Scotiabank

Investor Presentation
Second Quarter, 2005

April 30, 2005

Scotiabank

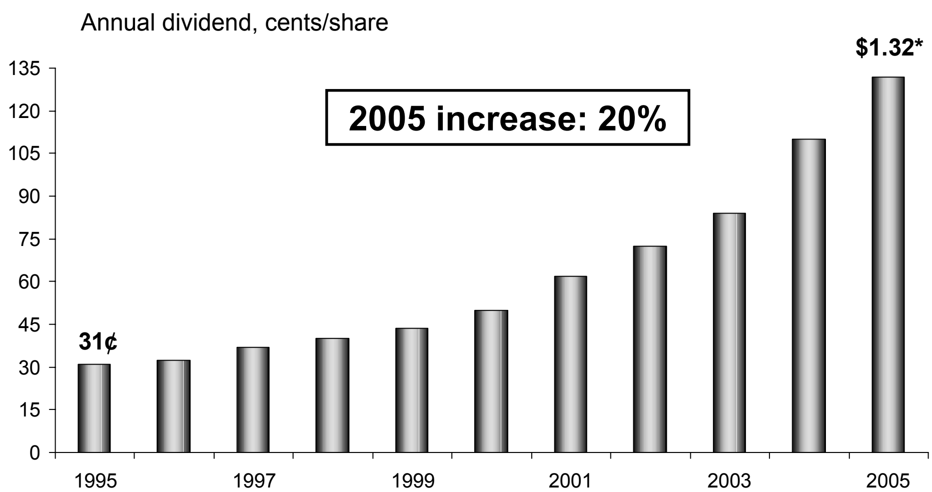
Second Quarter Overview

Rick Waugh
President & Chief Executive Officer

Performance highlights

- **Record earnings**
  - EPS: $0.81 vs. $0.75 last year
  - First half EPS up 11% vs. 2004
  - ROE: 22.3% vs. 21.8% last year
- **Earnings well diversified across business lines**
- **Improving credit quality**
  - specific provisions $35 mm this quarter
- **Strong capital ratios**
  - Tangible Common Equity (TCE): 9.5%
- **Another Dividend Increase**
  - 2 cent increase to 34 cents/quarter effective Q3/05

A record of consistent dividend growth



* based on current rate

Meeting 2005 performance targets

	Q2/05 YTD		Target
ROE	21.6%	vs.	17-20%
EPS Growth	11%	vs.	5-10%
Productivity	55.6%	vs.	<58%

Performance Review

Sabi Marwah
Senior Executive Vice-President &
Chief Financial Officer

Items in the quarter

	$ millions Pre-tax	$ millions After-tax	EPS Impact (cents)
Securities' gains			
- Shinsei	118	97	
- Merchant banking/other losses	(35)	(23)	
	83	74	7c
Inverlat deferred tax asset	-	(14)	(1c)
Total		**60**	**6c**

Margins stabilizing

	Q2/05	**vs. Q1/05**	**vs. Q2/04**
Net interest margin	**2.07%**	**7 bps**	**(9) bps**
Canadian currency (ex AcG 13)		1	(10)
Foreign currency (ex AcG 13)		6	1
AcG 13 / Other		-	-
		7 bps	**(9) bps**

