



2001 Annual Community Review



Public Accountability Statement

A report on Scotiabank's commitment
to the well-being of the communities
where we live and work



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A long tradition of commitment

*A message from
Peter Godsoe
Chairman and
CEO*



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Our commitment to supporting employee volunteerism



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Providing quality service to all customers, including seniors, youth, low-income clients and persons with disabilities

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The Scotiabank Group is a member of the Consumers Council of Canada

This report will be made available in alternate formats upon request. Please call Public & Corporate Affairs at 416-866-3925 or e-mail corpaff@scotiabank.com.

“At Scotiabank, we measure performance not only in terms of creating value for our shareholders, but also by our success in building customer and employee satisfaction and supporting the overall well-being of all the communities in which we do business”

Peter C. Godsoe
Chairman and CEO
March 2002



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Our goal is to be an employer of choice

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Scotiabank's regional support

Scotiabank's support for regional development





The Scotiabank Group

Scotiabank is one of North America's premier financial institutions, with more than \$284 billion in assets and approximately 51,000 employees worldwide, including affiliates. It is also Canada's most international bank with more than 2,000 branches and offices in 50 countries.

Principal Canadian subsidiaries

(as at October 31, 2001)

Canadian

BNS Capital Trust

BNS Investments Inc.

The Bank of Nova Scotia Properties Inc.

e-Scotia Commerce Holdings Limited

Montreal Trust Company

Montreal Trust Company of Canada

MonroServices Corporation

Scotia Merchant Capital Corporation

The Mortgage Insurance Company of Canada

National Trustco Inc.

The Bank of Nova Scotia Trust Company

National Trust Company

Victoria and Grey Mortgage Corporation

RoyNat Inc.

Scotia Cassels Investment Counsel Limited

Scotia Life Insurance Company

Scotia Mortgage Corporation

Scotia Mortgage Investment Corporation

Scotia Securities Inc.

Scotia Discount Brokerage Inc.

ScotiaMcLeod Corporation

Scotia Capital Inc.



For a list of our principal international subsidiaries, please check the 2001 Annual Report, available at www.scotiabank.com.



Peter C. Godsoe
Chairman and CEO

A long tradition of commitment

At Scotiabank, our tradition of good corporate citizenship spans the 170 years of our existence. We measure performance not only in terms of creating value for our shareholders, but also by our success in building customer and employee satisfaction and supporting the overall well-being of all the communities in which we do business.

In the pages of this review, you will discover what Scotiabank and its employees are doing to support an enormous range of organizations in the areas of education, health, social services, arts and culture, and community programs. You will also learn about our ongoing efforts to become an employer of choice, and to improve our service to a broad array of customers, such as young people, seniors, low-income clients, persons with disabilities and small business owners.

We are especially proud of our community involvement activities. We are an active contributor to a host of diverse causes at both the local and national levels, through donations and sponsorship programs. We also support the time, money and effort our employees contribute to their communities, individually and in teams. For more information, please visit the “Community Involvement” section of our Web site at www.scotiabank.com.

We believe that our commitment to helping communities, to improving the workplace and to providing products and services that meet the needs of all customers goes a long way toward making Scotiabank an organization of which our employees, customers and shareholders can be very proud.

A handwritten signature in black ink, appearing to read 'Peter C. Godsoe', written in a cursive style.

A commitment to **communities**

As one of Canada's top supporters of community giving, we have a responsibility to contribute to the well-being of all our stakeholders, including our employees, customers and shareholders, and the people who live in the communities across Canada where we do business.

Donations and sponsorships

Scotiabank provided more than \$20 million in donations, sponsorships and other forms of assistance in 2001 to thousands of organizations and causes. We spent approximately 85% of that amount – close to \$17 million – in Canada, and the balance through our international operations. Increasingly, we have been channeling our giving into charities and sponsorships that have a direct and immediate impact on these communities, enabling our 1,000 domestic branches to support local causes. Information on applying for donations can be found on the inside back cover.

Employee involvement

Our corporate giving does not fully capture the enormous amount of time and money that Scotiabank employees donate, individually and in teams, as leaders and key participants in community fund-raising initiatives. To recognize these important contributions and to support all members of the Scotiabank Group in their volunteer activities, the Bank has established two programs – the Scotia Employee Volunteer Program and the Team Scotia Community Program – which are featured in this report, beginning on page 14.

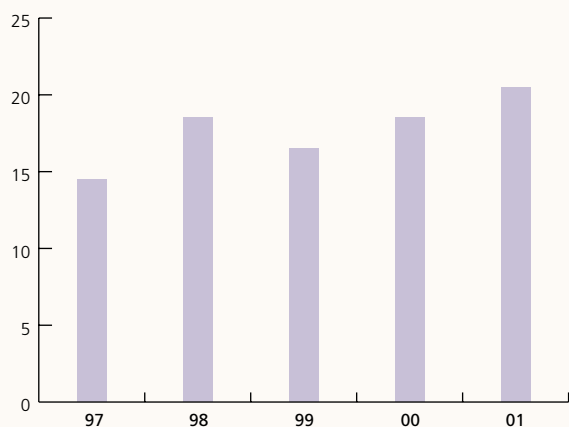
Specialized focus

Scotiabank's support focuses on education, health, social services, arts and culture and community programs. Through our donations, sponsorship and employee involvement, we build and nurture links to people and organizations. Special emphasis is given to funding non-profit and charitable organizations that empower people by providing the skills, tools and information they need to succeed.



Scotiabank giving

\$ millions





(Top left) Lauren Henderson rests with her dog during the Terry Fox Run in Toronto.

(Middle) Dragon boat teams in Halifax race for breast cancer awareness.

(Bottom left) Chairman Peter Godsoe presents former United Way of Greater Toronto president Anne Golden with a cheque for \$2.7 million.

(Main photo) Scotiabank's Dennis Jackson presents a trophy to a winner at the National Capital Race Weekend in Ottawa.

(Main photo) Scotiabanker Michele Baptiste helps co-ordinate Bank support for Aboriginal educational and community programs.

(Top left) Students visit the trade floor in Toronto's Scotia Plaza for the annual Take our Kids to Work Day.

(Top middle) Scotiabank recognizes literacy as the basis for learning.

(Top right) TVO Kids, Don't Sit Still Tour teaches children across Ontario to have active lifestyles.





“The I.H. Asper School of Business is one of the leading business schools in the country, and I am pleased to see Scotiabank’s commitment to the school.”

Hon. Gary Doer
Premier of Manitoba

Commitment to education

Scotiabank has donated more than \$13 million to colleges, universities and educational programs for students of all ages since 1997. The Bank believes in funding programs that add value – that are aimed at fulfilling real needs, developing real skills and delivering real benefits to both students and the broader community. Some examples of our education-related activities are featured below.



Université de Montréal

In Quebec, the Bank donated \$1 million to the Université de Montréal to help establish the Scotiabank Chair in diagnosis and treatment of breast cancer, a medical school research position at Centre Hospitalier de l’Université de Montréal. The chair’s function is to improve research capacity in breast cancer.

Economics of Staying in School

Scotiabank supports a variety of Aboriginal causes through donations and sponsorships, including scholarships, education projects and artifact preservation. In the fall of 2001, for example, we launched a national Aboriginal Economics of Staying in School program to help Grade 9 students understand the importance of education. We committed \$375,000 to help research, develop and implement the program, which is being delivered by Junior Achievement of Canada.

Another \$100,000 donation to the “Beyond our Walls” campaign at Trent University in Peterborough, Ont., is helping fund the First Peoples House of Learning.

I.H. Asper School of Business

In Western Canada, the Bank committed \$750,000 to the University of Manitoba’s I.H. Asper School of Business as part of the university’s overall fund-raising campaign. The campaign’s objective is to support enhanced academic leadership, excellence in teaching and research, improved learning facilities, student support and scholarships, future development, and the Asper Centre for Entrepreneurship.

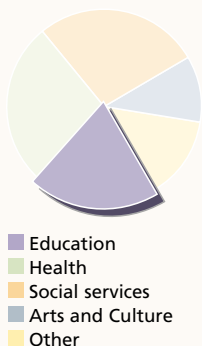
Don’t Sit Still Tour

Some of Scotiabank’s activities in education are aimed below the post-secondary school level. For example, in 2001, Scotiabank teamed up with TVOntario, a government-funded television channel, to go on tour with the “TVO Kids, Don’t Sit Still Tour.” The presentation, featuring live interactive shows, is visiting communities throughout Ontario to encourage children to participate in physical activity.

Take Our Kids to Work Day

The Scotiabank Group has been a leading sponsor of Take Our Kids to Work Day since 1994. In 2001, we hosted more than 1,000 children of employees from across Canada, giving them a chance to see their parents in action at work. In Toronto, Grade 9 students received a tour of the Bank’s gold desk and global trading floor at Scotia Plaza.

