



Scotiabank

*National Bank Financial
Canadian Bank CEO Conference
April 7, 2004*

Rick Waugh, President and CEO

Forward-looking statements



This document includes forward-looking statements which are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995. These statements include comments with respect to our objectives, strategies, expected financial results (including those in the area of risk management), and our outlook for our businesses and for the Canadian, U.S. and global economies. 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. These factors include, but are not limited to, the economic and financial conditions in Canada and globally, fluctuations in interest rates and currency values, liquidity, regulatory developments in Canada and elsewhere, technological developments, consolidation in the Canadian financial services sector, competition, judicial and regulatory proceedings, the possible impact of international conflicts and other developments including terrorist acts and the war on terrorism, and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, financial condition or liquidity.

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Our goal



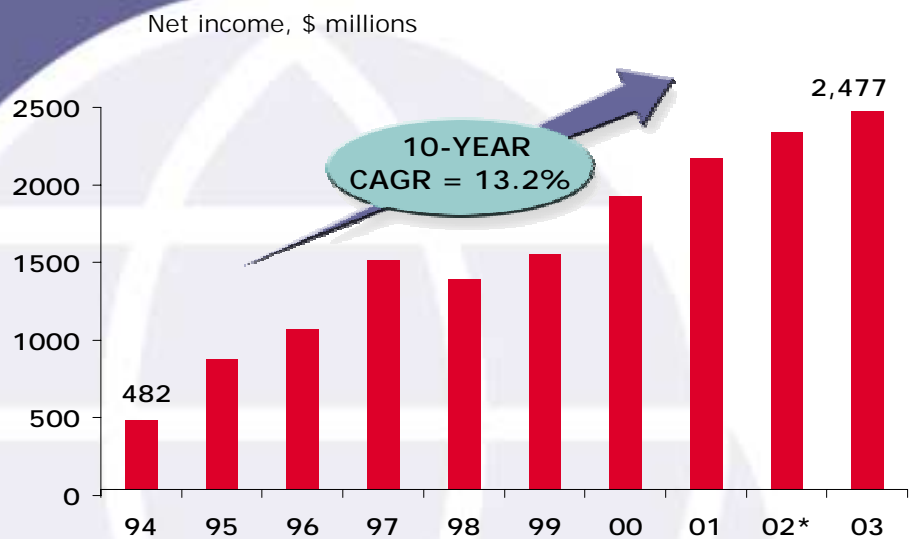
To be the best and most successful Canadian-based international financial services company.

Manage for the benefit of all stakeholders



- **Customers**
 - “be the best at helping our customers become financially better off by providing relevant solutions to their unique needs”
- **Employees**
 - be an employer of choice
- **Communities**
 - positive influence; social responsibility
- **Shareholders**
 - EPS growth 10 to 15%
 - productivity ratio < 58%
 - ROE 16 to 19%
 - strong capital

Record of consistent earnings growth

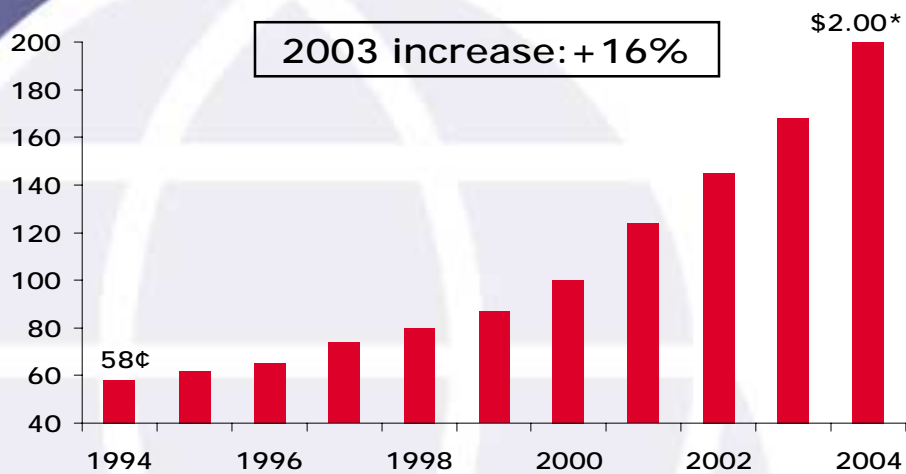


* excludes impact of charges related to Argentina of \$540 million (after-tax)