Other income

$ millions

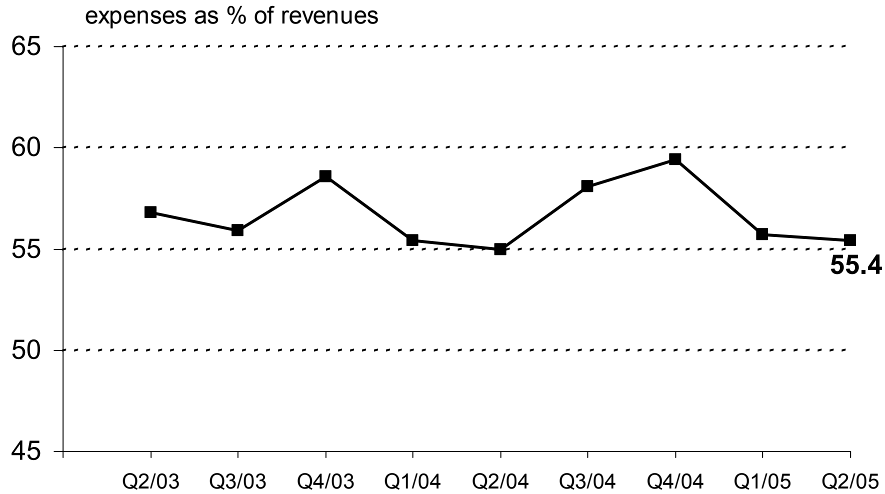
Change Q2/05 vs. Q1/05 $	%		Change Q2/05 vs. Q2/04 $	%
17	**2**	**Underlying**	**(75)**	**(6)**
8		Impact of stronger Canadian dollar	(38)	
25	**2**	**Reported**	**(113)**	**(9)**
(85)		Trading revenues	20	
8		Retail brokerage	14	
(11)		Underwriting fees & other	(16)	
1		Securitization revenues	(20)	
118		Securities' gains - Shinsei	(7)	
(46)		- Other	(106)	
40		Other	2	

Moderate rise in expenses

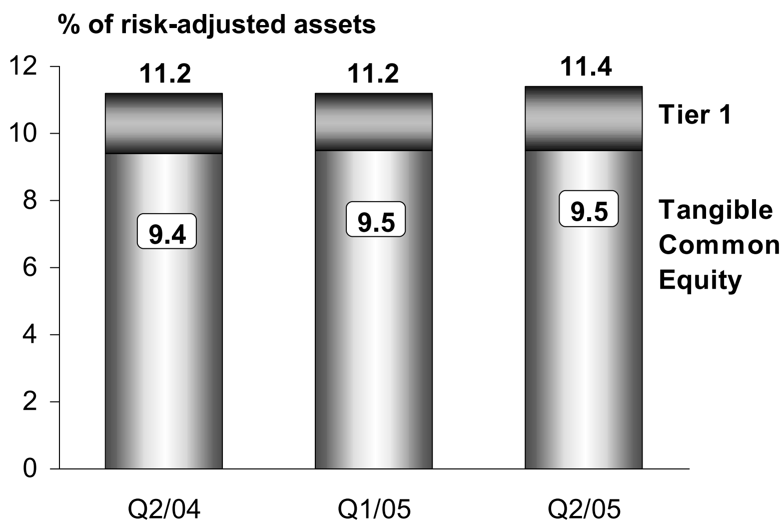
$ millions

Change Q2/05 vs. Q1/05 $	%		Change Q2/05 vs. Q2/04 $	%
34	**2**	**Underlying**	**(7)**	**-**
(10)		Impact of shorter quarter	(3)	
9		Impact of stronger Canadian dollar	(23)	
33	**2**	**Reported**	**(33)**	**(2)**
9		Employee pension and benefits	(19)	
7		Capital Taxes	7	
5		Advertising and Promotion	-	
5		Technology	6	
(2)		Performance/stock-based compensation	(6)	
(6)		Appraisal & acquisition fees	(6)	
15		Other	(15)	

Industry-leading productivity



Very strong capital ratios



High level of unrealized securities' gains

$ millions

	Q2/05	Q1/05	Q2/04
- Emerging Market Debt	540	575	489
- Fixed Income	28	45	-
- Equities	420	554	518
	988	**1,174**	**1,007**