Our focus on education
Share of sponsorships
and donations in 2001





Commitment to health

Scotiabank contributes to a broad spectrum of causes that help build healthy communities and make a difference to families and individuals. We are also extremely conscious of the tremendous philanthropic activities of our employees, who contribute financially and volunteer their time and talents in support of so many national and local health-related causes. The following are a few examples of Scotiabank's support to the health sector.



Breast cancer

One particular area of focus is breast cancer, with donations targeting initiatives ranging from research to raising public awareness. For example, we support Willow, an organization that promotes the development and effectiveness of survivor-led breast cancer self-help groups in communities across Canada. The Bank continues to sponsor fund-raising runs/walks in Vancouver, Ottawa and Toronto. In 2001, the Scotiabank Half Marathon and 5km Run/Walk in Toronto raised more than \$200,000 for Mount Sinai Hospital's Marvella Koffler Breast Centre. Scotiabank is also a sponsor of Breast Cancer Awareness Day, the World Conference on Breast Cancer and Dialogue on Breast Cancer, a public education forum.

gift, plus a record \$170,000 raised in 2001 by Scotiabank staff. Employees have raised more than \$1 million for the hospital over the past nine years, including \$420,000 earmarked expressly for the NICU.

Epilepsy

Scotiabank was the presenting sponsor for BuskerFest, which took place in downtown Toronto in June 2001. Proceeds from the event – which featured some of the world's best jugglers, mimes, comics, magicians, acrobats and storytellers – went to Epilepsy Toronto. This non-profit organization is dedicated to the promotion of independence and quality of life for all people living with epilepsy.

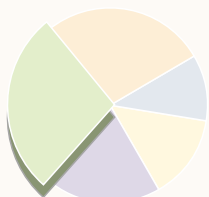
Fighting juvenile diabetes

Scotiabank has supported the Charles H. Best Diabetes Centre for Children and Youth in Whitby, Ont., for the last two years, with an initial pledge of \$150,000 in March 2000. Later that year, the Bank sponsored a charity golf tournament which, with the help of employees and their customers, raised an additional \$28,000. A fund-raising black-tie and costume ball in 2001 netted a further \$40,000 for the centre.

Scotiabank Easter Seals Regatta

In the Pacific Northwest, the Scotiabank Easter Seals Regatta is the premiere charitable boating regatta of the area. The Bank contributed \$75,000, which is being used by the Easter Seals Society for children with special needs. Since 1991, the regatta has raised more than \$1.5 million, helping thousands of children across British Columbia.

Our focus on health
Share of sponsorships
and donations in 2001



- Health
- Social services
- Arts and Culture
- Other
- Education

Children's Hospital of Hamilton

When the newly expanded neonatal intensive care unit (NICU) at the Children's Hospital of Hamilton, Ont., opened in late 2001, Scotiabank and its employees across south central Ontario had the satisfaction of knowing they helped make it happen. The NICU benefited from a \$500,000 corporate

“We are very proud of the relationship that we have built with Scotiabank employees. With the expected population growth, the Children’s Hospital needs the kind of support that Scotiabank and its employees have demonstrated to meet future demand for neonatal services.”

**Murray Martin, Chief Executive Officer
Hamilton Health Sciences**



(Far left) Employees volunteer at the Easter Seals Regatta in Vancouver.

(Top left) Scotiabank is a strong supporter of the Charles H. Best Diabetes Centre for juvenile diabetes research in Whitby, Ont.

(Main photo) Cancer survivor Paige Shemilt was part of the Relay for Life in North Bay, Ont.

(Above) Scotiabank sponsors Willow, a network support program for those affected by breast cancer.



(Main photo) Seven of the more than 140 Scotiabank supporters who climbed the staircase of the CN Tower to support the United Way.

(Top left) Scarborough district employees volunteered their time at Variety Village's sports festival for children with special needs.

(Top right) Trudy Hofley presents keys for two vans to the Salvation Army for its crisis response work.



“The funds raised through our annual Lunch Money Day, sponsored by Scotiabank, go to feeding people. We collect donated surplus food in refrigerated trucks and deliver it to 121 agencies that provide food to people in need.”

Lucio Di Clemente
President, Second Harvest



Commitment to social services

Being part of the community means lending support wherever it is needed, in small and large communities from coast to coast. Scotiabank is especially interested in – and supports – social services programs that build people’s employment and life skills.

United Way

A \$2.22 million employee contribution and a corporate gift of \$880,000 yielded a \$3.1 million donation to the United Way of Greater Toronto in 2001. With more than 450 volunteer co-ordinators and canvassers, and donations made by nearly three-quarters of employees, the Bank continued to be one of the largest supporters of the United Way of Greater Toronto. Employees participated in events such as Leaps and Bounds, Scotiabank Family Day at Paramount Canada’s Wonderland, the CN Tower Climb, and I Am A Guru 2.0, an investment competition with imaginary money. Scotiabank and its employees have donated \$12.6 million to the United Way of Greater Toronto over the past five years and millions of dollars more to other United Way campaigns across Canada.



for children and adults with special needs. In 2001, the Bank sponsored an outreach program designed to put representatives from the facility into public schools to demonstrate the obstacles faced by physically challenged people. We also sponsored the Scotiabank Games, an annual sports festival for children with special needs.

Circle of Caring

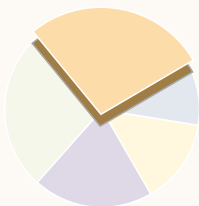
A \$75,000 contribution from B.C. and Yukon Region allowed the local branch of the Salvation Army to purchase two vans for its crisis response work in 2001. The donation, made in response to the organization’s Circle of Caring capital campaign, included funds to equip and maintain the vans, based in Prince George and Victoria.

Second Harvest

Toronto Scotiabankers helped take a bite out of hunger on Lunch Money Day, which raised \$180,000 for Second Harvest, the city’s largest food recovery program. Scotiabank was a major sponsor of the third annual event in February 2001, which encouraged participants to bring bagged lunches to work, and donate the money they would have spent to Second Harvest.

Our focus on social services

Share of sponsorships and donations in 2001



- Social services
- Arts and Culture
- Other
- Education
- Health

Special needs

Scotiabank supports Toronto’s Variety Village, a leader in integrated living



“Scotiabank gave us more than just creativity, they gave us HOPE.”

Famous People Players



Commitment to arts and culture

Scotiabank provides funds for arts and cultural programs that can be appreciated by people of all ages and backgrounds. We believe the arts both reflect and enrich our community life. Recent examples of Bank-funded cultural projects from across Canada are featured here.



Scotiabank Dance Centre

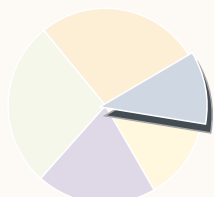
The Scotiabank Dance Centre, located in Vancouver, comprises six rehearsal and performance studios and was made possible by a contribution in excess of \$1 million by Scotiabank. Adrienne Clarkson, Governor-General of Canada, dedicated the building to “the dance artists of Canada” in August 2001.

Cavalcade of Lights

Our interest in arts and culture extends beyond dance studios and theatre companies to encompass events with broad appeal, such as the Cavalcade of Lights, which kicked off the holiday season in Toronto this past year. This Scotiabank-sponsored magical evening featured a world-class fireworks display. Music, skating, moonlit aerial acrobatics, illuminated stilt-walkers, parades and Toronto’s Tree of Light rounded out the presentation.

