

Our strategy in action



Scotia Capital Financials Summit 2011

Rick Waugh
President and CEO



September 7, 2011

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.

Business Model and Strategic Priorities

Performance

Outlook

Scotiabank: A Proven and Straight-Forward Business Model

**Focused and diversified
revenue growth**

+

Low cost culture

+

Disciplined risk management

+

Strong capital position

+

Leadership

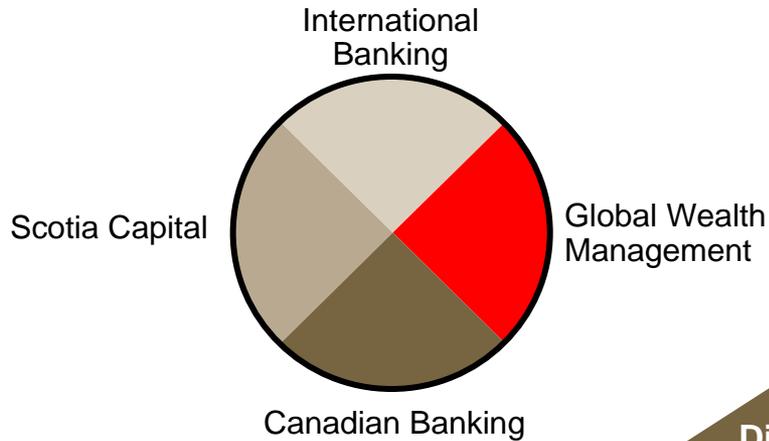


**Top-tier
performance**

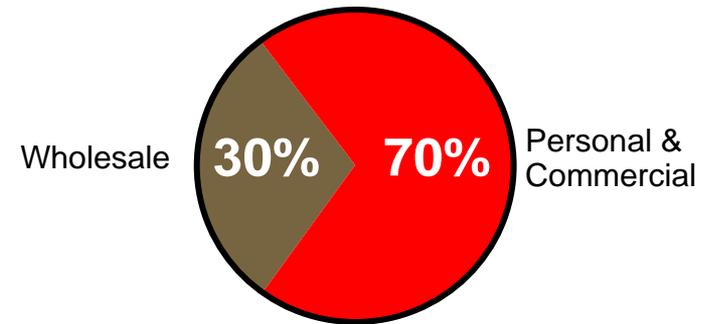


Four Diversified and Growing Platforms

Each Contributing 20-30% of Net Income

