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Agenda

☐ **About Scotiabank**

☐ **Investing in Scotiabank**

☐ **Strategic Priorities**

☐ **Economic Outlook in Key Markets**

☐ **Summary**

☐ **Q&A**

Overview of Scotiabank

Scotiabank is one of North America's premier financial institutions, and Canada's most international bank

- ❑ **Founded in 1832**
- ❑ **\$527 billion in total assets**
- ❑ **\$59 billion market capitalization**
- ❑ **Fiscal 2010 net income of \$4.2 billion**
- ❑ **Full range of retail, commercial, corporate & investment banking services**
- ❑ **Over 18.6 million customers across 50+ countries around the world**
- ❑ **Moody's assigned rating is Aa1 and S&P assigned rating is AA-**



Diversified and Balanced Platforms

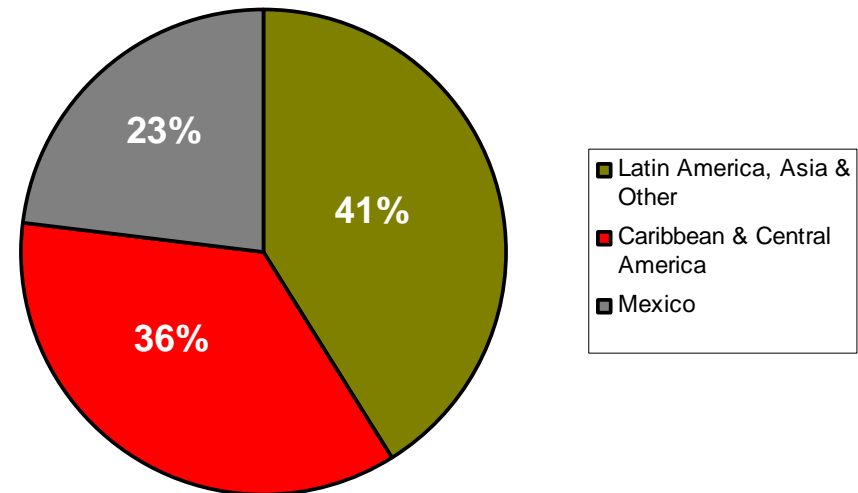


- ❑ **Each business to contribute 20% to 30% of net income**
- ❑ **Focus on Personal and Commercial Banking**
 - Approximately 70% of net income
- ❑ **Canadian based with significant international footprint**
 - 50+ countries
 - 50/50 split Canada / International

International Banking

- ❑ Net income of \$1,262 million in 2010
- ❑ 48,000 employees, 50+ countries
- ❑ 2010 growth from key acquisitions in Puerto Rico and Thailand supported by strong earnings in Mexico, Chile and Asia
- ❑ 2011 Priorities:
 - Continue to explore strategic opportunities outside North America
 - Increase focus on mid-market segment for Corporate and Commercial Banking
 - Expand product offering and cross sell products in existing markets

International Banking Total Revenue
(FYE October 31, 2010)



Scotia Capital

- ❑ **2010 net income of \$1,350 million was the second best year ever for the business line (after 2009)**