Our focus on arts and culture

Share of sponsorships and donations in 2001



- Arts and Culture
- Other
- Education
- Health
- Social services

Theatre Calgary

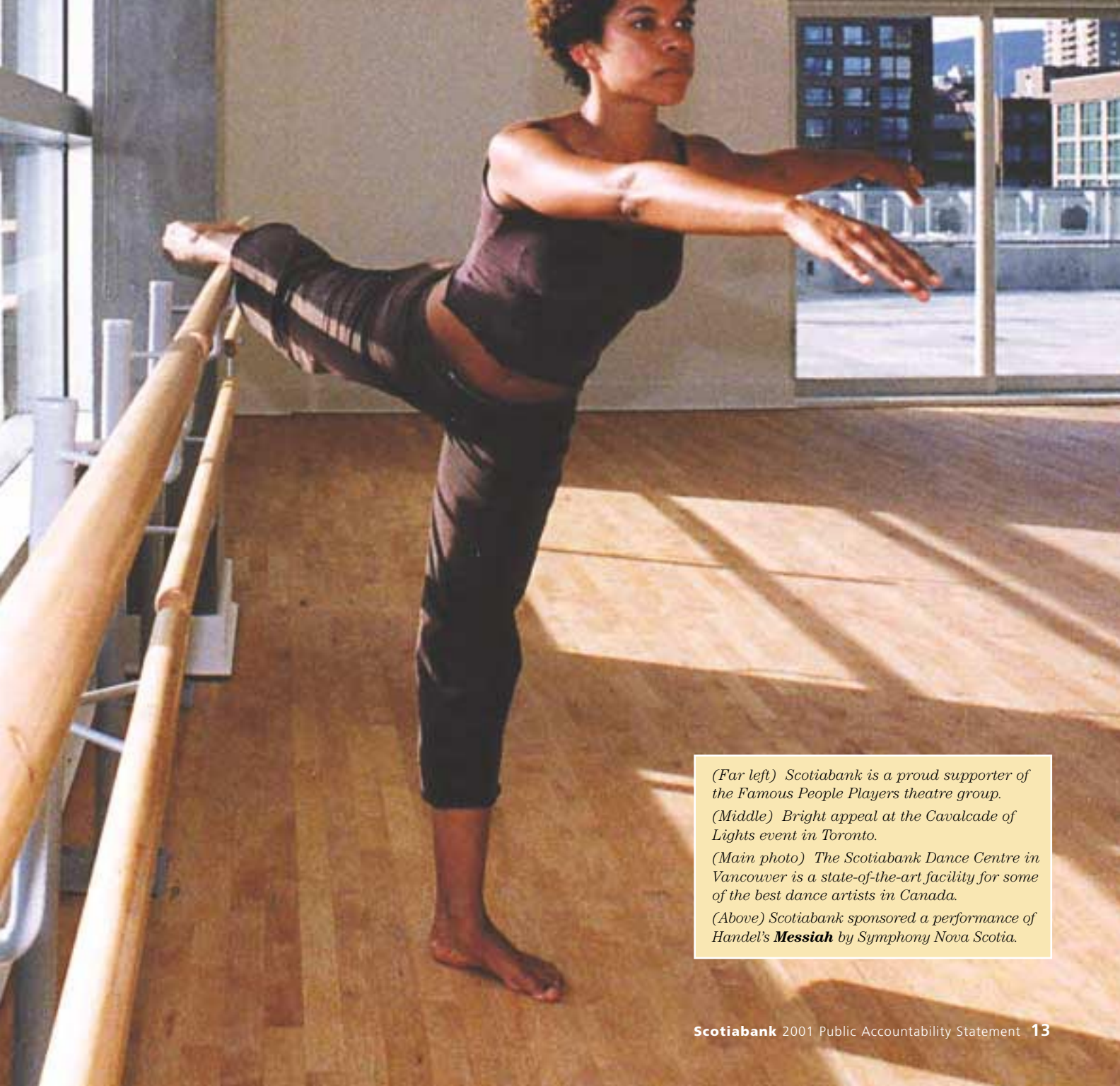
In Alberta, Scotiabank helps seniors attend the theatre through a \$10,000 gift to Theatre Calgary and its Seniors Saturday program, which gives theatre lovers on a limited income a chance to enjoy a performance, meet the artistic director and socialize with other seniors.

Famous People Players

Scotiabank has supported Famous People Players since 1997, when it donated \$150,000 toward the world-renowned Canadian theatrical troupe’s 25th anniversary production of *Leave the Porch Light On*. The Bank recently expanded its commitment with a \$450,000 pledge over three years to support a subscription series of plays presented by individuals with developmental disabilities.

Symphony Nova Scotia’s Messiah

Scotiabank sponsored the Dec. 21 performance of Symphony Nova Scotia’s Concert Series held at the Dalhousie Arts Centre in Halifax. The orchestra delighted audiences with its rendition of Handel’s *Messiah* and other masterpieces. The Bank is a longtime supporter of Symphony Nova Scotia, sponsoring various fund-raising events and making annual corporate donations since 1989.



(Far left) Scotiabank is a proud supporter of the Famous People Players theatre group.
(Middle) Bright appeal at the Cavalcade of Lights event in Toronto.
(Main photo) The Scotiabank Dance Centre in Vancouver is a state-of-the-art facility for some of the best dance artists in Canada.
*(Above) Scotiabank sponsored a performance of Handel's **Messiah** by Symphony Nova Scotia.*



“The Team Scotia Community Program is a great way to boost the funds we raise on behalf of various organizations in the community. In some cases, the money we have made has been doubled by the Bank’s contribution through this program.”

Barry O’Grady
Virden, Manitoba

“SEVP funding really encourages us to volunteer our time and effort to worthwhile causes, because we know that the organizations we help will receive additional funding from the Bank, based on our participation.”

Barbara Barry
Edmonton, Alberta



Employee involvement

Members of the Scotiabank Group around the world have a long tradition of volunteering to help improve their communities. Staff give their personal and financial support to organizations whose goals include advancements in education and health care, the promotion of cultural enrichment, and community-based social causes.

To recognize the important contributions being made to their communities by our employees, as individuals and in groups, through donations of time and money, Scotiabank has established two programs, the Scotia Employee Volunteer Program (SEVP) and the Team Scotia Community Program (TSCP).

The objective of these programs is to support members of the Scotiabank Group in their volunteer activities, and provide additional assistance to the causes that are important to our employees and their communities.





(Main photo) Caledonia, Ont., employees raised funds to help build the local Rotary Riverside Trail.

(Left) Operations and Systems staff teamed up to run for the United Way.

(Far left) A couple of young Terry Fox runners.



Our focus on
employee volunteers



Team Scotia Community Program (TSCP)

Through the Team Scotia Community Program, the Bank provides contributions of up to \$5,000 to match funds raised by teams of employees from the Scotiabank Group in support of community-based fund-raising initiatives. Here are some examples of the program in action.



Reaping the rewards of TSCP in Simcoe, Ont.

In 2001, employees at the Simcoe, Ont., branch received more than 20 grants for local charities under the Team Scotia Community Program. Last year alone, branch staff raised more than \$150,000 for charities ranging from the Heart and Stroke Foundation to Crimestoppers.

Funds for preschool

In April 2001, employees in British Columbia presented a cheque for \$684 to the New Westminster West End Parent Participation Preschool. They raised part of the total through a raffle of gifts and services donated by local businesses. The remainder came from the Team Scotia Community Program.

Trail now a step closer to reality

Employees at the Scotiabank branch in Caledonia, Ont., raised funds to help build the Rotary Riverside Trail, a local hiking and cycling trail. Construction of the trail received another boost from a \$5,000 donation made through the Team Scotia Community Program. (See photo page 15.)

Walking for MS

After her husband was misdiagnosed with multiple sclerosis, Kim Pennacchio, Secretary at the Chicago Representative Office, wanted to help make a difference for people who really do live with the disease. She formed a team composed of two other Scotiabank employees, plus her husband Dean, and signed it up to tackle the 11.3 km Illinois Multiple Sclerosis Walk. The team actively collected pledges, which the Team Scotia Community Program later matched, for a total donation of US \$3,364.

Adopt a room

Following several months of serious fund-raising activity, our staff at the Winnipeg Commercial Banking Centre succeeded in adopting a room at their local Ronald McDonald House, where the families of seriously ill children can reside while their child receives medical treatment at city facilities. The Team Scotia Community Program matched the team's efforts for a total donation of \$10,000.



Scotia Employee Volunteer Program (SEVP)

Under the Scotia Employee Volunteer Program, the Bank donates up to \$1,000 per year to qualifying organizations in which employees and retirees of the Scotiabank Group worldwide have been actively participating for a minimum of 50 hours annually. In 2001, such donations totalled \$270,000. The following are some examples of employee involvement under the Scotia Employee Volunteer Program.

Caring for animals

Rhonda Sherwood, Financial Planner, ScotiaMcLeod, Vancouver, helps care for mistreated animals in her area by volunteering at the British Columbia Society for the Prevention of Cruelty to Animals (SPCA). The Scotia Employee Volunteer Program recognized her efforts and granted Sherwood \$1,000 to fund the upgrading of facilities.

"I volunteer at the SPCA because animal welfare is my passion," says Sherwood. "If I can comfort and protect an animal that's been poorly treated, then I feel I have contributed to its general well-being."

Gearing up for MS

Every year, Claire Dansereau, Lending Officer, Dealer Finance Centre, Montreal, gears up her bike and collects pledges for the Multiple Sclerosis Society of Canada. For the past nine summers, she has contributed much of her spare time volunteering and participating in the annual MS bike tour. The Bank recognized her efforts by donating \$1,000 through the Scotia Employee Volunteer Program and matched her cycling team's fund-raising efforts of \$4,560 through the Team Scotia Community Program, resulting in a total of \$10,120 to help fund research for a cure.



(Far left) Simcoe, Ont. employees have received 20 grants through the Team Scotia Community Program.

(Second from left) Employees from the Winnipeg Commercial Banking Centre present Ronald McDonald House representatives with \$5,000.