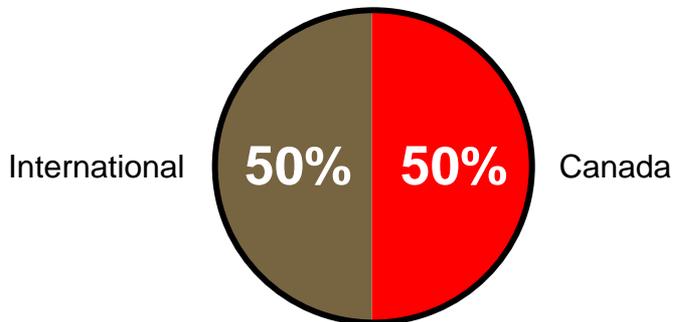


Focus on Lower Risk P&C



Diversification creates stability and lowers risk

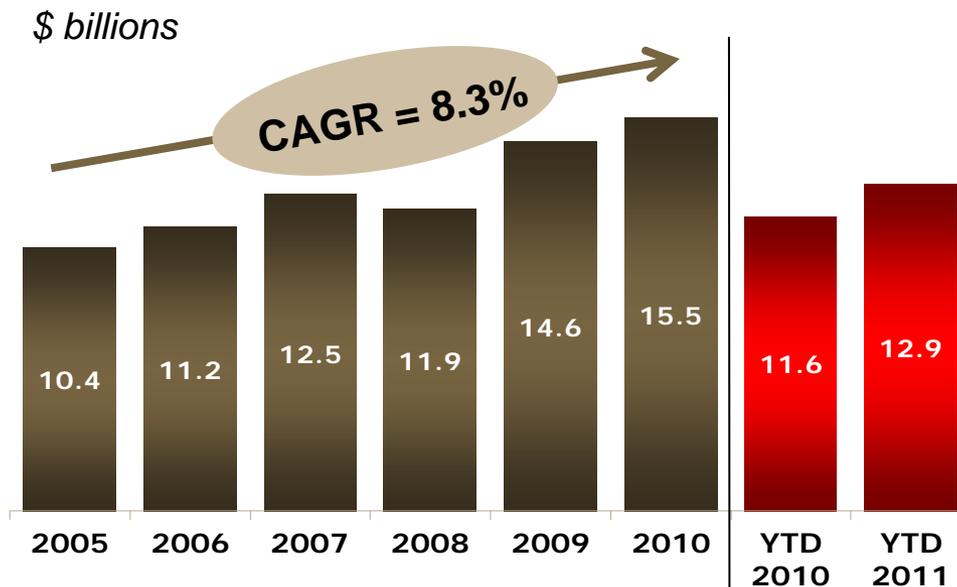
Strong Canadian Base



Presence in High Growth Markets



Sustainable and Profitable Revenue Growth



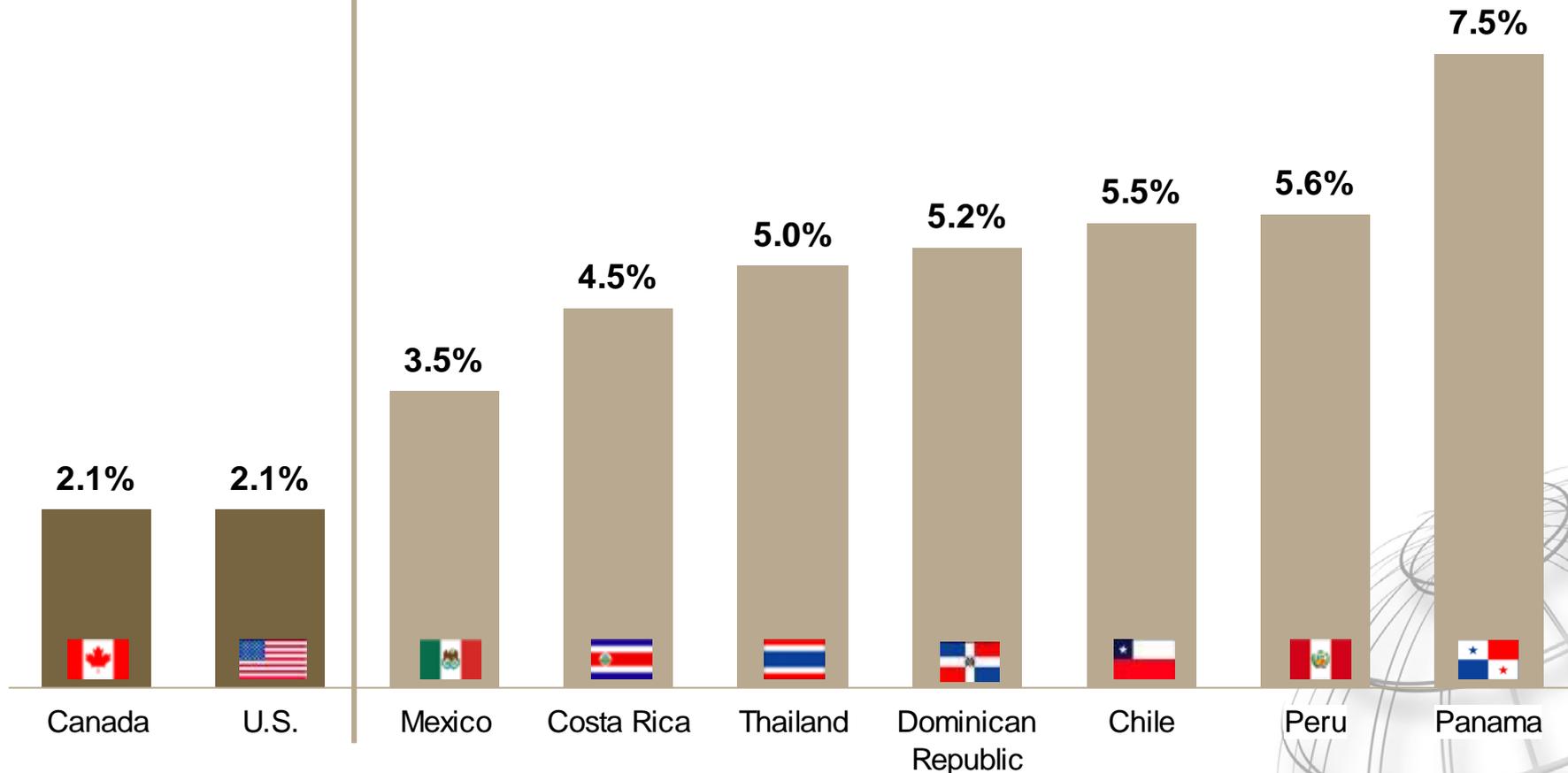
- **Focused on growth**
 - Primarily organic growth
 - Customer centric approach
 - Capitalize on our expertise in sales & service
 - Achieve scale across select products and geographies
- **Areas of Growth**
 - Emerging Markets
 - Wealth Management
 - Insurance
 - Deposits and Payments

