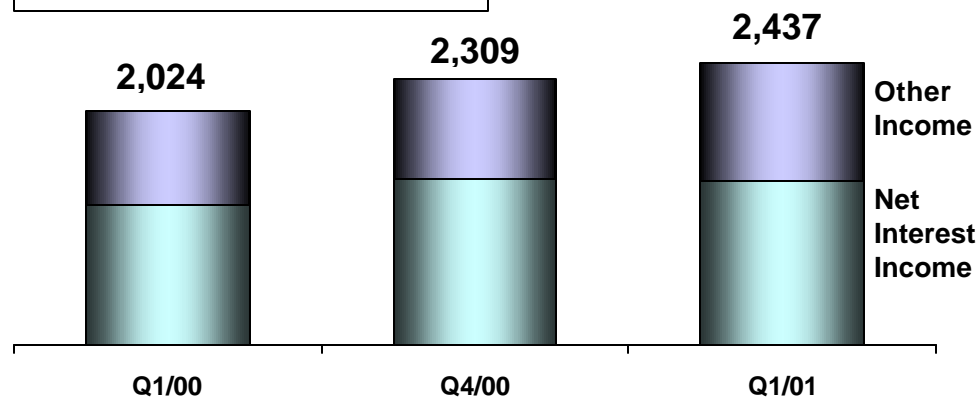
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Strong Top Line Revenue Growth

\$ millions

Revenue up 20% Q1/Q1
- Net Interest Income up 18%
- Other Income up 23%



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Change in Margins

	Q1/01	Increase	
		vs. Q4/00	vs. Q1/00
Net interest margin	2.23%	(9) bps	15 bps
Change due to:			
Margin - Canada		+2	+17
- Foreign		(4)	+11
Impaired loans/Interest reversals		(2)	(3)
Increase in lower yielding assets		(2)	(10)
Other		(3)	-
		(9)	15

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Broad-Based Growth in Other Income

Q1/01 vs. Q4/00			Q1/01 vs. Q1/00	
\$MM	%		\$MM	%
149	17%	Other income growth	192	23%
(27)		Gain on sale of Quebec branches	(27)	
122	14%		165	20%
51	64%	Trading	88	100+%
11	9	Other investment banking	41	45
32	64	Securitization revenues	27	49
13	8	Deposit & payment services	15	10
7	4	Credit fees	12	8
(5)	(6)	Retail brokerage	(5)	(6)
13	6	Other	(13)*	(6)
122	14%		165	20%

* decrease primarily reflects sale of stock transfer business in Q3/00

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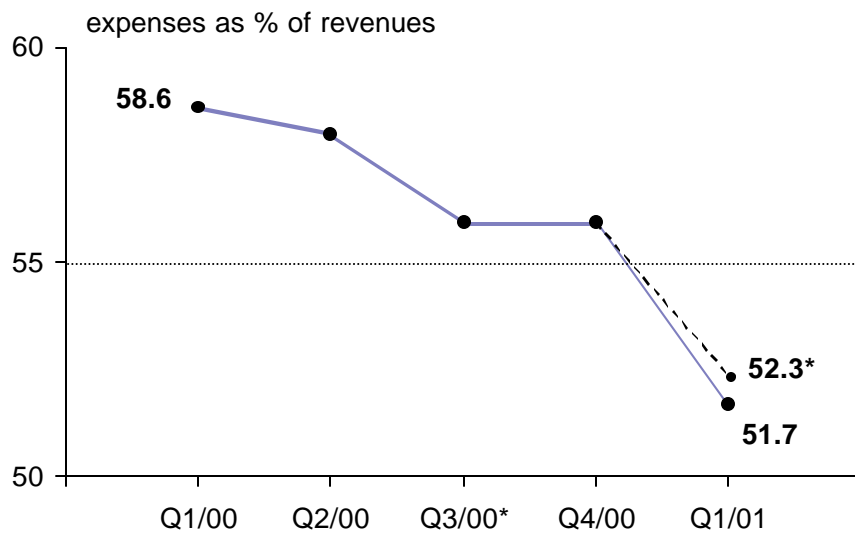
Tight Control on Expenses