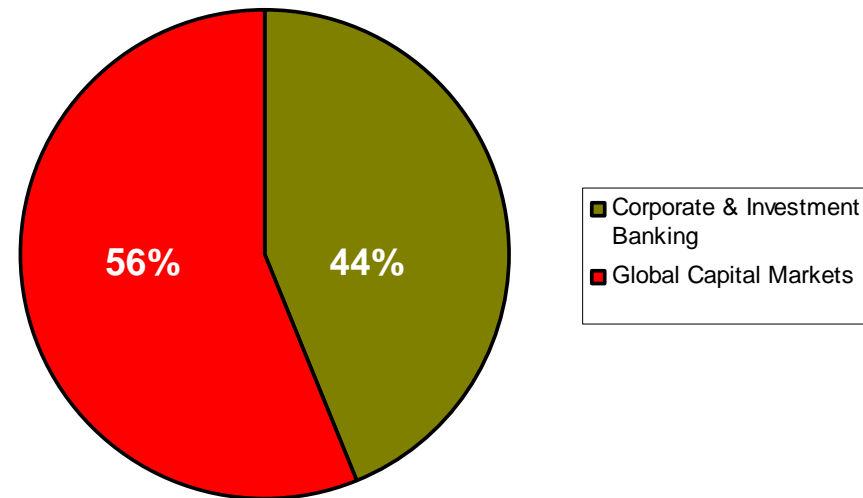
- ❑ **Awards and recognition:**

- **#1 Canadian corporate debt underwriting***
- **Best infrastructure bank globally****
- **Best foreign exchange bank in Canada****
- **Best investment bank in Canada****

- ❑ **2011 Priorities:**

- **Successfully execute the reorganization of the wholesale operations**
- **Grow sustainable revenue in core industry sectors**

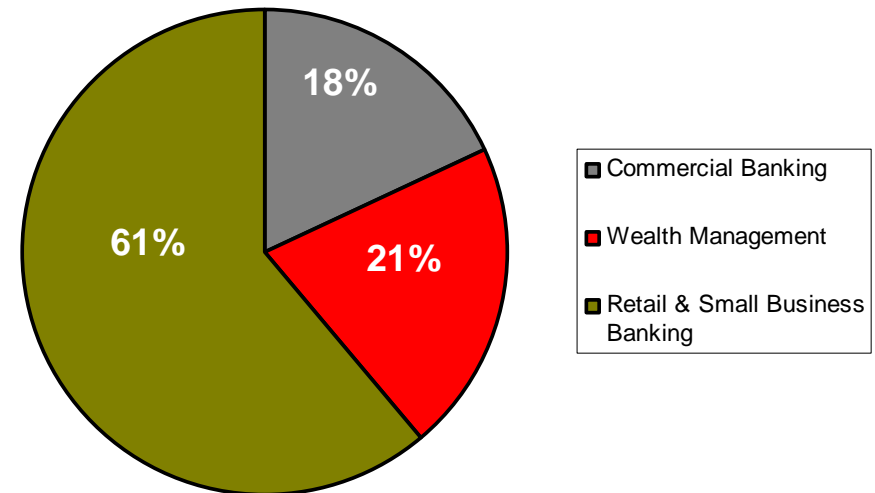
Scotia Capital Total Revenue
(FYE October 31, 2010)



Canadian Banking

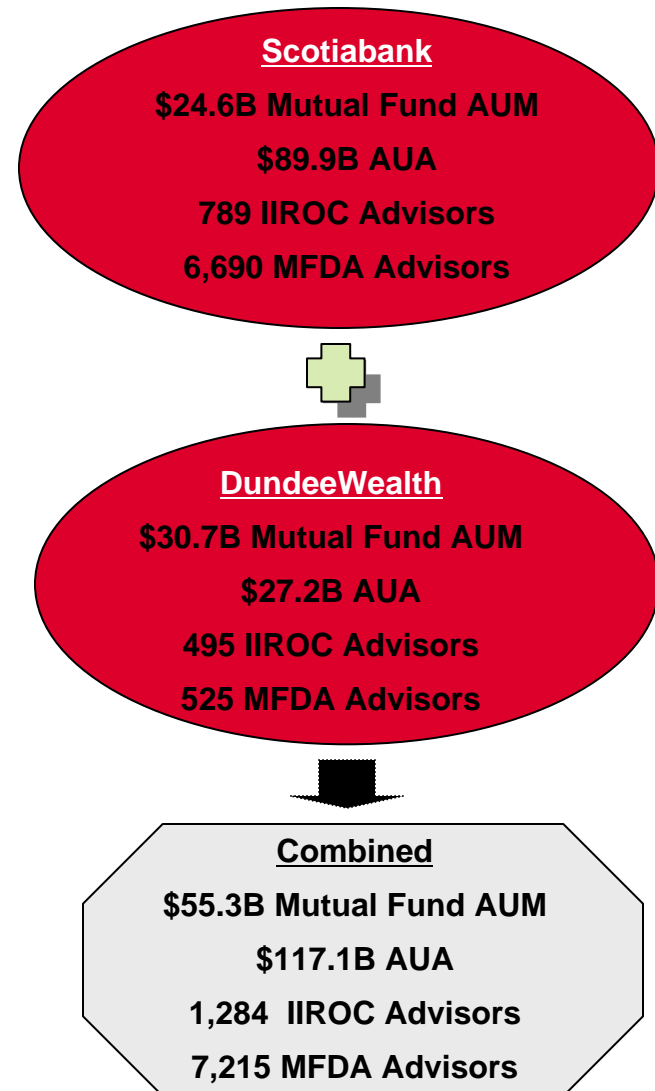
- ❑ **Record year in 2010, net income of \$2,315 million, up 25% from 2009**
- ❑ **Good asset quality metrics:**
 - 53% of residential mortgages are government guaranteed
 - 92% of retail loans are secured
- ❑ **Two principal businesses:**
 - Retail & Small Business Banking
 - Commercial Banking
 - Wealth Management recently became its own business line
- ❑ **2011 Priorities:**
 - Continue to invest in deposit and payments business
 - Strengthen MIS infrastructure to support pricing, capital, risk and profitability