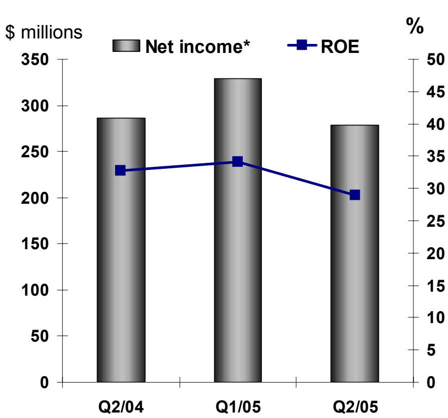
Business Line Results

Business line net income summary

net income available to common shareholders, $ millions

	Q2/05	Q1/05	Q2/04
Domestic	279	329	286
International	186	206	194
Scotia Capital	239	247	203
Other	118	2	97
Total	**822**	**784**	**780**

Domestic Banking



- **Net income of $279 million**
  - down 2% yr/yr, 15% qtr/qtr
- **ROE of 28.9%**
- **Revenues relatively stable yr/yr**
- **Expenses rise moderately**
  - 2% increase yr/yr
  - 4% increase qtr/qtr
    - stock-based compensation
    - seasonally higher benefit costs
- **Credit quality remains strong**

* net income available to common shareholders

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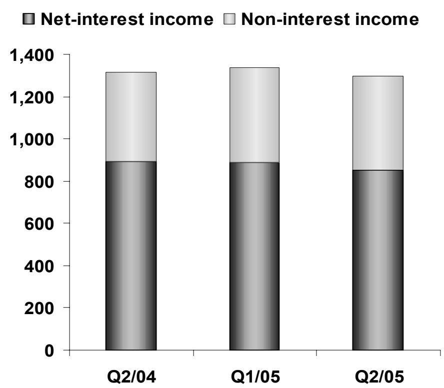
Domestic – continued retail asset growth offset by margin compression

$ millions



Year/Year

- **Good retail asset growth**
- **Retail market share gains of 27 bps**
- **Lower interest margin**
- **Higher fees in several areas:**
  - full-service brokerage
  - mutual funds
  - cards

Qtr/Qtr

- **Revenue down 3%**
- **3 fewer days in quarter**

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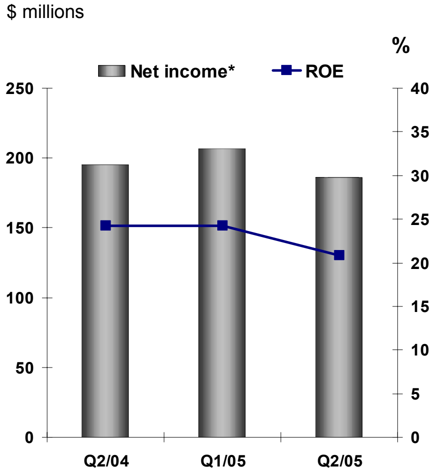
International – foreign currency translation offsets underlying asset growth

$ millions

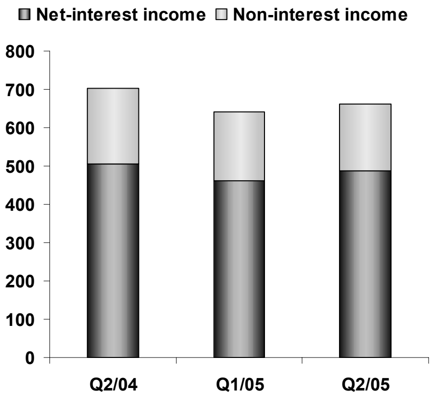


- **Net income of $186 million**
  - down 4% yr/yr, 10% qtr/qtr
  - excluding forex translation, net income rose 4% yr/yr
- **Caribbean**
  - net income down yr/yr due to higher loan losses, forex translation
- **Latin America**
  - net income up yr/yr due to strong performance at Scotiabank Inverlat