	Q1/01 vs.	
	Q4/00	Q1/00
Change in expenses	(2.5)%	6.2%
Less:		
- Chile	-	2.9
- performance-related	(1.3)	4.1
- sale of stock transfer business	-	(2.1)
- sale of Quebec branches	(0.5)	(0.6)
Base expenses	(0.7)%	1.9%

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Improving Productivity



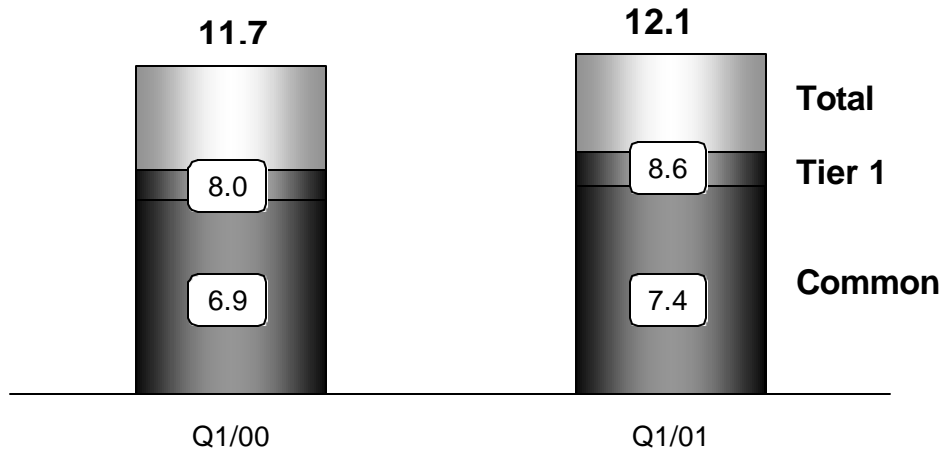
* excluding special items

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Strong Capital Ratios

% of risk-adjusted assets

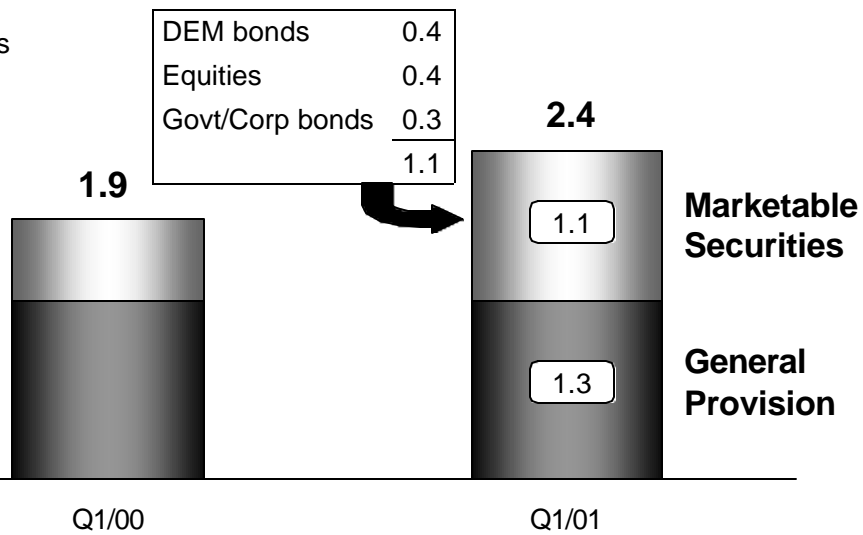


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Higher Reserves

\$ billions



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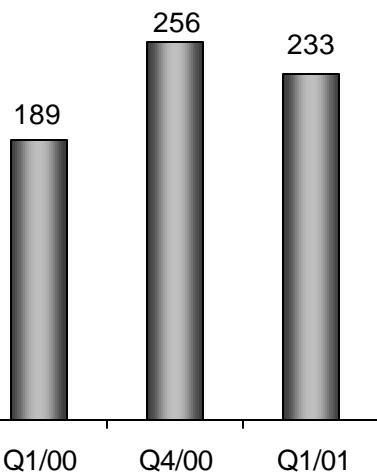
Business Line Results

