



Scotiabank to acquire E*TRADE Canada

July 14, 2008



Strategic Rationale

- **Direct investing market is attractive**
 - AUA expected to double by 2016
 - Cross-sell is attractive in Canadian market
- **Significantly improved market position**
 - Increased scale and functionality
 - Doubling trading volume
 - Adding 125,000 accounts and \$5B in AUA
- **Leading platform**
- **Good financial investment**

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Transaction Summary

<input type="checkbox"/> Acquiring	➤ 100% of E*TRADE Canada
<input type="checkbox"/> Investment	➤ USD\$442 million; 100% in cash
<input type="checkbox"/> Required Approvals	➤ OSFI ➤ Competition Bureau ➤ IIROC ➤ Securities exchanges
<input type="checkbox"/> Closing	➤ End of September/October 2008

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Accretive to Earnings

EPS accretive



- Immediately accretive
- +2 cents in year 3

Reasonable price



- ROIC of 10% in year 3

**Modest impact
on capital ratios**



- Tier 1: (20) bps

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Leading Platform

- **Capitalize on E*TRADE's strengths**
 - #1 in trade execution and efficiency⁽¹⁾
 - #1 based on fees and commissions⁽¹⁾
 - strong product innovation and development capabilities
- **Leverage Scotia's strong customer service and banking platform**
- **Combination will be a leader in *mainstream, mass affluent and active trader* segments**
- **Future cross-sell potential**

(1) The Globe and Mail, "2007 Canadian Online Broker Survey", October 2007

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Doubles Market Position

Market share

(of the big six banks)

	Pre-deal	Post-deal (estimates)
Trading Volume ⁽¹⁾	8%	21%
Commission Revenue ⁽²⁾	9%	18%
Assets ⁽³⁾	7%	11%
Accounts ⁽³⁾	6%	12%

 **#2 in accounts (estimate)**

(1) Based on YTD April 2008 annualized; (2) Based on latest FY08 forecast, end of Q2/08; (3) As of April 2008

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Summary

- Unique opportunity, and on-strategy
- Transaction is consistent with commitment to grow Wealth Management
- Significantly increases position in attractive online investing market
- Immediately accretive to earnings

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Caution Regarding Forward-Looking Statements

Our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; operational and reputational risks; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion starting on page 56 of the Bank's 2007 Annual Report.

The preceding list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties, and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

The "Outlook" section in this document is based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing this section.

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