Record of consistent dividend growth - two increases in 2003



Annual dividend, cents/share



* based on current rate

Key success factors



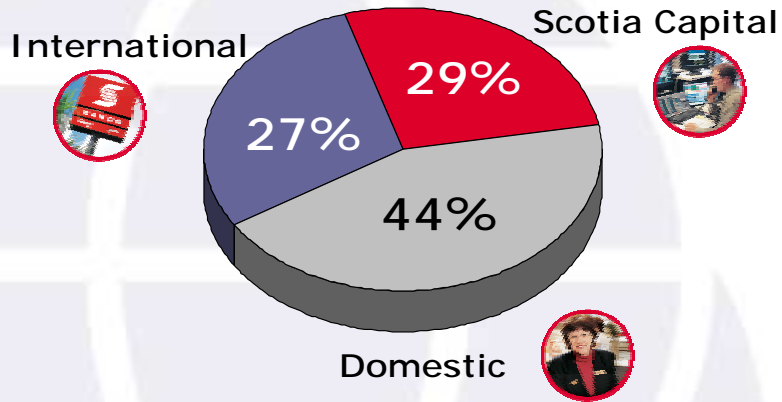
- Diversification of earnings
- Building deeper, more profitable relationships
- Leveraging core competencies across the group
- Expanding our customer base

Strength from diversified base of businesses



% of net income, excluding Other

2003



Building deeper, more profitable relationships

Build relationships - Domestic Fundamental transformation



- **4 cornerstones – meeting the full range of customer needs**
 - day to day banking
 - protection
 - borrowing
 - investing
- **Sales and service focus**
 - sales targets, team “huddles”
 - DVPs – sales coaching and support
 - Sales Builder – sales and contact management software
 - deliver leads and event triggers to sales officers’ desktop
- **Increased emphasis on advice & planning**
 - 1000 in-branch financial advisors
 - 350 ScotiaMcLeod financial planners

Build relationships – Domestic Powerful customer segmentation



- **3 basic retail customer segments**
 - ✓ **Mass market**
 - segmentation based on **profitability, loyalty, strength of relationship**
 - ✓ **Affluent**
 - team-based relationship management
 - ✓ **Small business**
 - serve personal and business financial needs
- **Commercial customer segmentation**

Build relationships – Domestic Mass market segment

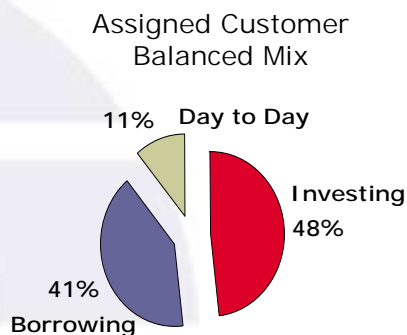


- **Assigned customers**

- proactively contacted by financial advisors to deepen the relationship
- very high retention rate – 99%
- average balance growth of \$12,000 in 2003
- good product mix

- **Unassigned customers**

- provide efficient, cost-effective service
- identify those with potential to become assigned



Build relationships – Domestic Affluent segment



- **Opportunity to grow share of business**

- 500,000 BNS customers with \$60 billion in assets at other FIs

- **Focus on financial planning**

- **Increase referrals**

- Retail Banking
- Commercial Banking



- **Expand and train investment executive sales force**

- up to 1,200 IE's by 2006
- Client Commitment program – training & coaching

Retail Brokerage

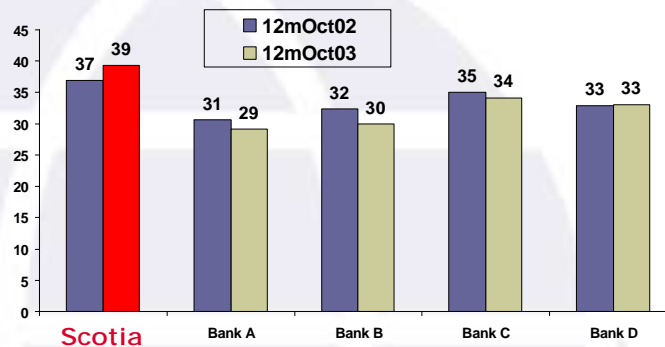
Mutual Funds

Private Client

Increasing share of wallet in Canada



Share of Wallet (% of dollars) – Total Business



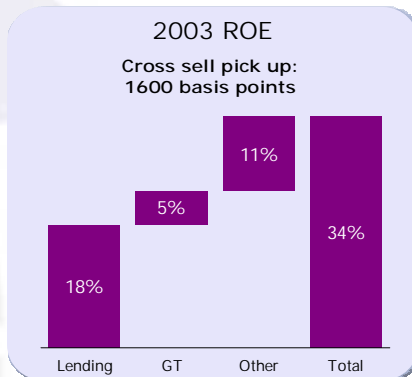
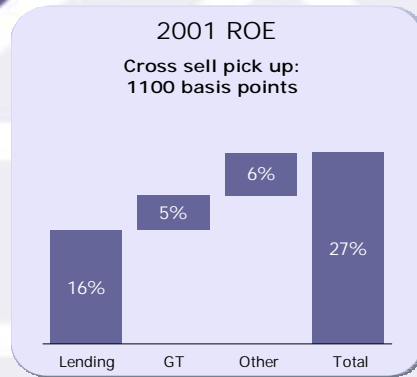
Total Business includes Money In and Money Out.
All information is based on financial group.
Source: IPSOS-Reid