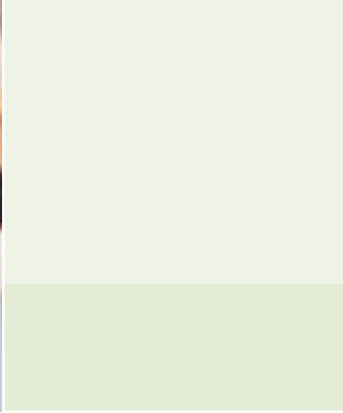
(Third from left) Claire Dansereau (r) and Scotiabankers Celine Sicotte (l) and Diane Rivard support MS.

(Above left) Bruce Stewart volunteers with the P.E.I. Literacy Alliance.

(Above right) Rhonda Sherwood volunteers at the Society for the Prevention of Cruelty to Animals.

Supporting literacy

For the past eight years, Bruce Stewart, Branch Account Manager, Charlottetown, P.E.I., has volunteered for the P.E.I. Literacy Alliance, an organization that co-ordinates and implements literacy programs across the province. Currently, he serves as chairperson and treasurer of the PEI Golf Tournament for Literacy. For his volunteer efforts, Stewart was recently granted \$600 through the Scotia Employee Volunteer Program to help fund bursary programs.



Customer Focus

Commitment to customers

Our goal is to be the best at helping customers become financially better off by finding relevant solutions to meet their unique needs. We are committed to providing all of our customers, including persons with disabilities, senior citizens, youth and Canadians of modest income, with the widest possible range of banking choices.

Access and accommodation

Providing persons with disabilities access to banking services is an official policy of the Bank, guaranteeing that Scotiabank's facilities, delivery channels and products are accessible to everyone. As part of the policy initiative, a cross-functional team was set up in 2000 to co-ordinate access and accommodation activities across the Bank.

All new Scotiabank branch buildings are being constructed to meet the Canadian Standards Association's (CSA) guidelines for accessibility – and, over the next 10 years, we plan to upgrade 90 per cent of our existing branches to meet the CSA standards.

In Canada, Scotiabank also adopted the CSA's standards of accessibility for automated banking machines (ABMs). As a result, we are enhancing our ABMs in a number of ways, such as reducing the height of our new units for easier access to the card slot and keypads, and providing greater space underneath the machines for wheelchairs. We are installing grab bars on our machines that will assist customers in positioning for improved accessibility. New teller wickets have also been designed with CSA standards in mind.

In addition, consumers may request Scotiabank marketing information in alternate formats – audiocassette, braille, large print or diskette – by calling a 1-800 number.

Access through technology

In 2001, Scotiabank became the first bank in Canada to introduce voice recognition technology in its telephone banking system, making it easier for blind or sight-impaired Canadian consumers to access financial services from any phone anywhere. The Canadian National Institute for the Blind helped Scotiabank and its e-Scotia subsidiary to launch this service.

A variety of other innovations have been introduced to provide better customer access to information and financial services. For example:

- Customers in Ontario can now have Internet access to financial services through their TV sets – without the need for a personal computer. In addition to account information and financial calculators, customers can perform transfers and bill payments using Scotia OnLine®.
- Scotia OnLine was recently redesigned to give customers an integrated service that provides access to their banking, brokerage, and small business accounts, products and services across the Scotiabank Group through a single sign-on.
- The Bank's quarterly results and the annual meeting are available to shareholders through a Webcast.
- We continue to enhance capabilities for customers to open accounts and apply for credit online through tools such as the upcoming Online Credit Application for Business and the Online Mortgage application.



Fast, easy and simple

Scotiabank is committed to helping customers with their day-to-day banking so that they can spend less time banking and more time living. Consequently, we make information available to them about what is required to open a bank account and manage day-to-day banking.

For example, to help customers understand the proper identification needed to open an account, a list of acceptable identification and other information is available in our branches, over the phone and on the Internet.

Additionally, our account options are designed to ensure customers can choose the ones which suit their individual needs, by deciding how and when they do their banking. Our Account Selector Reality Check®, for example, helps customers select the right account and minimize banking fees.

We also offer The Scotia Simple Switch® Program, a one-of-a-kind program unique to Scotiabank that is completely free and available to all our customers. The Scotia Simple Switch Program is designed to help customers quickly and easily transfer their day-to-day banking to Scotiabank from other Canadian financial institutions.

Unique solutions for unique needs

Scotiabank offers a number of special products and services that are designed specifically to service youth, students and seniors.

We believe it is important to help young Canadians learn about banking. Our Getting There® savings program helps young people understand the basics of savings and banking, providing up to 40 free transactions each month and offering prizes to encourage youths to make deposits.

It is also important for students to educate themselves when it comes to their own personal finances. That's why we recently developed a "top five" list to help young investors consider their options and begin building a financial plan. In addition, we also offer a Student Banking Advantage™ Plan which, recognizing that students often live on a tight budget, provides them with a 50 per cent discount on regular banking fees.

For customers aged 59 or older, our Scotia Plus® program includes up to 40 free transactions each month, along with a number of other free or discounted services. Our Scotia Plus customers also receive a semi-annual lifestyle newsletter that provides information about financial opportunities, as well as warning them of potential pitfalls.



Customer Focus



Commitment to small business customers

A strategy based on people

The personal and business financial needs of small business owners are often intertwined. As a result, many entrepreneurs prefer to have a single point of contact for all their financial services requirements. In response, Scotiabank moved its small business accounts into the retail bank network and introduced new small business-related programs and initiatives.

Changes were made to branch staffing to facilitate this transition, and a new position – that of business banking advisor – was created at the branch level. These new advisors, along with the branch manager, handle all aspects of the business owner's personal and business banking needs, and are the small business champions within their branches.

Hand-in-hand with this change, Scotiabank took the following initiatives to help small business owners advance financially:

ScotiaOne™ Service for business

The ScotiaOne Service *for business* is a first in the financial services industry. It is based on two major products. One is the ScotiaOne Account Plan, which gives small business customers both their personal banking and their business banking for one monthly fee.

The second product is ScotiaOne Loan Source *for business*, offering one-stop shopping for small business financing. Under this program, if we are unable to grant a customer a loan, we'll automatically send the application, with the customer's consent, for consideration to an alternate lender best able to meet the customer's needs.

Support for Aboriginal-owned businesses

Aboriginal entrepreneurs with ideas and plans for creating a viable business, or existing Aboriginal business owners, can turn to the Business Development Bank and Scotiabank for both financial and management support.

The two banks recently formed an alliance to improve access to capital and support for Aboriginal-owned businesses, with total combined financing packages of up to \$500,000 per project business.

Small business sales centre

While our customers can visit their nearest branch to receive advice and answers to questions, they can also transact much of their business with a telephone call to our small business sales centre, which is equipped with call centre technology. Staff at the centre can approve credit, set up merchant VISA programs over the phone and open accounts either over the phone or online. The objective is to allow customers to carry out simple transactions from their office or home.

Serving small business on the Web

Scotiabank launched a new Internet portal for small business owners in October 2001, which brings together both personal and business account information, along with

Small business – Amount of debt financing authorized in 2001

	\$0- 24,999	\$25,000 - 99,999	\$100,000 - 249,999
<i>\$ thousands</i>			
British Columbia	42,472	192,344	244,612
Alberta	46,885	207,310	261,243
Saskatchewan	23,160	107,086	112,102
Manitoba	102,818	441,049	78,438
Ontario	145,697	714,466	969,649
Quebec	19,502	96,185	154,248
New Brunswick	16,077	63,784	65,515
Nova Scotia	22,073	102,924	112,181
P.E.I.	4,913	22,539	26,054
Newfoundland	15,967	68,839	75,159
Northwest Territories	233	1,637	1,333
Yukon	583	2,345	1,891
Canada	440,379	2,020,507	2,102,425



links to other useful information, such as planning tools and government programs.

In addition, Scotiabank offers its small business customers access to Procuron, a service that allows small business owners to buy their business supplies, such as paper and office equipment, online with savings of up to 20 per cent.

Small business – Number of customers to which debt financing was authorized in 2001

	\$0- 24,999	\$25,000 - 99,999	\$100,000 - 249,999
British Columbia	6,621	3,869	1,613
Alberta	7,259	4,156	1,724
Saskatchewan	2,337	2,135	746
Manitoba	8,852	9,026	529
Ontario	23,053	14,385	6,362
Quebec	2,533	1,965	1,004
New Brunswick	2,123	1,263	440
Nova Scotia	2,863	2,045	750
P.E.I.	550	451	173
Newfoundland	1,888	1,389	498
Northwest Territories	53	31	9
Yukon	116	49	12
Canada	58,248	40,764	13,860

RoyNat Ventures

RoyNat Ventures, a division of Scotiabank’s private sector merchant bank, Roynat capital is dedicated to investing in the high-tech sector. It focuses on high-tech opportunities, ranging from early-stage technology companies with strong growth potential to established technology companies with plans to expand.