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Domestic* - Solid Fundamentals

Net income, \$ millions



- Ongoing productivity improvements
- Retail brokerage revenues slightly lower
- Good credit quality
 - excellent retail
 - stable commercial

* includes Wealth Management

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Domestic Banking Initiatives

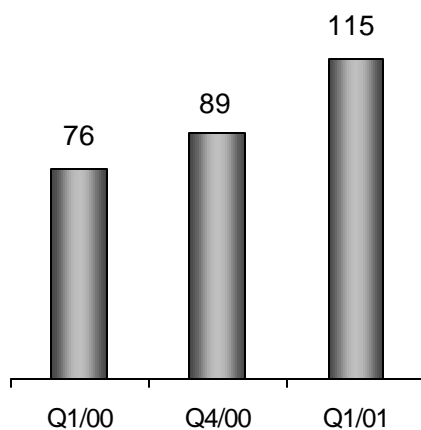
- **Retail & Commercial banking**
 - enhancing branch sales capabilities
 - changing "above-branch" structure
 - all branches broad-banded
- **Electronic banking**
 - Q1/Q1 growth in on-line transactions: 90%+
 - on-line customer base doubled
 - plan to double again in 2001
- **Wealth Management**
 - new strategic partnership
 - Capital International Group (10 new funds)

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Rising International Contribution

Net income, \$ millions



- **Caribbean**
 - earnings up 22%
 - revenue growth: +9%
 - superior ROE
- **Asia**
 - steady earnings growth
- **Latin America**
 - improved earnings at Quilmes and Banco Sud Americano

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Inverlat: Strong Financial Position

- Increased ownership from 10% to 55%
 - > total investment: US\$215MM
- Total Assets: \$16 billion
- Strong capital ratios - Tier 1: 9.9%
- Fully reserved impaired loans
 - > 102% coverage
- Expected EPS contribution: 2001: 6-10 cents
 - > 1 month earnings included in Q1/01

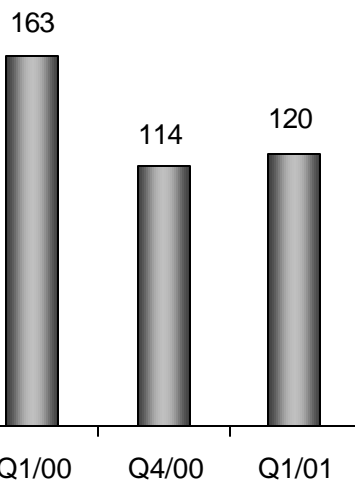


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Diversified Earnings from Scotia Capital

Net income, \$ millions



- Broad-based revenue growth: +37%
 - > derivatives, forex, fixed income ↑
 - > Lending operations ↑
 - > Institutional equities, underwriting ↑
- Credit quality
 - > higher loan losses & impaired loans in U.S.
 - > stable in Canada & Europe

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Risk Review

John Crean
Senior Executive Vice-President
Global Risk Management

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Risk Overview

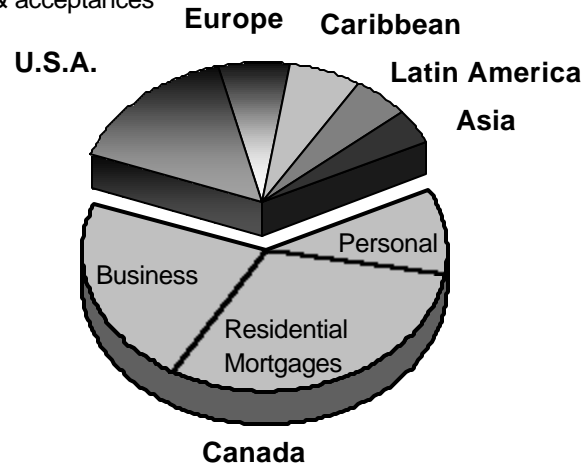
- U.S. portfolio weakness - reflects market trends
 - conservative classification of impaired loans
- Net impaired loans: \$1.1 billion
- Aggressive provisioning
 - \$1,075 million estimate for year
 - \$400 million in Q1/01
- Other portfolios in good shape