* net income available to common shareholders

International - stable underlying revenue trends

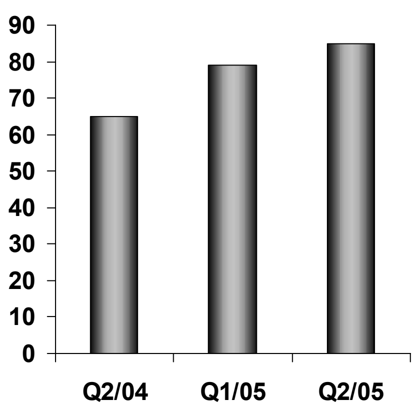
$ millions



- **Total revenues stable**
  - forex translation reduced revenues by $41 mm yr/yr
- **Net Interest Income**
  - up 6% yr/yr excluding forex translation, AcG 13
  - higher retail assets and deposits
- **Other Income**
  - down 12% yr/yr:
    - lower gains from bond sales
    - lower loan fees from Baninter acquisition in Dominican Republic
  - partly offset by higher Inverlat revenues

Scotiabank Inverlat – continued earnings growth

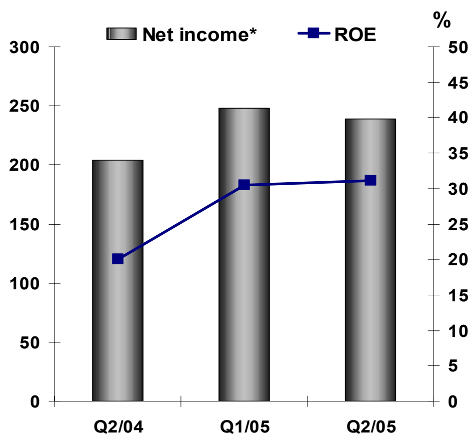
contribution, $ millions



- **Contribution of $85 million**
- **Underlying revenues up 19% yr/yr**
  - growth in retail & commercial lending
  - higher trading and retail banking fees
  - partly offset by lower margins
- **Expenses flat yr/yr**

Scotia Capital - another strong quarter

$ millions



- **Net income of $239 million**
  - up 18% yr/yr, down 3% qtr/qtr
- **ROE of 31%**
- **Lower provisions**
  - net recovery of $57 million vs. $9 million in Q1/05, net provisions of $32 million in Q2/04
- **Total revenue down 3% yr/yr, up 1% qtr/qtr**
- **Expenses down yr/yr and qtr/qtr**
- **Higher effective tax rate in Q2/05**

* net income available to common shareholders

Scotia Capital – unique NAFTA platform

Leveraging Inverlat's Wholesale Banking group with Scotia Capital

- capitalize on cross-sell opportunities to multi-national and Mexican clients and position Scotia Capital to be a leading provider of wholesale banking products across entire NAFTA geography
- enhance participation in growing Mexican capital markets to better meet client needs
- increase activity in areas such as securitizations, REITS, structured deals, IPOs
- coverage of 7 broad industry groups

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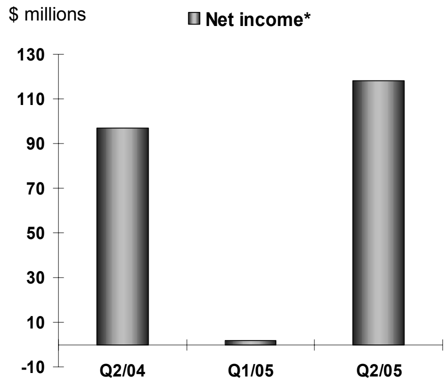
Other



- **Net income of $118 million**
  - up 22% yr/yr
  - favourable impact of non-qualifying hedge MTM
  - partly offset by lower securities gains

* net income available to common shareholders

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Risk Review

Warren Walker
Executive Vice-President
Global Risk Management

Credit risk overview

- **Lower gross impaired loans: $1.9 B**
  – down $146 mm vs. Q1/05
- **Lower net impaired loans: $666 mm** (after specific allowance)
  – down $96 mm vs. Q1/05
  – down $705 mm vs. Q2/04
- **Lower specific provisions: $35 mm**
  – down $39 mm vs. Q1/05
  – down $95 mm vs. Q2/04