Build relationships – Scotia Capital Increase cross-sell



- **Corporate customer segmentation**
 - **relationship management** for multi-product or profitable single-product clients, with industry specialization
 - **Canada** – 275 clients
 - **U.S.** – 650 clients, mostly in the Fortune 1000
 - **product specialists** (eg corporate lending, trading) cover remaining clients
- **Strong Global Trading operation**
 - derivatives, fixed income, foreign exchange
- **Leverage international network**

Build relationships – Scotia Capital Cross-sell success in Canada



- High ROE of 34% for core clients



Leveraging core competencies

Core competencies



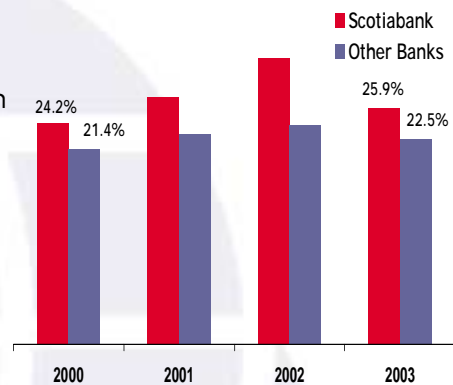
- Customer service
- Retail credit risk management
- Expense management
- Use of technology

Core competency Customer service



- **High employee morale**
 - 89% of Domestic Bank employees think their branch or office is a great place to work (2003)
- **Committed to providing great customer service**
 - bonuses tied to results of third-party survey
- **Dedication, loyalty**

Customer Satisfaction –
% Excellent vs. Peer Group



Synovate (formerly Market Facts) CSI (2003)

Core competency Retail credit risk management



- **Maintain best in class risk profile**

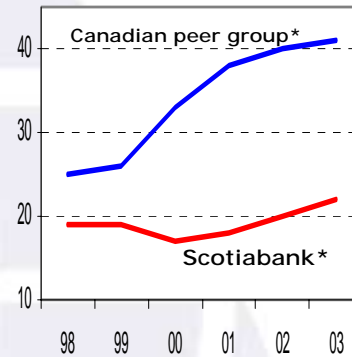
- 2003 loss ratio 22 bp

- **Sophisticated adjudication and monitoring**

- **High proportion of portfolio is secured**

- 58% of Scotialine & Scotialine VISA secured
 - 88% of total retail lending portfolio is secured

Retail Loan Loss Ratio
(basis points)



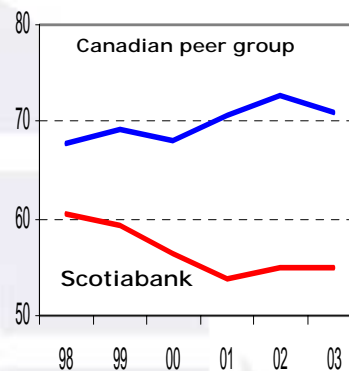
* Excluding student loans

Core competency Expense management



- **Industry-leading productivity**
- **Cost control culture**

Productivity ratio (%)