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Well Diversified by Market

% of total loans & acceptances



U.S.A. = 15.6% of total

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Impaired Loan Formations in Q1/01

\$ millions

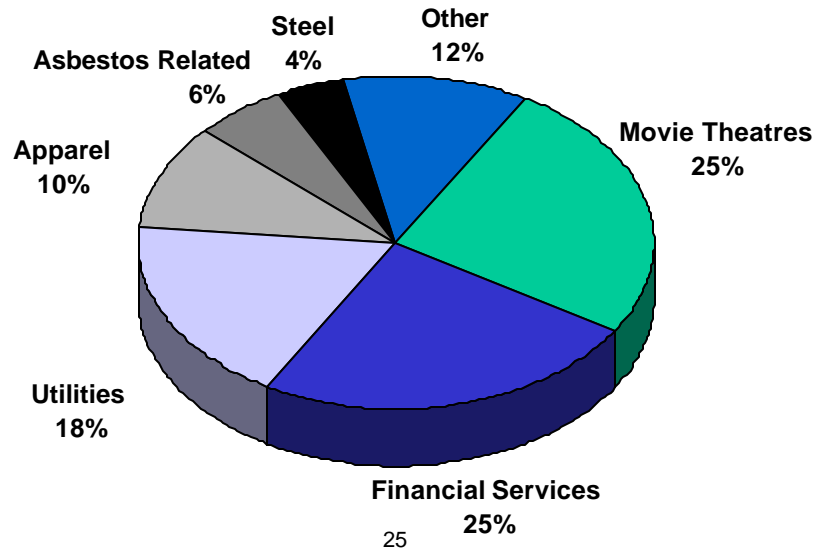
Scotia Capital	- U.S.A.	1,200
	- Canada & Other	149
		<hr/>
		1,349
Domestic		126
International		133
		<hr/>
		1,608

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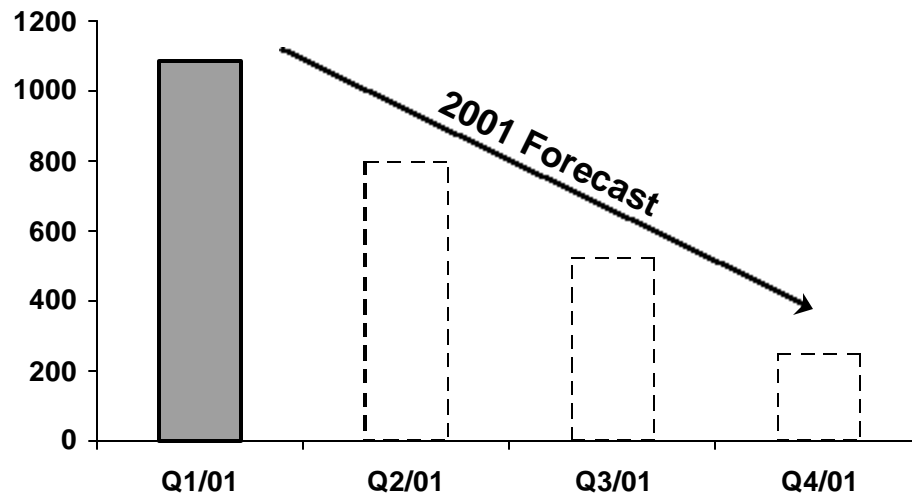
Source of U.S. Impaired Loan Formations