Developing specialized knowledge of Aboriginal banking

In 1971, Scotiabank became the first chartered bank in Canada to open an on-reserve branch, in Standoff, Alta. Three decades later, we have four on-reserve branches, as well as a network of Aboriginal banking centres. Over the intervening years, we have developed specialized knowledge of, and respect for, Aboriginal businesses and how they operate, both off and on reserves.

As part of our ongoing program to build deeper relationships with diverse groups of people, Scotiabank developed a 26-page Scotiabank Aboriginal Marketing & Resource Guide in the fall of 2000. The guide is a comprehensive working plan that tells branch managers and others how to build and maintain strong business relationships with Aboriginal communities. It also underscores the importance of hiring and retaining Aboriginal people to further diversify the Bank’s workforce and reflect the markets we serve.





(Main photo) Faith Rockburne writes novels on her day off, thanks to Scotiabank's flexible workplace.

(Middle) Scotiabank employees Simon Pace-Bonello and Jennifer Campbell are a team from the Scarborough Town Centre branch.

(Right) Jeff Ewing, Natalie Henderson, Kim Macleod and David Gugliotta worked together to establish an intranet site.

Commitment to our employees

The Scotiabank Group, including its subsidiaries and affiliates, employs almost 51,000 people in 50 countries – more than 28,000 of them in Canada. Scotiabank employees are our greatest competitive advantage in attracting and retaining customers. To do this in a highly competitive labour market, we focus on attracting and retaining top-calibre people. Becoming an employer of choice in all parts of our organization is among our primary business goals.



From our research, we know that satisfied employees are more likely to satisfy their customers, and provide shareholders and other stakeholders with long-term value – which, in turn, enhances the Bank's ability to support the communities where we do business.

We also recognize that our relationship with employees rests on more than simply dollars and cents. That's why we're working to develop a complete employment package that considers everything employees need to succeed. Being flexible, communicating with employees, helping them share in the Bank's success, respecting their diversity and providing them with career and personal development opportunities are important elements of our human resources commitment.

Flexibility within the workplace

Scotiabank knows its employees have busy, active lives outside of work, with responsibilities to themselves, their families and their communities. We recognize that they are looking for ways to simplify, balance and integrate their work and personal lives. We also realize that we must become better at accommodating their increasingly diverse needs.

That's why we have introduced initiatives to provide greater flexibility throughout our workplace in a number of major areas, such as work arrangements, training and personal development, and employee benefits. In a highly competitive labour market, we believe that flexibility is the key to attracting and retaining superior employees – employees who are engaged, responsive and satisfied.



Supporting employees

Investing in personal development

Scotiabank encourages its employees to develop skills so they can perform their current jobs more effectively and face future challenges with confidence.

More than \$47 million is spent annually on employee training – almost \$1,000 per employee. In 2001, our employees enrolled in some 63,000 internal courses. Additionally, more than 10,000 employees enrolled in various external programs, such as financial planning/consulting, securities and MBA courses.

Training magazine recently selected Scotiabank as a top 50 training organization, the only Canadian organization represented in the publication's rankings.

Diversity within the workplace

Scotiabank strives to ensure that the makeup of its workforce reflects the diversity of the communities it serves – and to guarantee that dignity, respect, fairness and flexibility characterize its workplace. Our approach to diversity reflects a belief in balanced workplace initiatives that produce measurable benefits for all employees. We believe this approach will make the Scotiabank Group an even better place to work.

We have implemented an Employment Relationships Plan that integrates diversity and employment equity initiatives into established business processes, including the annual planning and budgeting exercise. A regular Employment Relationships Trend Report measures progress within each

(Left) Using RootMap™, an award-winning communications tool, a Domestic Banking team learns about the Bank's strategic direction.

(Middle) Karen Lablans (r) used the Bank's Human Resources Web site to find receptionist Taz Kanji (l).

(Right) An e-Scotia team developed the Commercial Net intranet site with their technology partner, ISS's Technology Application Group.

business line in the following areas:

- diversifying our workforce,
- increasing workplace flexibility,
- fostering dignity and respect, and
- meeting employee expectations for fair treatment.

We have also developed a Diversity Leadership Program which, to date, has educated more than 300 senior managers about the business benefits of an equitable workplace. It emphasizes the links between employee satisfaction, customer satisfaction and profitability, and promotes fairness, respect and workplace flexibility as key employee values.

In keeping with our diversity and employment equity goals, we are developing strategies to ensure equal opportunity in employment for all employees, including women, Aboriginal peoples, visible minorities and persons with disabilities.

Women

Scotiabank is committed to ensuring that all of its employees, including women, have access to opportunities for career development and personal growth at every level of the organization.

A Scotiabank-sponsored survey conducted in 2001 for the Women's Executive Network, Canada's leading organization dedicated to the advancement and recognition of executive-minded women, concluded that



companies can attract and retain women executives by providing more workplace flexibility. The study, entitled *Moving Forward 2001: The Experiences and Attitudes of Executive Women in Canada*, focused on the importance that female executives place on work-life balance, and what employers can do about it.

Four-day work weeks, the option of working at home for a few days each week and mentoring programs all rated high on the list of benefits women want. Scotiabank offers all of its employees a broad range of alternate work arrangements, as well as personal obligation days, leaves of absence, an employee assistance program and online training programs.

Additionally, the Bank is working to provide women with more mentorship and networking opportunities. One such event in 2001 featured a keynote address by the President of Catalyst, a non-profit research and advisory organization working to advance women in business.

Women in Capital Markets was established in 1995 to promote the entry, involvement, development and advancement of women in capital markets and to be a positive force for change in the industry. The organization offers mentoring, networking services and access to personal and career development seminars, speakers and role models.

Scotia Capital is a founding member of WCM and a committed supporter of its ongoing initiatives. We are well represented on the WCM board and advisory council, and boast a growing number of male and female members.

We believe that these and other initiatives will continue to help us attract and retain female employees, including more women executives.

Aboriginal programs

One initiative we have taken to foster Aboriginal employment is our Aboriginal Mentoring Program, which matches Native employees with senior-level bankers. This program

supports employee retention and helps identify high-potential Aboriginal candidates for professional development. Fifteen mentoring pairs currently participate in the program in Toronto. Program materials were distributed across the country to encourage involvement in other regions.

As another means of recruiting Aboriginal peoples for employment, Scotiabank undertook a six-year funding commitment to help support Aboriginal post-secondary students in business or commerce programs. The 72 Aboriginal participants are receiving \$2,500 scholarships, and have the option of interviewing for summer internships at the Bank.

Visible minorities

Over the past three decades, Canada's general population has diversified greatly through immigration from many parts of the world, and it has become increasingly important to reflect this diversification in the workplace. As a service industry with a public face in cities and towns across the country, Scotiabank has taken steps to ensure that its workforce mirrors the diversity of the communities it serves.

Employees in Canada (full time equivalent)

Province	Number of employees*
British Columbia	2,304
Alberta	2,547
Saskatchewan	642
Manitoba	525
Ontario	17,728
Quebec	1,665
New Brunswick	670
Prince Edward Island	131
Nova Scotia	1,582
Newfoundland	602
Yukon and Northwest Territories	17
Total	28,413

*as at Oct. 31, 2001



Supporting employees

The Scotiabank Group's success in responding to diversity – through recruitment, promotion, compensation, development and career planning – has increased its ability to attract and retain talent from a variety of backgrounds. This, in turn, supports our goal of being an employer of choice.

Persons with disabilities

Scotiabank strives to achieve a work environment that is free of employment barriers for persons with disabilities. In keeping with the Bank's Human Rights Policy, Scotiabank is committed to treating all current and potential employees with disabilities fairly, and to creating and maintaining a work environment that supports the individual's personal goals, dignity and self-respect.

In that respect, Scotiabank signed an agreement with the Canadian Council on Rehabilitation and Work (CCRW) to provide advice on workplace accommodation. Using its expertise and Canada-wide network, the CCRW advises individual employees, their co-workers, human resource staff and systems experts on how to make it easier for persons with disabilities to do their jobs.

In addition, Scotiabank and the Disabled Persons for Employment Equity Human Rights Group (DPEEHRG) recently signed an important employment agreement. Over the next four years, Bank staff and DPEEHRG representatives will collaborate on action plans to recruit, hire, develop and retain more employees with disabilities.

In the meantime, Scotiabank took a positive step toward providing opportunities for persons with disabilities through a program called Ability Edge. Scotiabank has worked with Career Edge, a non-profit agency established to provide work experiences within successful Canadian organizations, since 1996. This program expanded in 1999, creating Ability Edge to increase the number of interns with disabilities. Scotiabank was the

(Left) Karynne Hutchinson (l) and instructor Yvonne Greaves communicate using sign language with Frederick Prevatt.

(Middle) Alice Eastman (front, centre) and the staff of the new Global Learning Office facilitate training worldwide.