Core competency Use of technology



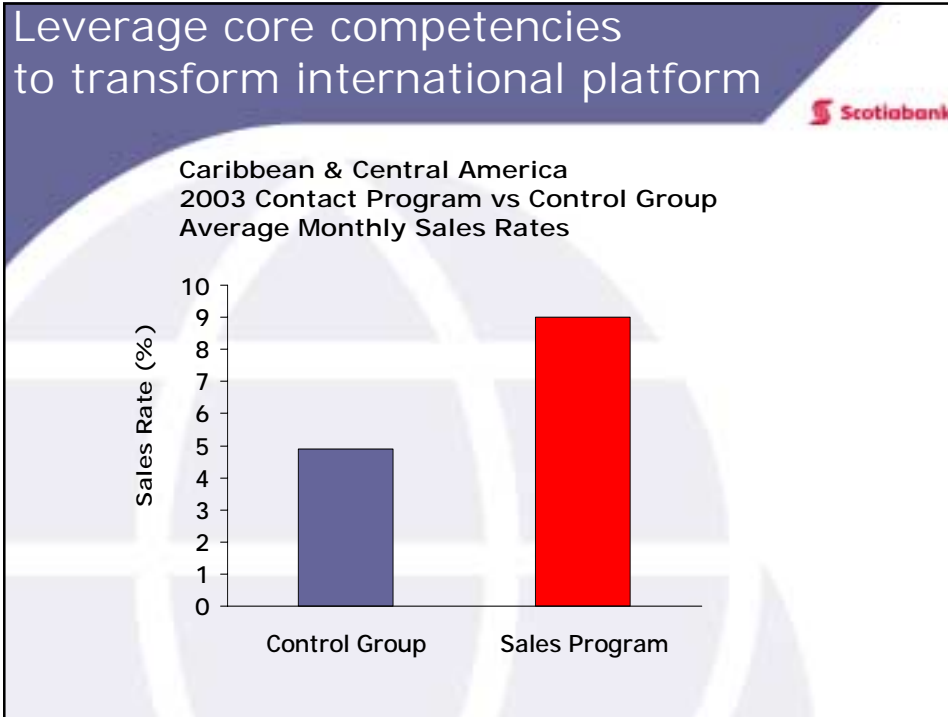
- **Upgraded branch technology**
 - paperless banking
 - customer information
 - Sales Builder
- **Industry-leading data warehouse**
- **Strong online presence**
 - retail – banking and brokerage
 - commercial – award winning auto dealer web site
 - corporate – payments, foreign exchange
- **New customer-centric back-office systems**
- **International banking platform**

Leverage core competencies to transform international platform



Caribbean & Central America

- **Sales and service**
 - moving to shared services model (centralized administration)
- **Retail customer segmentation**
 - similar to Canadian approach of assigned vs unassigned
 - assigned customers very important due to relatively small middle class
- **Technology & risk management**
 - install international banking platform
 - new contact management capabilities
 - continue to expand ABM network, implement online banking
 - new credit adjudication and collection technology



- Leverage core competencies to transform international platform
- Scotiabank
- Mexico – Scotiabank Inverlat**
- **Sales & service/Technology**
 - sales delivery and contact management platforms
 - moving to shared services model (centralized administration)
 - online banking (international model)
 - **Risk management**
 - BNS credit standards

Expanding our customer base

Expanding customer base Domestic

- **Increased advertising and branding**
- **Emphasize products where we have a competitive advantage**
 - STEP, ScotiaLine VISA
 - Money Master high interest savings account
 - retail, small business
 - RSP eligible
 - 65 basis point increase in deposit market share



Life. Money.
Balance Both.

Disciplined marketing Scotia Capital



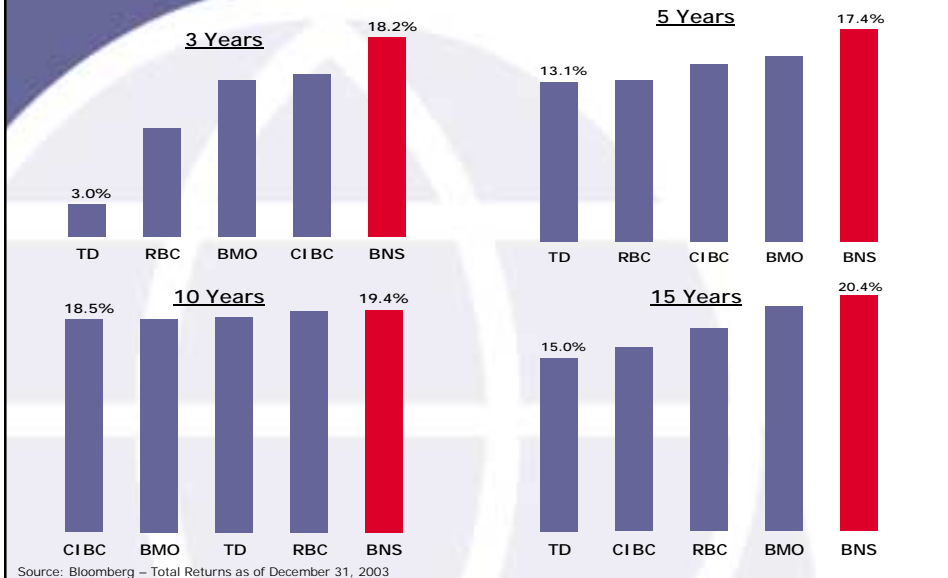
- 90 new clients were added in the U.S. in 2003, with an overall ROEE of over 20%
- All loan transactions reviewed by Loan Portfolio Management group
- Capitalize on growing demand for derivative product offerings by issuing and investing clients

Expanding customer base International



- Acquisition of Banco Intercontinental in Dominican Republic
 - tripled market share to 10%+
- Acquisition of portfolio of auto loans in Mexico
- Aggressive marketing of mortgages and auto loans in Mexico
- Opportunities to acquire retail platform in Asia

Superior returns in Canada



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