Canadian Banking Total Revenue
(FYE October 31, 2010)



Global Wealth Management

- ❑ Created on October 1, 2010; formerly part of the Canadian Banking business line
- ❑ Principal businesses include:
 - Scotia Asset Management
 - Private Banking
 - Scotiastore
 - ScotiaMcLeod
 - Global Transaction Banking
 - Insurance
 - Scotia iTrade
- ❑ Announced acquisition of DundeeWealth in November 2010 for \$2.3 billion
 - Economies of scale, #5 mutual fund dealer in Canada
 - No material impact to Tier 1 capital

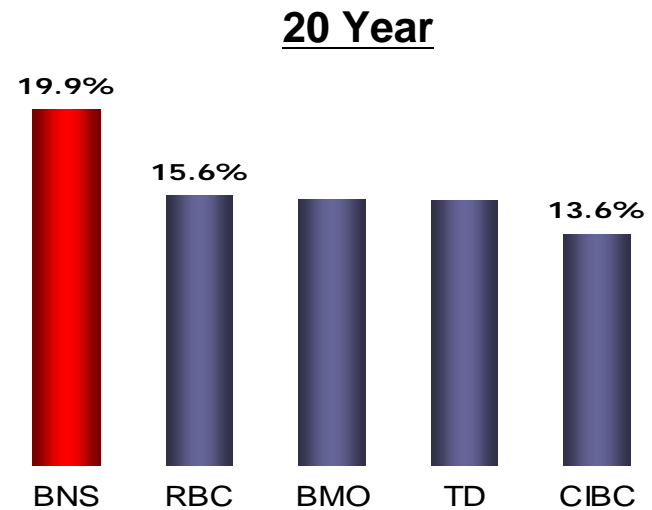
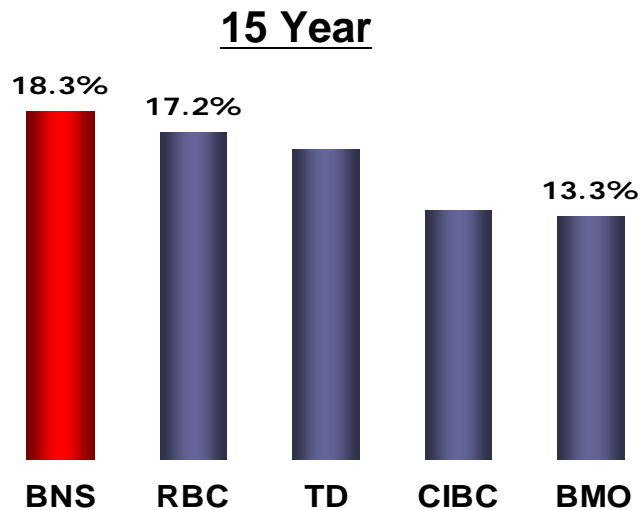
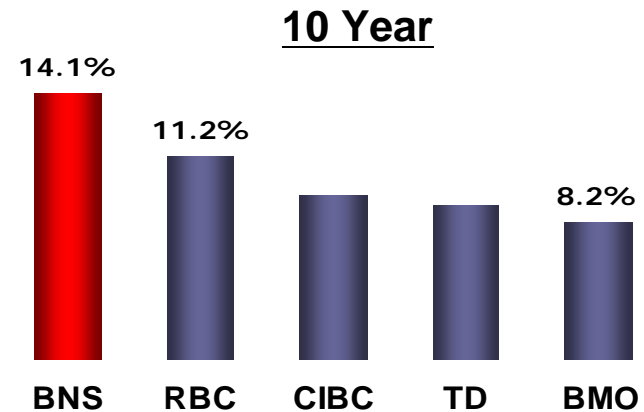
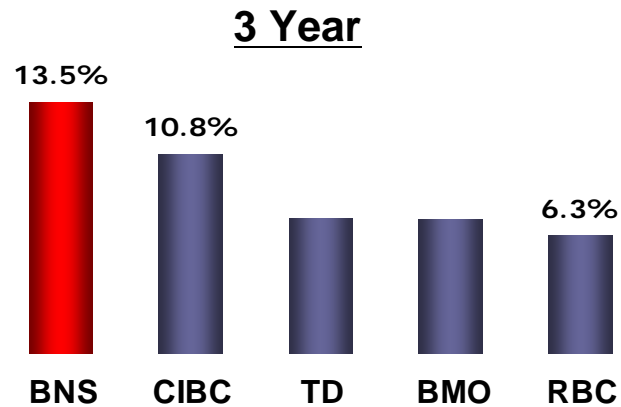