Q1/01



NILs to Decline Significantly over 2001

Net impaired loans, \$ millions





Specific Provisions by Business Line

\$ millions

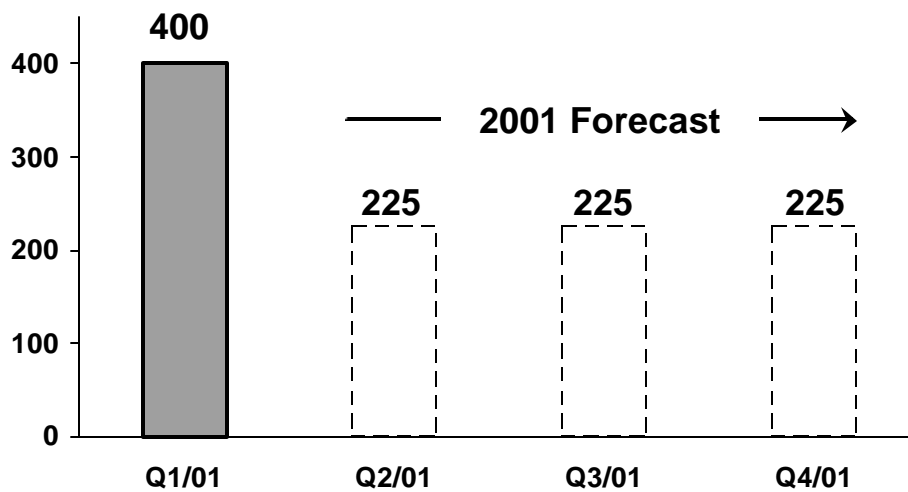
	<u>2000</u>	<u>2001E</u>
Scotia Capital	412	575
Domestic	168	170
International	185	155
	<hr/>	<hr/>
	765	900
Additional charge in Q1/01 (mainly for Scotia Capital)		175
		<hr/>
		1,075

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Specific Provisions Projection

\$ millions



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Other Portfolios in Good Shape

- **Domestic**
 - excellent retail
 - commercial in good shape

- **International**
 - stabilized Latin American subsidiaries
 - Caribbean & Asia performing well

- **Scotia Capital**
 - Canada & Europe stable

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Telecom & Cable Exposure

Loans & acceptances, \$ millions, Jan. 31, 2001

Sector	Investment Grade	Non-Investment Grade	Total	Total U.S. Exposure
Cable Operators	682	885	1,567	683
Regulated Telephone	814		814	-
Unregulated telephone/wireless	1,104	1,106	2,210	854
Other communications	28	235	263	248
Total	2,628	2,226	4,854	1,785
Of which CLECs			146	85

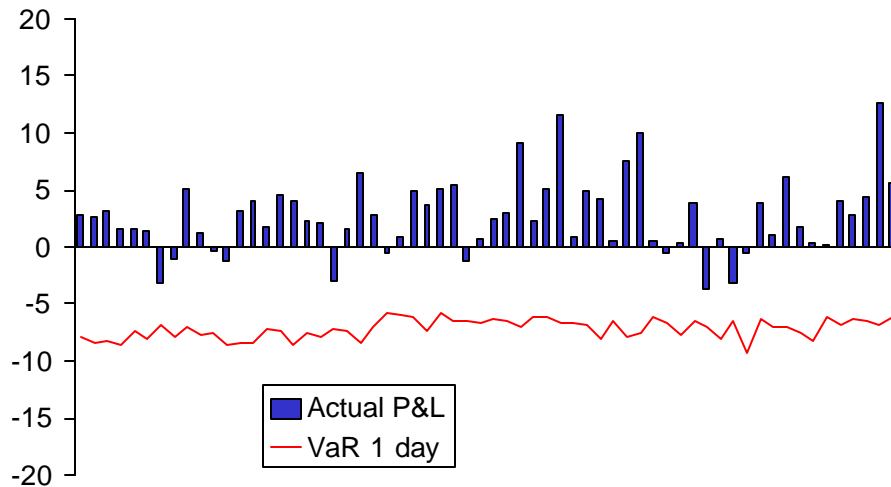
Net Impaired loans: <\$5 million

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Low Trading Risk

\$ millions, Nov. 1, 2000 to Jan. 31, 2001



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Risk Summary

- Aggressively managing credit quality in the U.S.
 - exhaustive review of U.S. portfolio
 - conservative classification
 - aggressive provisioning
- Other portfolios in good shape
- Expect impaired loans to trend downwards for balance of 2001

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Summary

Peter Godsoe
Chairman & C.E.O.

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Summary

- Very good revenue growth & cost control
- Aggressive action taken on U.S. portfolio
- Strong capital & reserves
- On track to achieve targets:
 - earnings growth 12-15%
 - ROE 16-18%
 - expect another record year

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