Presence in Higher Growth Emerging Markets

2012 Real GDP Growth Forecast

Canada / U.S.

Scotiabank's Key International Markets



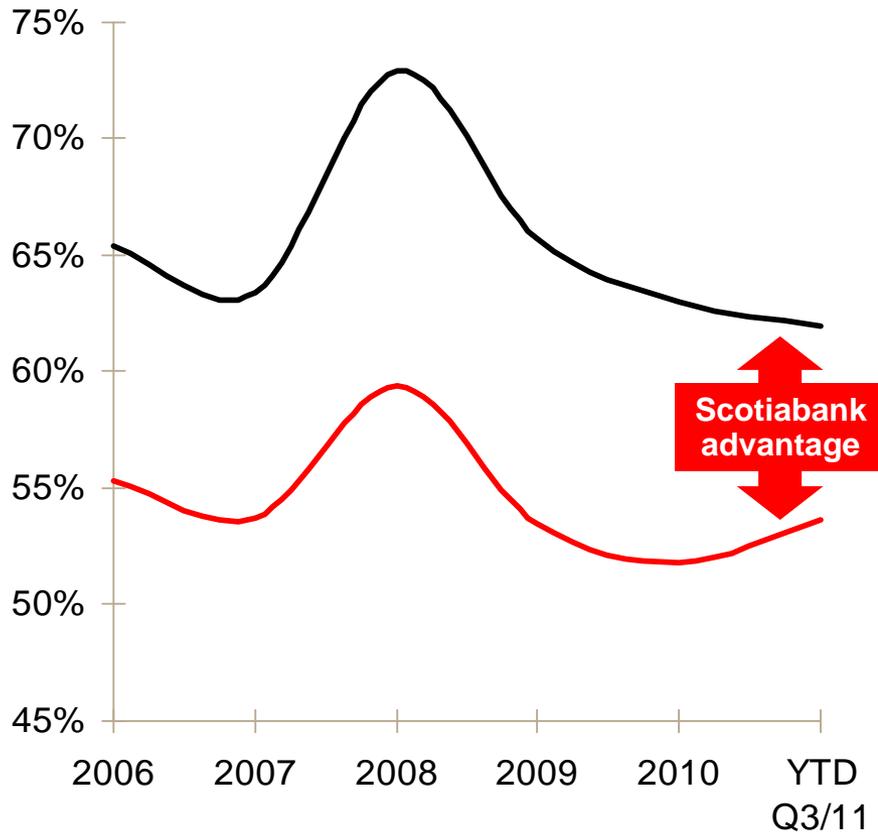
Positive on Emerging Markets

- **Politically stable**
- **Fiscally stronger**
- **Higher GDP growth**
- **Favourable demographics**
- **Low banking penetration**
- **Some competitors retrenching**
- **Scotia's history and presence in international markets**