Why Invest in Scotiabank?

- ❑ A unique, straightforward and successful bank model
 - Four diversified growth platforms – each provides sustainable and profitable revenue growth
- ❑ Best performing Canadian bank
- ❑ Good track record of earnings and dividend growth
- ❑ Strong capital position and high ROE
- ❑ “Best in class” risk and expense management

Above average returns, with below average risk

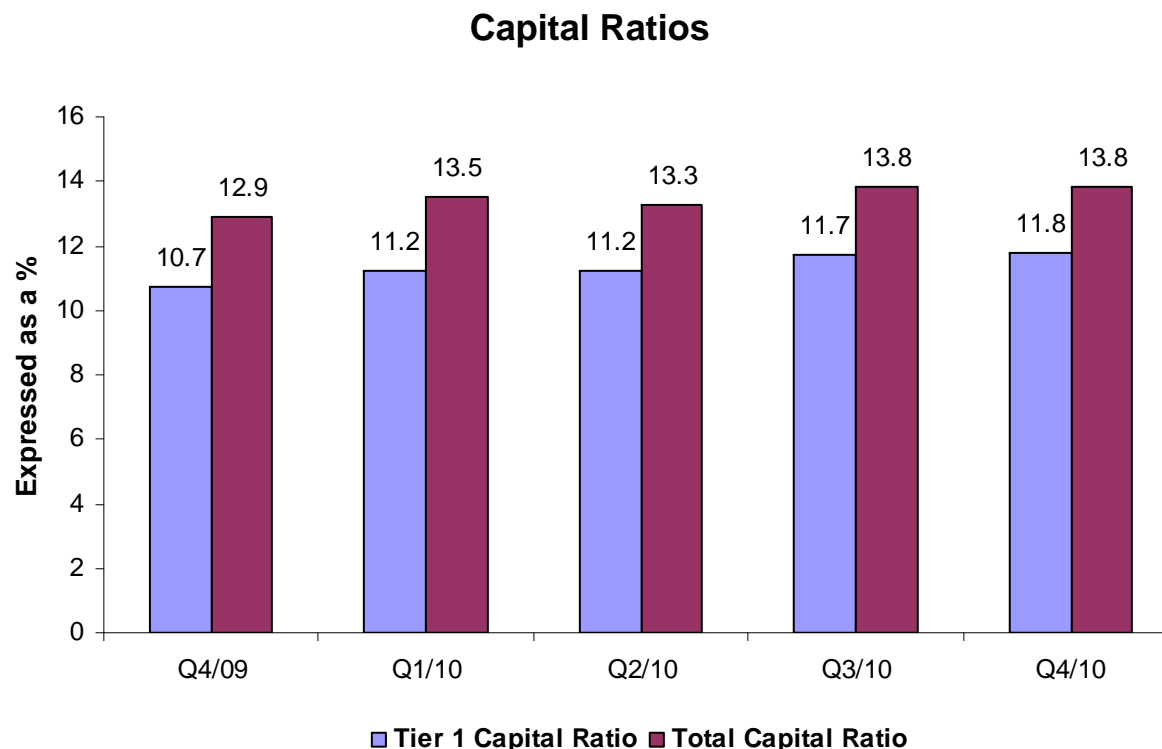
Best Performing Canadian Bank*



*Total Shareholder Returns - The compound annual growth rate for a stock, which includes share price appreciation and re-invested dividends. Calculated in Canadian dollars.