Negative net formations this quarter

$ millions

Domestic		
- Retail	85	
- Commercial	18	
		103
International		**40**
Scotia Capital		
- U.S.	(154)	
- Other	(8)	
		(162)
Total		**(19)**

Continuing positive trend in impaired loans

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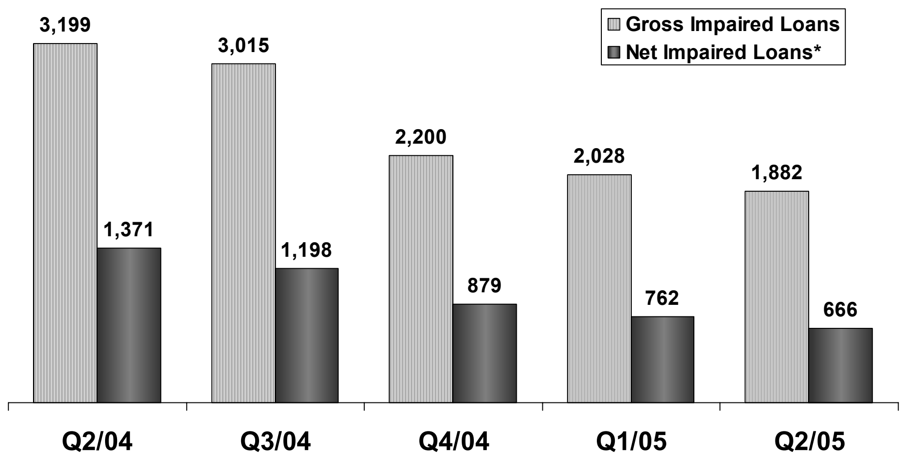
$ millions



* after specific allowance

Lower specific provisions

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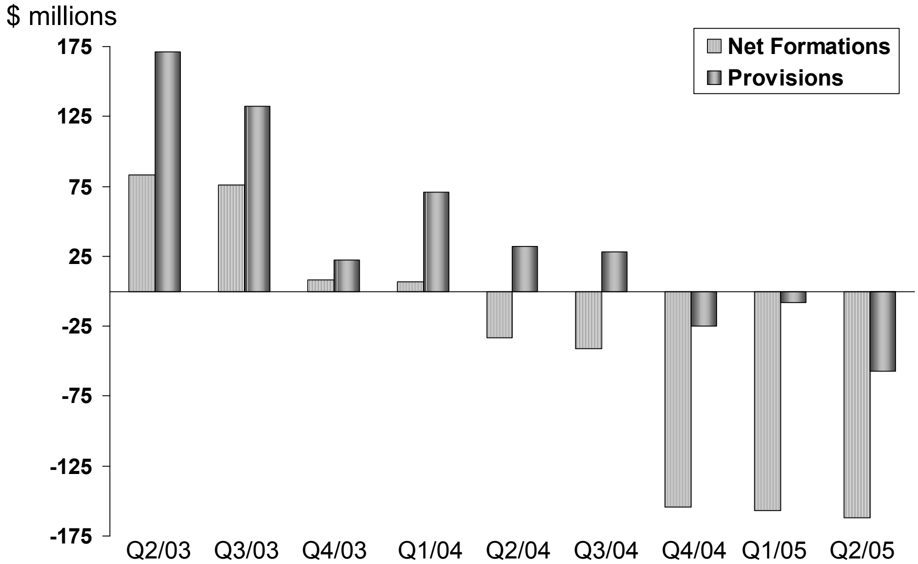
$ millions	Q2/05	Q1/05	Q2/04
Domestic:	66	76	81
International:	26	7	18
Scotia Capital:			
- Canada	-	(1)	(2)
- U.S.	(55)	(19)	18
- Europe	(2)	11	16
	(57)	(9)	32
Other	-	-	(1)
Total	**35**	**74**	**130**