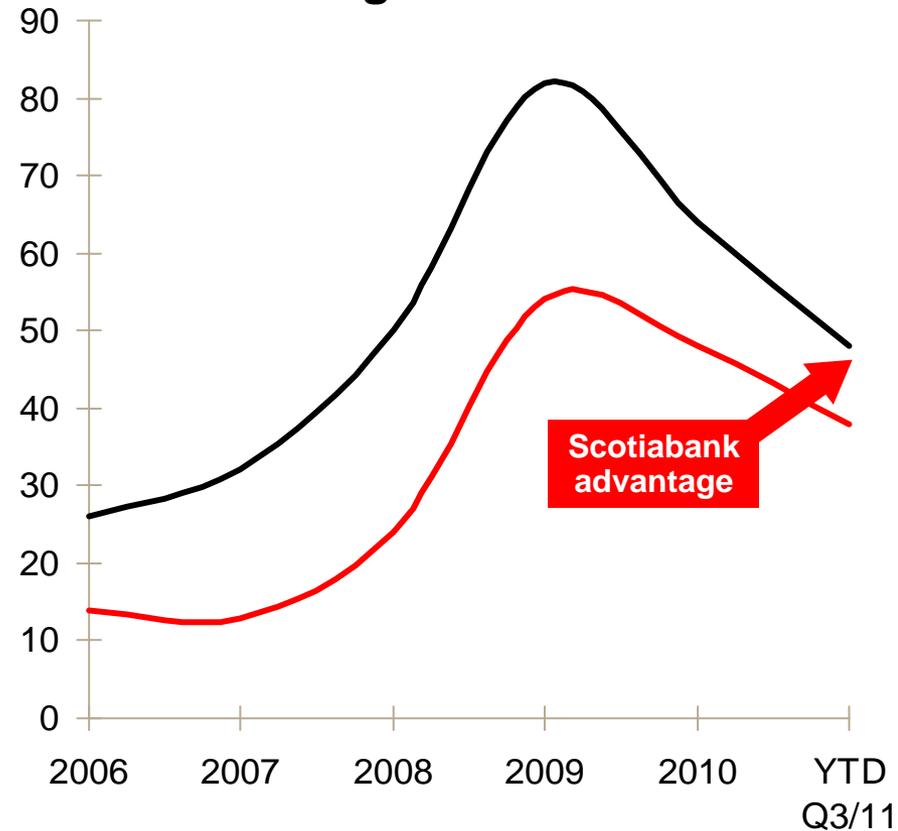


Strong Cost and Risk Culture

Productivity Ratio



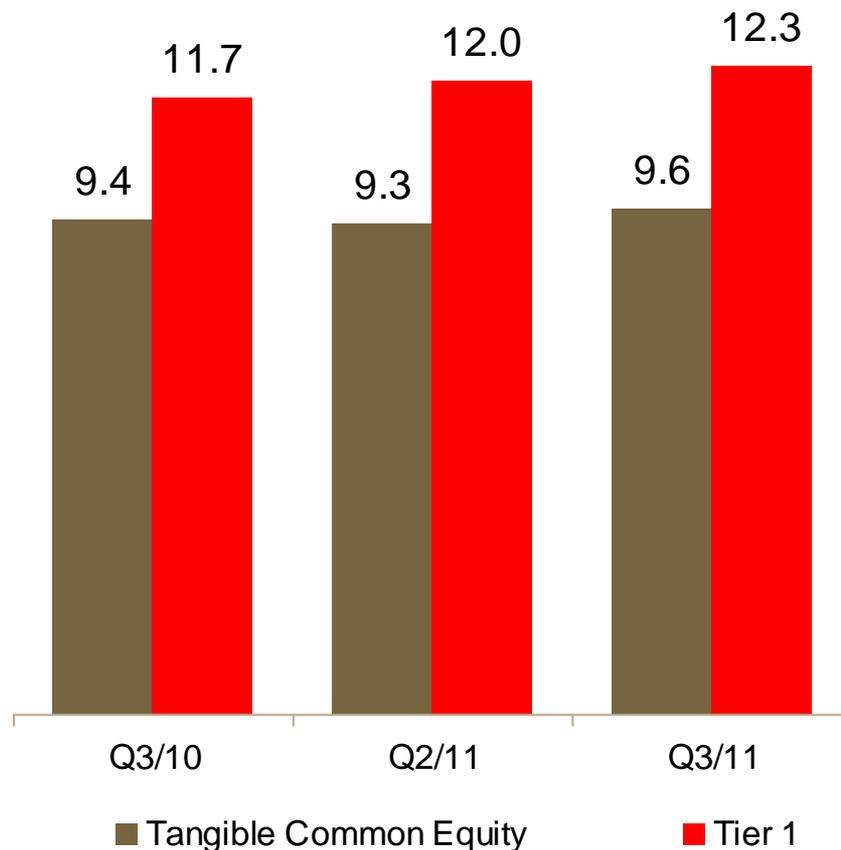
Specific PCLs as % of Average Loans & BAs