Source: Bloomberg – Total Returns as of December 31, 2010

Strong Capital Position

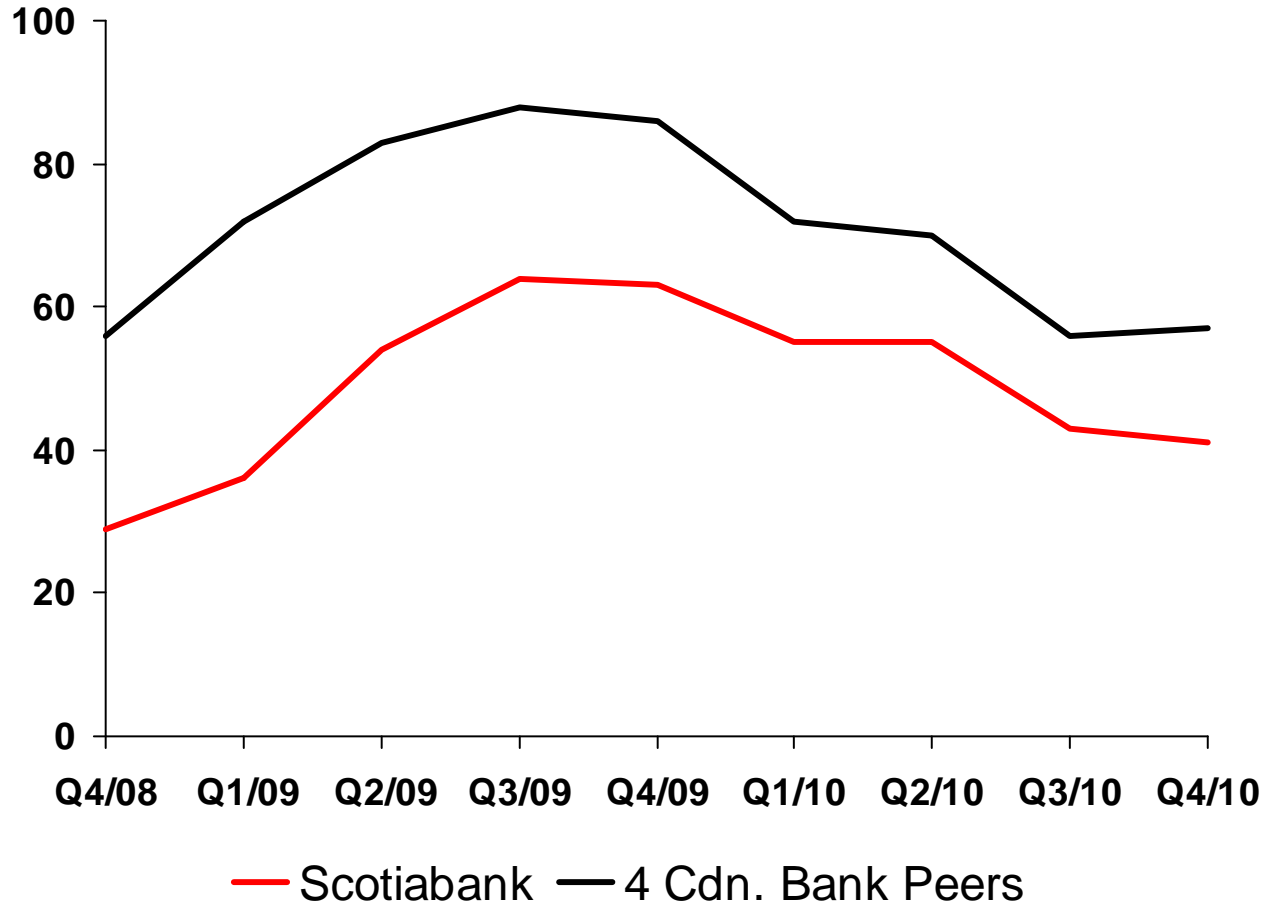


- ❑ Strong capital ratios by global standards
- ❑ Ratios well in excess of regulatory minimums and global bank peers
- ❑ High quality capital – no dilutive public offering of common equity

Disciplined Risk Management: Consistently Outperforming Canadian Peers

Specific PCLs as % of Average Loans & BAs

(basis points)