(Right) Yvette Bryan spearheads the Scotia Applause program.

first bank to place interns through Ability Edge. In 2001, it received Career Edge's Diversity Award for its success in recruiting interns from diverse backgrounds.

The Scotiability Fund is used to enable employees with disabilities to be accommodated in the workplace. The fund covers the costs of employee assessments, technical equipment, assistive devices, worksite modifications and associated employee training. More than \$75,000 per year is allocated from the fund. Additional resources are provided through each business line, which has the authority to implement accommodation solutions costing \$1,000 or less.

Keeping employees informed

Keeping our employees informed is an important way to further the Bank's business objectives and promote employee satisfaction. We do this in a number of ways, including:

- print and electronic vehicles, which communicate our strategic direction, share our marketing news and service issues, and update staff on a wide range of human resources topics.
- Intranet access to transactional support services and human resources (HR) services, as well as corporate information and communications tools.
- HR Passport, an internal source of information for employees on all HR policies, programs and procedures, available on the Bank's internal Intranet site.



- Human Resources Call Centre, where employees can get direct answers to their questions about human resources policy, programs and procedures if they are unable to get the information they need from HR Passport.

Open communication and feedback

Providing employees with information is important, but so is listening and responding. Some of the vehicles we use to facilitate two-way communication at Scotiabank include:

- *ViewPoint*, an employee opinion survey completed by at least half of our employees annually, which solicits their views on various topics, including employment policies, management practices and career issues.
- *Team Voice*, a toll-free telephone line that serves as a forum for Domestic Bank staff to comment anonymously on policies and procedures that affect customer service.
- *Partners in Service Excellence*, a survey program used by frontline staff to rate their support units across the Bank. The support units investigate the feedback they receive and take action whenever possible. A revised survey is currently being

developed to measure internal client satisfaction with Shared Services' support to its users/clients.

- *Applause*, a Web-based recognition program that rewards Domestic Banking employees' outstanding contributions.
- *Ideas in Action*, a program that rewards employees for submitting suggestions which, when implemented, result in cost savings and other benefits to the Bank.

Share purchase and profit sharing

Employee share ownership programs are currently available to employees in Canada, the United States, U.S. Virgin Islands, Jamaica, Puerto Rico and the United Kingdom.

In Canada, Scotiabank contributes \$0.50 for every \$1.00 that employees contribute, to an annual maximum. The plan encourages employees to build financial security for themselves and their families through a regular program of savings and fee-free investment in Scotiabank shares.

Employees in Canada also participate in the Canadian Incentive Pay Program, which is designed to recognize individual contributions to the Bank's overall business objectives. It is also an acknowledgement that the Bank's success depends upon the combined efforts of all employees working together toward common goals.

Individual incentive payments for all employees are based on the Bank's overall financial performance versus a pre-determined target return on equity (ROE), the Bank's customer service performance, as measured by the annual Market Facts survey, individual employee performance and employee job level.



Scotiabank's regional support

Scotiabank's donations and sponsorships contribute to the quality of life in communities right across Canada, from St. John's, Newfoundland, to Whitehorse, Yukon. The Bank's support focuses on areas that are most important to our employees, including education, health, social services and arts and cultural programs, and ranges from animal protection to cancer research, and marathon races to street festivals. Highlights of our support within each region appear on the following pages.

British Columbia & Yukon Region

Scotiabank has long been a partner in the economic development of British Columbia and the Yukon Territory, starting in 1904, when it opened its first branch in Vancouver. Today, it is a strong player in the business life of the region, and its name is closely associated with a number of community programs, some of which are outlined below.



Education

- Using a \$600,000 contribution from Scotiabank, the University of British Columbia has developed Web-based practice management software that helps students and dentists across Canada better manage their clinical practices.

Health

- Scotiabank's donation of \$60,000 enabled Kamloops' Royal Inland Hospital to purchase a neurosurgical navigational system, used for both early diagnosis and surgical removal of cancerous tumours.
- In 2001, Scotiabank's Vancouver Half-Marathon and 5K Run/Walk raised more than \$40,000 to support the purchase of breast cancer surgical equipment for the Vancouver General Hospital and the University of British Columbia Hospital Foundation.
- Scotiabank has pledged \$70,000 to fund the Heart and Stroke Foundation's Stroke Awareness Project over the next two years. Activities will include the production of a stroke awareness wallet card, as well as forums to be presented throughout B.C. during Stroke Awareness Month in June 2002 and June 2003.
- The Willow Breast Cancer Support and Resource Services Network Program provides phone, fax and e-mail support to women initiating and maintaining community-based breast cancer self-help groups, education workshops and networking opportunities for women active in breast cancer groups. It also provides a "train the trainer" program for veteran support group administrators. In 2001, Scotiabank gave Willow \$138,000 to deliver workshops across the country. The first workshop in B.C. was held in April 2000. This program will be further expanded in 2002.

Social Services

- The Salvation Army was able to purchase two new vans to use in its crisis response work, thanks to a \$75,000 donation from Scotiabank. The funds will also be used to equip and maintain the vans.
- The Safe Communities Foundation, a Canada-wide umbrella organization, also receives support from Scotiabank. The not-for-profit endeavour currently boasts 26 chapters working within a framework developed by the World Health Organization to help communities implement programs promoting awareness of local health and safety issues.

Arts and Culture

- Vancouver's Scotiabank Dance Centre was made possible through a contribution by Scotiabank, valued in excess of \$1 million. The centre is located on the site of our former Granville and Davie branch.
- To support public education/programming activities at the Kelowna Art Gallery, Scotiabank donated \$30,000 to establish an endowment fund. The gallery has named a studio for the Bank ("Scotiabank Studio"), which will host public education and program activities.

Prairie Region

Scotiabank opened its first branch on the Prairies in 1882 in Winnipeg. Since then, it has spread across the three Prairie provinces and into the Northwest Territories. The Bank has been a major contributor to the economic development of the region, especially in the area of agriculture. As in other regions of the country, Scotiabank has a long tradition of community support, with donations and sponsorships across broad geographic and program areas, some of which are listed below.



Education

- A \$75,000 gift to Grant MacEwan College in Edmonton – the largest college in Alberta – is helping to build a new learning centre at its City Centre campus.
- The Northern Alberta Institute of Technology's Student Awards Program Endowment Fund was the recipient of a \$70,000 gift from Scotiabank. This will provide funding to seven students entering a full-time program of studies annually.
- A gift of \$150,000 to the Saskatchewan Indian Federated College in Regina is helping the college secure a permanent home for its students. The new facility is designed to meet the increasing community and business needs of the highly skilled Aboriginal graduates, so the college can provide top-quality post-secondary education for First Nations students.
- Promoting excellence in teaching and research, improving learning facilities and providing student support and scholarships for the University of Manitoba's I.H. Asper School of Business formed the backdrop for Scotiabank's recent \$750,000 commitment to the university.

Health

- Scotiabank's gift of \$500,000 to the Alberta Children's Hospital Foundation is assisting in the funding of a new children's hospital serving Calgary and the surrounding area.
- Scotiabank contributed \$100,000 to the Peter Lougheed Medical Research Foundation to help establish a \$10 million endowment fund to create 15 new medical research scholarships. Funding will provide salary support and a research allowance.
- Regina's four hospitals have become major referral centres for southern Saskatchewan residents who require specialized care. A \$60,000 commitment from Scotiabank is allowing for the purchase of urgently needed diagnostic and treatment equipment, including a magnetic resonance imaging machine and CT scanners.
- Scotiabank's \$100,000 donation to the Manitoba Cancer Treatment & Research Centre is helping to provide comprehensive cancer prevention, detection, care, treatment and research.

Social Services

- Scotiabank helped fight homelessness with a \$75,000 gift to the Calgary Homeless Foundation. The organization works to meet immediate housing needs, provide temporary housing facilities and reduce and prevent homelessness.
- Scotiabank provided \$12,000 to the Saskatoon Soccer Centre to help improve access to year-round sports facilities. The club will include covered playing fields for soccer, as well as meeting space for non-profit groups and a seniors' lawn bowling green.
- In 1997, Scotiabank initiated and sponsored the production of the Scotiabank Fraud Awareness Program: The ABCs of Fraud for the Ontario region. This program is now being presented in nine centres across Canada, and is offered by the Saskatchewan Seniors Mechanism. The annual cost to update and present this nationwide program is \$290,000.