- Scotiabank
- 4 Canadian bank peers

Strong Capital Position

Capital Ratios (%)



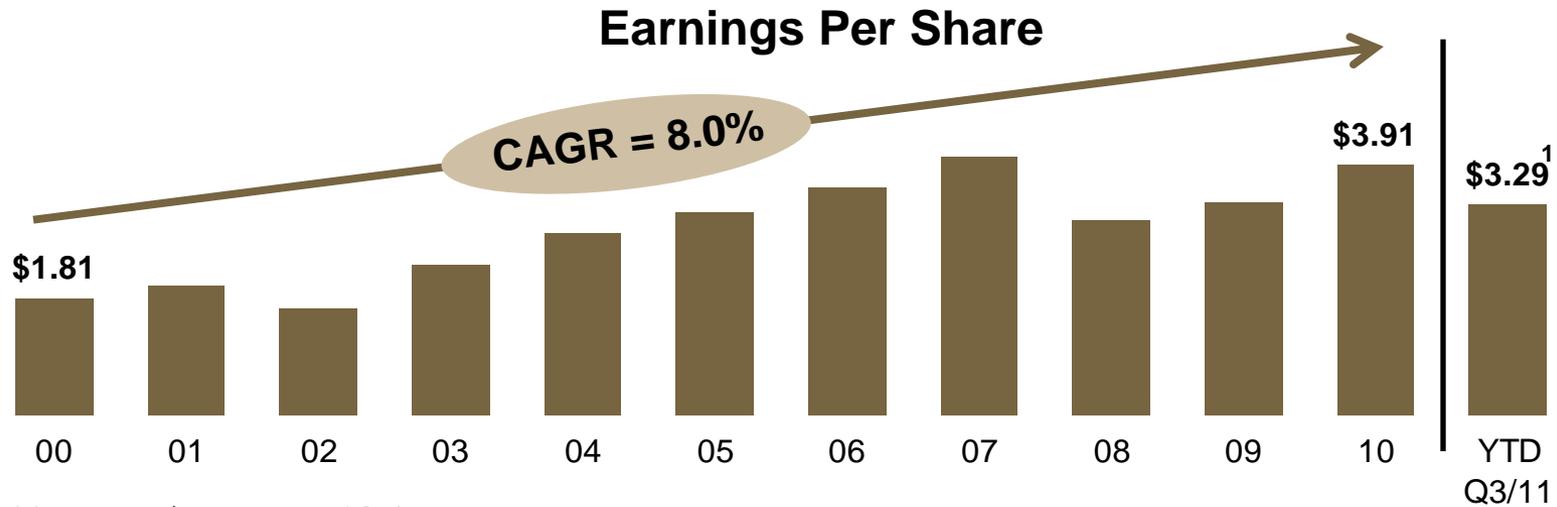
- **Strong ratios by global standards**
- **Strong capital generation**
 - \$2.2 billion in internally generated capital in 2011 YTD
 - \$466 million of capital raised under DRIP in 2011 YTD
- **Investing in businesses**
 - Organic
 - Acquisitions
- **Basel III Tier 1 common ratio of 7.0% to 7.5% by Q1 2013**