Scotia Capital – positive trend in net formations and provisions



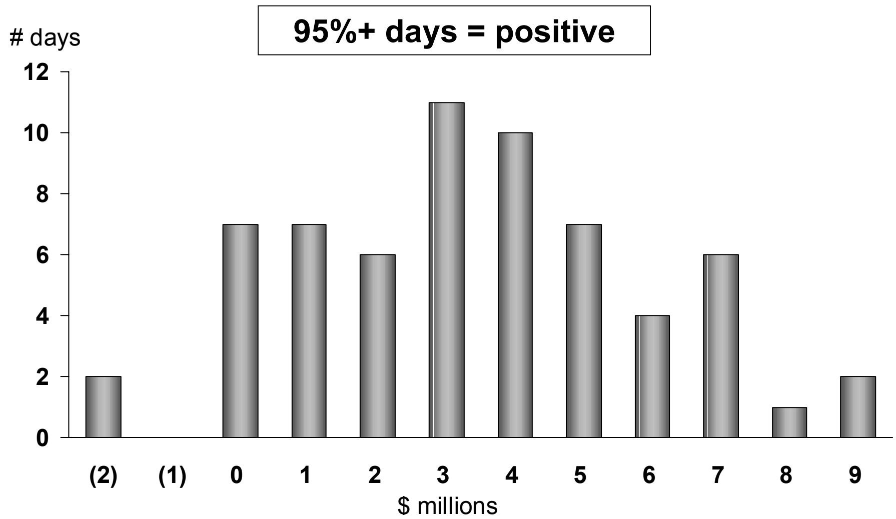
Automotive exposure

Q2/05, loans & acceptances, $ millions

Sector	Scotia Capital	Commercial	International	Total
Original Equipment Manufacturers	7	5	192	204
Finance & Leasing	156	274	281	711
Parts Manufacturers	250	646	44	940
Dealers	29	2,280	326	2,635
Car Rental	19	-	20	39
Total	**461**	**3,205**	**863**	**4,529**

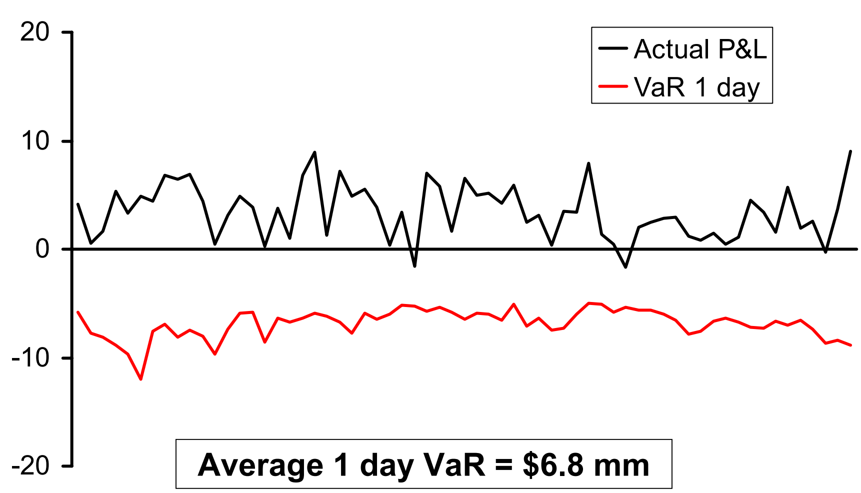
Low variability of trading revenue...

trading revenue, second quarter 2005



...reflecting moderate market risk

$ millions, February 1, 2005 to April 30, 2005



Risk summary

- **Continued improving credit performance**
- **Market risk well contained**
- **Specific provisions for credit losses to be below 2004**
- **Likely future reduction in general allowance**

Outlook

Rick Waugh
President & Chief Executive Officer

Outlook

- **Challenges remain**
  - strong Canadian dollar
  - margin compression
  - weak corporate loan demand
- **Strength from diversification**
  - 3 strong growth platforms
- **Expect to meet 2005 performance targets**

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