Arts and Culture

- Through a \$25,000 contribution to Partners in the Park, Scotiabank supported free public access to the performing arts, fine art and sculpture in the northwest corner of Winnipeg's Assiniboine Park. Throughout the summer, the Lyric Theatre hosted more than 50 events, including Ballet in the Park and the immensely popular "Pooh Friendship Day."
- The rich aviation history of Edmonton is profiled at the Blatchford Field Air Hangar in Fort Edmonton Park – with a \$20,000 grant from Scotiabank.
- Scotiabank donated \$10,000 to Saskatchewan's Claybank Brick Plant Historical Society for its rehabilitation project. This unique Canadian historical site, once completely restored, will be a premier heritage attraction.
- When renovations were needed at the Manitoba Theatre Centre – Canada's oldest regional English-language theatre – Scotiabank contributed \$25,000 to ensure that the show would go on.
- Scotiabank contributed \$1 million to support free community programming and entertainment on the Scotiabank Stage at the Forks over the next 10 years. The downtown park and shopping area has helped revitalize Winnipeg's downtown and ranks as Manitoba's most popular tourist destination.

Ontario Region

In 1897, Scotiabank moved its corporate headquarters from Halifax to Toronto, the centre of Canada's financial services industry and home for many of the country's major corporations. Over the next century, the Bank became one of North America's leading financial institutions, and Canada's most international bank. The Bank's level of community support reflects its strong presence in Ontario. Some of the major programs and projects include:



Education

- Scotiabank supported Queen's University in Kingston with a \$750,000 donation to fund international study programs for graduate and undergraduate students. A portion of the money will also be used to fund research positions in the Department of Mathematics and Statistics.
- A \$700,000 endowment to Ryerson University in Toronto will be used to establish two funds: a \$500,000 Scotiabank Group International Student Scholarship fund to support international students attending Ryerson University, and a \$200,000 Scotiabank Group International Mobility Scholarship Fund to allow Ryerson students to study at other universities around the world.
- The Bank has partnered with TVOntario, a government-funded television channel, to go on tour with the "TVO Kids, Don't Sit Still Tour." The tour features interactive shows and encourages physical activity.

Health

- Scotiabank supports a number of breast cancer-related projects in Ontario. For example, it pledged \$1 million to Mount Sinai Hospital for breast cancer research, and sponsors Breast Cancer Awareness Day in Toronto.
- Scotiabank's Toronto Call Centre was used during the 2001 Miracle Weekend, which raised more than \$5 million for the Hospital for Sick Children.
- Staff members across south central Ontario have contributed more than \$1 million to the Children's Hospital of Hamilton over the past nine years through their annual "Smiles" fund-raising campaign. A total of \$420,000 raised over the past three years has been earmarked to fund the expansion of the neonatal intensive care unit (NICU). Scotiabank has complemented the efforts of staff by making a \$500,000 corporate commitment to the NICU.

Social Services

- Scotiabank supports a range of social service programs across the province that help people in need – street youth, impoverished families, single parents, struggling inner-city teens, isolated seniors and psychiatric survivors. A few of the many groups that benefit from the Bank's support include the United Way, Serve Canada youth service organization, the Providence Centre Foundation of Ottawa, the Yonge Street Mission and Second Harvest, which collects and distributes food to the hungry in Toronto.

Arts and Culture

- Scotiabank was a proud supporter of the Stratford Festival in 2001. In addition to sponsorship of the gala opening night production, the Bank also sponsored the Stratford for Students series, one of the festival's many educational programs.
- Recent community events held in partnership with the City of Toronto included the Celebrate Toronto Street Festival, Sunday Serenades, Square in Motion, Summer in the Square, Cavalcade of Lights and Designs in Ice.
- Scotiabank's \$15,000 contribution to Opera Atelier's School of Atelier Ballet makes lessons in ballet, drama and music available to children in Toronto who would not otherwise have the financial opportunity to pursue these disciplines.

Quebec Region

Scotiabank opened its first branch in Montreal, in 1888, and has been a vibrant part of the province's financial services sector ever since. Throughout its history in Quebec, Scotiabank has provided governments, businesses and individual customers with a variety of products and services that have contributed to their overall economic success. Hand in hand with its business activities, the Bank has actively supported a variety of worthwhile causes in the province, including those outlined below.



Education

- Scotiabank's commitment to breast cancer prevention was furthered by its pledge of \$1 million toward establishing a Chair in Breast Cancer Research at the Université de Montréal.
- Low-income communities are moving toward self-reliance, thanks in part to Scotiabank's pledge of \$350,000 to Concordia University's National Diploma Program in Community Economic Development.

Health

- Scotiabank provided \$250,000 to the Sir Mortimer B. Davis Jewish General Hospital for advanced research, new technology and patient care services.
- The Montréal Heart Institute received \$245,000 from Scotiabank to build and outfit its Cardiovascular Biotechnology Research Unit for the treatment of cardiovascular disease.
- Quebec has one of the highest suicide rates in the world and many of the victims are adolescents. Scotiabank contributed \$20,000 to the Fondation Québécoise des Maladies Mentales "Partners for Life" program, which targets youth in secondary schools across the province.

Social Services

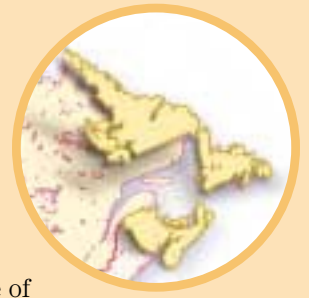
- When the Canadian-Italian Community Foundation of Quebec launched its \$14.2 million campaign, Scotiabank pledged \$50,000. The funds were used to build a multi-purpose cultural, recreational and educational centre for the community.
- Scotiabank is a strong supporter of Centraide Montréal and its mission to create a network of 300 local community agencies providing food aid and other services to less fortunate neighbourhoods. In 2001, a donation from Scotiabank employees, matched by a corporate gift, generated \$525,000 for the organization.
- The Old Brewery Mission occupies a unique niche in the City of Montreal's social services, touching tens of thousands of people of all ages. Scotiabank donated \$10,000 during a fund-raising campaign last year.

Arts and Culture

- Scotiabank donated \$200,000 to The Montréal Museum of Fine Arts to upgrade its facilities, acquire major 20th century works of art and establish an endowment fund.
- For five consecutive years, Scotiabank has supported the Opération Patrimoine Architectural de Montréal, organized by the City of Montréal. The initiative honours homeowners who completed renovations, maintenance or restoration projects that respect the architectural character of their homes.

Atlantic Region

Scotiabank has played an important role in the social and economic growth of Atlantic Canada since 1832. First chartered in Nova Scotia, the Bank later expanded into New Brunswick, Prince Edward Island and Newfoundland. Scotiabank has been a significant partner in supporting the lumber, shipping and fishing industries of the Atlantic provinces and their expansion into new economic spheres, and has helped generations of Atlantic Canadians achieve their financial goals with straightforward advice and friendly service. Today, Scotiabank continues to be a major participant in the region, with a larger presence in the area than any other financial institution. Some of the community-based causes the Bank supports are listed below.



Education

- A \$200,000 donation from Scotiabank will help Mount Allison University in Sackville, N.B., begin major building improvements, extend more scholarships and bursaries to students, and upgrade multimedia teaching equipment.
- Scotiabank presented \$250,000 to Memorial University in Newfoundland to create the Scotiabank Bursaries for International Study, which will help 10 undergraduate and two graduate arts students each year study and conduct research abroad.
- Saint Francis Xavier University in Antigonish, N.S., received \$400,000 from the Bank to enhance the university's physical sciences and international development programs, including a new science complex and lecture theatre.
- The University of Prince Edward Island received a \$50,000 grant from Scotiabank toward a new student centre, which will house a bookstore, lounge and cafeteria facilities.

Health

- Scotiabank's \$15,000 contribution will help New Brunswick's Miramichi Regional Hospital Foundation purchase critically needed equipment that will help attract and retain specialists in the region.
- The Bank donated a \$100,000 gift to the Health Care Corporation of St. John's, Nfld., to help with immediate equipment needs.
- The IWK Grace Health Centre Foundation in Halifax received a \$150,000 pledge toward its \$15 million All About Family campaign, which is being used for facility improvements, technology and equipment purchases, research and learning and program development.
- A \$10,000 donation to the Northside Hospital Foundation helped purchase mechanical patient beds for the two main hospitals on Cape Breton Island, Northside General and Harbour View.
- A donation of \$10,000 per year for five years will fund new equipment purchases and facilities at the Prince County Hospital in P.E.I.

Social Services

- Scotiabank is an ongoing supporter of Literacy New Brunswick, a non-profit organization that offers adult literacy classes in more than 100 communities.
- In partnership with the Seniors' Resource Centre in St. John's, Nfld., Scotiabank introduced its national awareness program, The ABCs of Fraud. Local volunteers provide seniors with skills and information to avoid consumer scams.
- Scotiabank provided \$10,000 in support of the Building Blocks Family Resource Centre in Kennetcook, N.S., which plans to restore an old school house for use as a community-sharing centre.
- Scotiabank gave \$20,000 to the Colchester Community Workshop Foundation in Truro, N.S., a vocational centre for adults with disabilities. The funds will help acquire and equip a new facility to alleviate the backlog of clients.