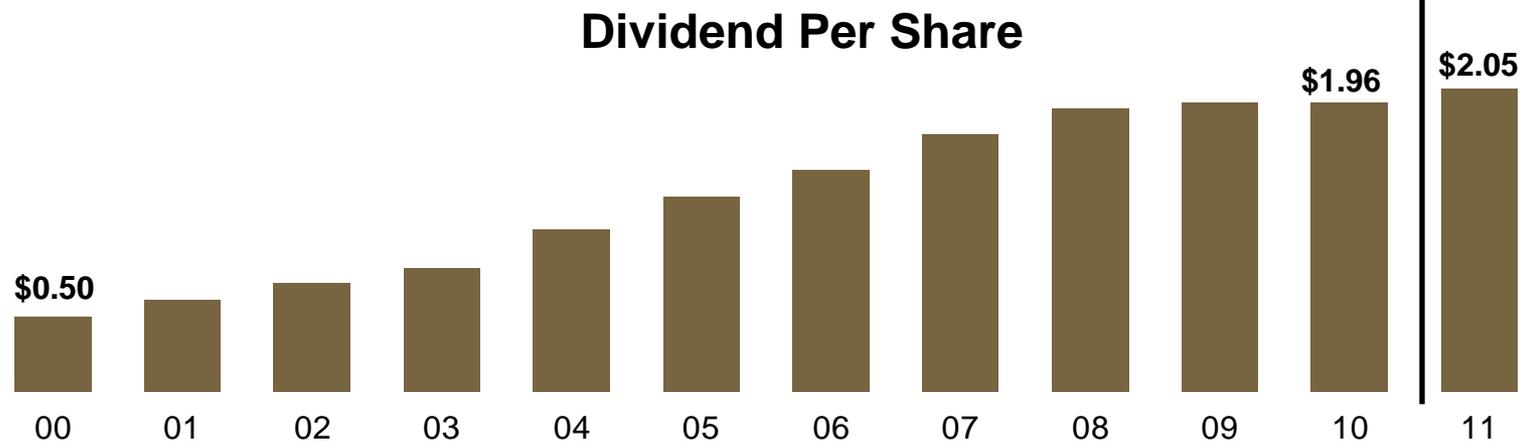
Making Leadership a Competitive Advantage

- **Strong and experienced executive team**
 - Significant depth
 - Average length of service: 20+ years
 - Cross divisional experience and know-how
- **Collaboration across businesses**
- **Demonstrated execution skills**
- **On-going development of future leaders**
 - Global Talent Pool