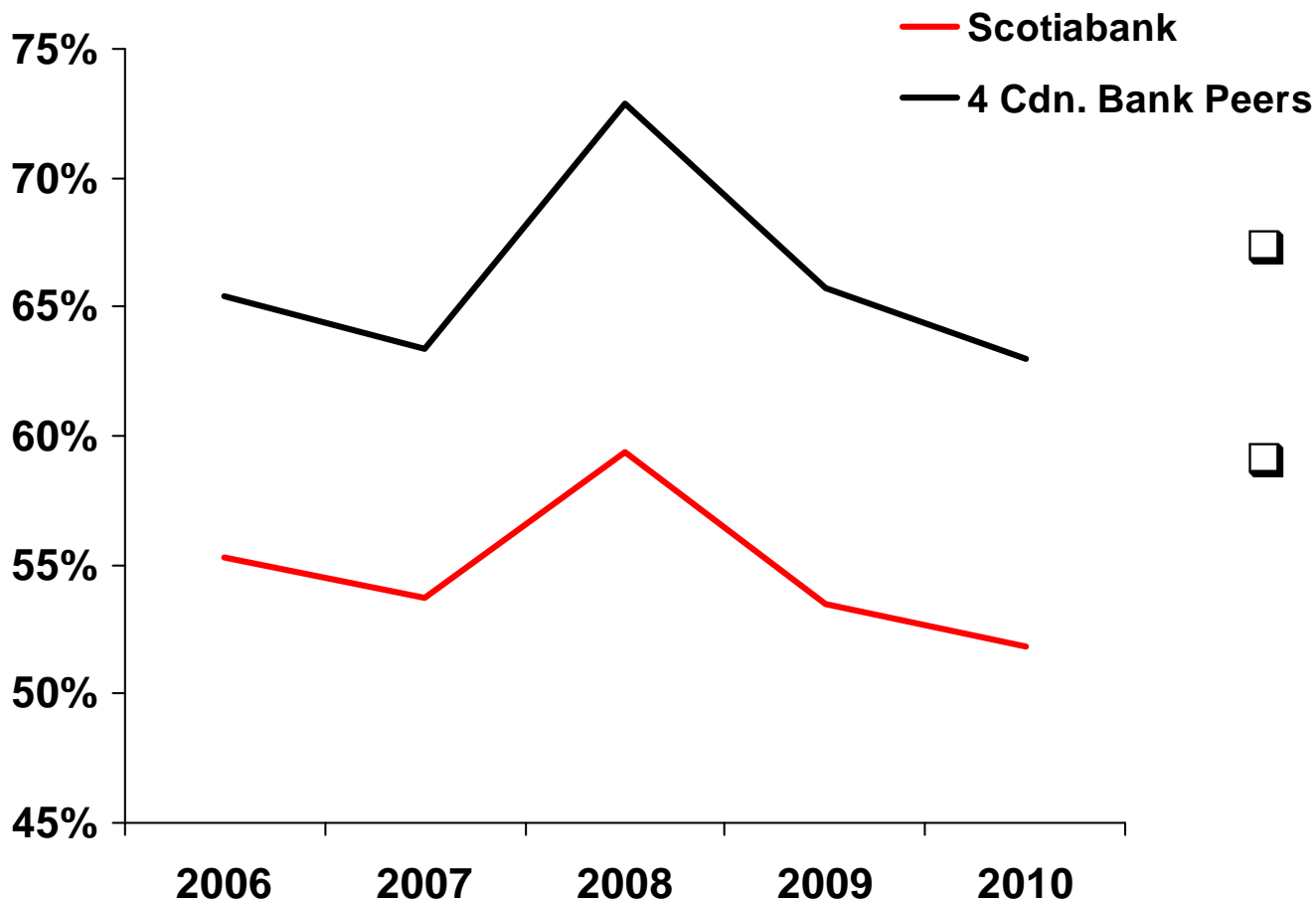


Changes Since Previous Credit Cycle:

- ☐ Conservative underwriting and risk appetite
- ☐ Investment grade client focus in Scotia Capital
- ☐ Exited the LBO market; no “covenant light”
- ☐ Lower single name limits, reduced industry concentration
- ☐ Embedded risk culture

Deeply-Rooted Cost Culture

Industry-Leading Productivity Ratio (TEB)



☐ Consistent leader in productivity

☐ Continue investing in revenue growth initiatives and minimizing expenses

Strategic Priorities



Economic Outlook in Key Markets

	Real GDP (Annual % Change)			
	2000-09 Avg.	2010e	2011F	2012F
Mexico	1.9	5.1	3.5	4.0
Peru	5.1	8.5	6.8	7.2
Chile	3.7	5.0	6.0	5.5
Jamaica	0.9	(0.6)	1.0	1.0
Trinidad & Tobago	6.4	1.0	2.3	3.0
Costa Rica	4.0	3.5	3.0	3.3
Dominican Republic	5.2	4.5	4.0	4.0
Thailand	4.0	7.0	4.8	4.5
	2000-09 Avg.	2010e	2011F	2012F
Canada	2.1	2.9	2.4	2.7
U.S.	1.8	2.8	2.7	2.9

Source: Scotia Economics, as of January 5, 2011

2010 Financial Performance: Exceeded Targets

Objective	Target	Actual
ROE	16% to 20%	18.3%
EPS Growth	7% to 12%	18%
Productivity Ratio	< 58%	51.8%
Capital ratios	Strong Capital Ratios	Tier 1: 11.8% TCE: 9.6%

Targets for 2011 remain unchanged

Summary

- ❑ **Canada remains a great place to do business**
 - **Canadian banking system is sound and appropriately regulated**
- ❑ **Scotiabank consistently delivers strong, predictable returns**
- ❑ **Scotiabank's focus:**
 - **Achieving sustainable revenue growth supported by strong contributions from all business lines**
 - **Moderate asset growth and a wider margin**
 - **Non-interest expenses driven mainly by acquisitions and volume-related growth**
- ❑ **Provisions expected to remain in line with 2010**

Q&A

Caution Regarding Forward-Looking Statements

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; significant market volatility and interruptions; the failure of third parties to comply with their obligations to us and our affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to our credit ratings; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; operational and reputational risks; the risk that the Bank’s risk management models may not take into account all relevant factors; 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 62 of the Bank’s 2010 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” sections in this document are based on the Bank’s views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections.

Additional information relating to the Bank, including the Bank’s Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC’s website at www.sec.gov.

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