Arts and Culture

- Scotiabank offered \$20,000 to help Moncton's Capitol Theatre, a historic vaudeville-era theatre, restore its elaborate interior and upgrade its production areas.
- Alderney Landing, a facility for cultural events in Dartmouth, N.S., received \$10,000 this year.
- Symphony Nova Scotia was the recipient of a variety of support during 2001 – including \$8,000 for the Messiah Series holiday concert on Dec. 21 sponsorship for the Newsmakers breakfast, featuring keynote speaker Wendy Mesley, and an annual general corporate sponsorship.

Questions and Answers

Q

Does the Bank have a policy on human rights and discrimination?

A Yes. Scotiabank will not tolerate any behaviour that conflicts with the spirit or the intent of the Canadian Human Rights Act, nor with other human rights and anti-discrimination laws that apply to the Bank's operations outside Canada. Any employee whose actions are inconsistent with these principles will be disciplined, up to and including dismissal.

We believe that every employee is entitled to a harassment-free work environment and every customer is entitled to harassment-free service, and we will make every reasonable effort to ensure this happens.

Several programs work together to promote a respectful work environment at Scotiabank, including the Guidelines for Business Conduct, a harassment policy and training video, a confidential Staff Ombuds Office and the Employee Concern Procedure, which escalates issues above an employee's direct supervisor level and provides access to experienced internal human rights administrators.

Q

Does the Bank promote corporate social responsibility outside Canada?

A Yes. Scotiabank is Canada's most international bank. Over the past century, our network has expanded to include 2,000 branches and offices and 51,000 employees in 50 countries. About 85 per cent of Scotiabank's total corporate donations and sponsorships budget is spent in Canada. We give the remainder through our international operations. Globally, Scotiabank has supported projects in the Caribbean, Latin America and Asia. Some examples include the Scotia Enterprise micro-lending program in Guyana, the Scotiabank Jamaica Foundation, Kiddy Cricket across the west indies and the Children's Hospital of Hope in the Dominican Republic. For further information on international donations, please refer to the Community Involvement section at www.scotiabank.com.

Q

What is Scotiabank's policy on branch closures?

A Scotiabank is committed to maintaining a strong branch network. Like any business, we are constantly evaluating our overall delivery network to ensure it remains balanced, competitive and viable. In some communities, this may mean closing or consolidating branches and reinvesting resources where we can provide the greatest benefit for the most customers.

Whenever we find it necessary to close or consolidate branches, we are committed to providing staff, customers and the community at large with four months' advance notice. In rural areas, where there are no other deposit-taking institutions within a 10-km radius of the branch being closed, we are committed to providing six months' notice. We also work closely with our customers and the community to ensure a smooth transition.

Questions and Answers

Q

What is Scotiabank's complaint resolution process ?

A Scotiabank has established an internal three-step process for addressing small-business and individual customer concerns or complaints. As a first step, customers are asked to try to resolve any problem at their branch or service centre. If the problem isn't successfully resolved at this level, customers may contact the Office of the President by phone, fax, e-mail or letter. Should this step still fail to satisfy a customer, the problem can then be taken to the Office of the Ombudsman, who will launch a thorough investigation and make a ruling on the dispute.

To take an unresolved matter further, a customer may contact the Canadian Banking Ombudsman, an independent investigator appointed to look into the concerns of personal and small business customers of Canadian banks.

Q

What taxes did Scotiabank pay in 2001?

A Scotiabank incurred a variety of income and other taxes in 2001, which totaled \$1.6 billion (taxable equivalent basis) worldwide and represented approximately 40 per cent of the Bank's pre-tax income for the year.

Included in this amount were direct taxes on income by Canadian federal and provincial governments and the governments of foreign jurisdictions in which the Bank operates.

Canada's banks consistently rank among the payers of the largest amount of taxes in Canada, both in absolute dollars and relative terms.

The following chart shows federal and provincial income, capital and other taxes paid in Canada in 2001.

For additional information on taxes paid by Scotiabank in 2001, please refer to the 2001 Annual Report.

Taxes paid in Canada in 2001

as at Oct. 31, 2001

(\$ thousands)	Income Taxes ⁽¹⁾	Capital Taxes	Other Taxes ⁽²⁾
Federal	315,258	–	146,239
Provincial			
Newfoundland	1,355	2,077	1,673
Prince Edward Island	398	405	151
Nova Scotia	4,062	3,833	1,974
New Brunswick	2,327	1,953	717
Quebec	35,645	12,293	9,994
Ontario	106,479	50,565	108,690
Manitoba	2,753	1,988	1,837
Saskatchewan	1,926	3,442	963
Alberta	7,880	3,222	2,989
British Columbia	9,634	6,882	6,662
Yukon and Northwest Territories	81	–	3
Total Provinces	172,540	86,660	135,653
Total	487,798	86,660	281,892

(1) Income Taxes are estimates based on year-end tax provision

(2) Other Taxes includes payroll taxes (employer paid portion, including CPP, EI and provincial health taxes), business and property taxes, sales taxes (including federal GST/HST and estimated provincial sales tax) and deposit insurance.



Victor Enns, an Investment Executive with ScotiaMcLeod, helped form the Residents' Committee for a Safer & Greener Bronte Road last year and secured commitment from Halton Region in Ontario to save a historic oak tree – in part by standing in front of a bulldozer.



Respecting our environment

As a national and international organization, with branches and other facilities that span Canada and circle the globe, we at Scotiabank are acutely aware of the importance of environmental protection. We believe that the quality of all our lives improves when economic growth is balanced by respect for the environment. We understand that the actions we take today may have a profound effect on tomorrow.

Both management and staff share these corporate values and, together, we are determined to ensure that Scotiabank remains an environmentally responsible entity.

We have therefore implemented policies and procedures that we believe will help preserve the quality of our natural environment. Ultimately, it is our goal to integrate environmental conservation into the management of all our business operations.

Our policy is to:

- Incorporate environmental assessment criteria in our risk management procedures and in the ongoing management of our assets;

- Include environmental criteria in assessing relationships with contractors and suppliers;
- Maintain recycling and resource management programs that meet or exceed legislated environmental requirements;
- Conduct our internal operations in a manner consistent with environmental protection and the principles of sustainable development, with due regard for associated benefits and costs;
- Promote an environmentally responsible workplace by educating and motivating employees to become more involved in the conservation of resources;
- Monitor the effectiveness of all our environmental activities by conducting environmental audits and assessments of compliance with the Bank's requirements; and
- Contribute to an ongoing dialogue with government, industry, and relevant stakeholder groups to establish environmental and economic goals.

Guidelines for Donation & Sponsorship Requests

Scotiabank focuses donations and sponsorships at the community level in the areas of education, health, social services, the arts and culture. We are particularly interested in partnering with non-profit and charitable organizations that empower people with skills, tools and information to improve their health, safety and well-being.

We support our employees as ambassadors in their local communities through two programs. Those who volunteer their time to local initiatives can apply for up to \$1,000 in funding to support their community organizations. Using a team approach, we also match funds raised by two or more Scotiabankers on behalf of non-profit organizations up to a maximum of \$5,000.

Where to send your requests:

Our branches will consider funding requests up to \$10,000. Such requests are reviewed by their respective regional office alongside other requests for funding.

Requests for support in excess of \$10,000 should be forwarded to:

Director
Sponsorships and Donations
Public & Corporate Affairs
40 King Street West, 8th Floor
Toronto, Ontario, Canada M5H 1H1

Requests for funding are reviewed by the Scotiabank Group's donations/sponsorship committee, comprised of representatives from our various business lines. We make every effort to provide responses to organizations within 60 days.

As Canada's most international bank, we also provide community funding in the other countries in which we operate. International donations should be directed through the Scotiabank Group's local offices.

What to include in your request:

All requests should include a covering letter and formal proposal, which should contain the following information:

- Organization name, contact name, address and phone number.
- Background information: history and purpose of organization, previous activities and/or projects, description of clients/groups served, list of Officers and Board of Directors.
- Description of purpose of funding request (i.e., donation or sponsorship, community project, capital project, etc.), including timeframes, geographic location, community need, expected outcomes/impact and evaluation plan.
- Detailed project budget and charitable registration number for tax purposes.
- Current support by Scotiabank and other donors (all grants, donations, ongoing support).
- Donation or sponsorship amount requested and period of time over which payments are to be made.
- Local Scotiabank involvement: are there opportunities for Scotiabank and its employees to participate?

Funding is not generally provided for the following:

- I. Religious or advocacy groups, unless providing a secular service open to all.
- II. Individuals and/or individual pursuits.
- III. Fraternities, lodges, 12-step support programs, Toastmaster societies, and other recreational or self-improvement organizations, where participation is intended primarily for the personal advancement or benefit of the participant.



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ANNUAL REPORT

For copies of the annual report
and other financial reports:
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