Solid Track Record of Earnings and Dividend Growth

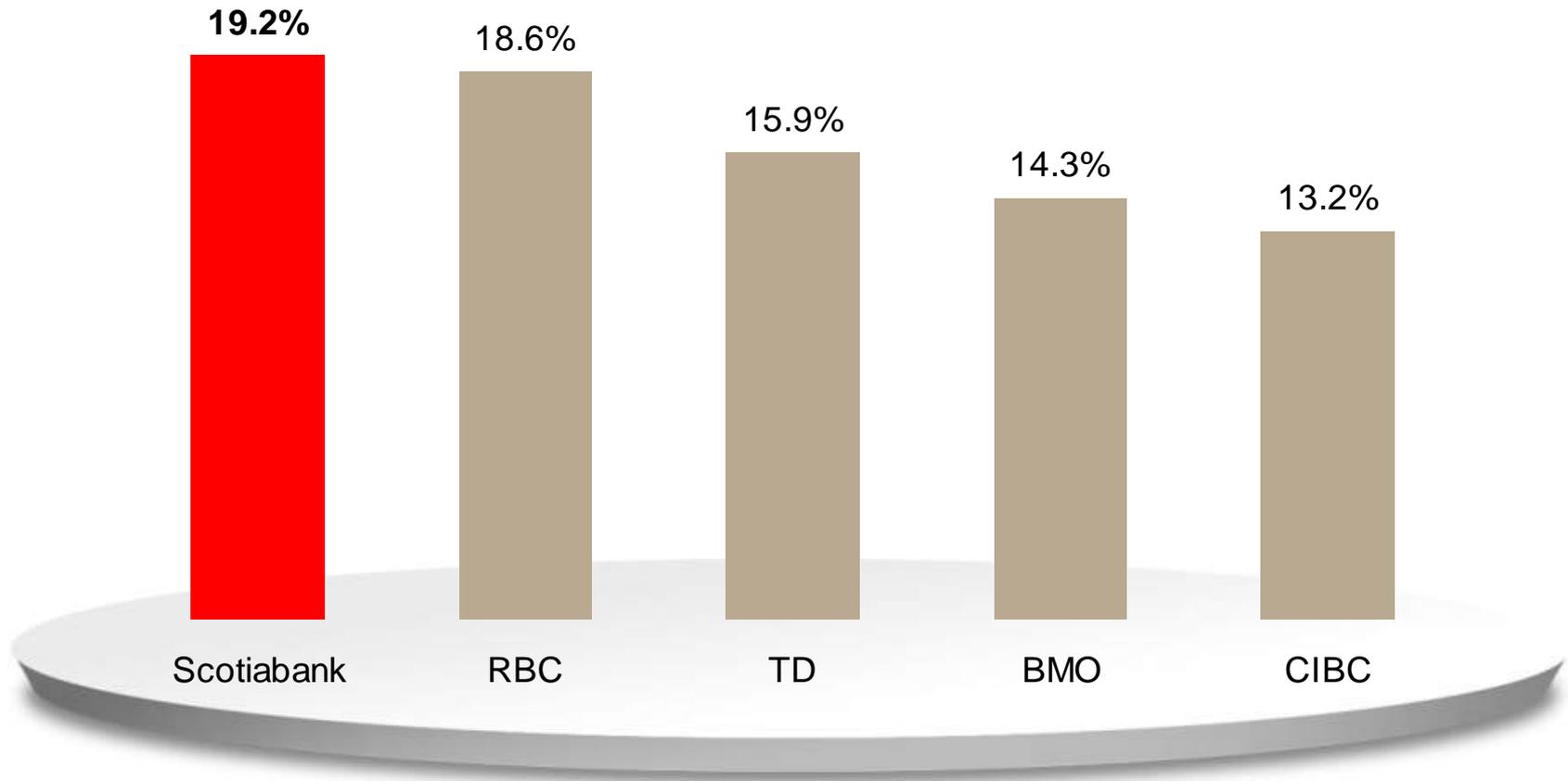


(1) Excludes \$0.26 impact of Q2/11 non-recurring gains

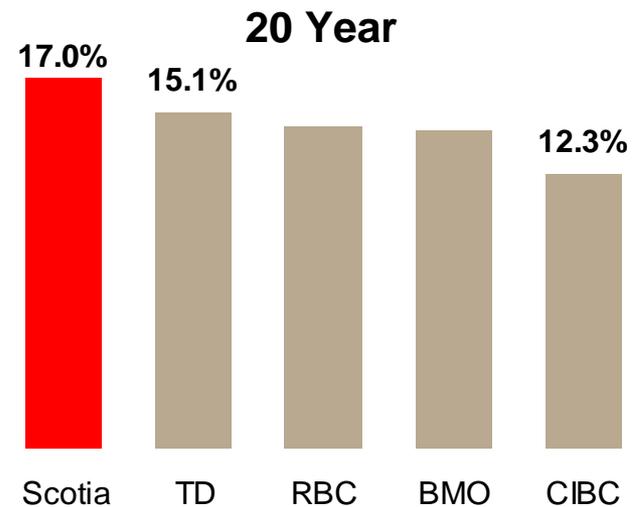
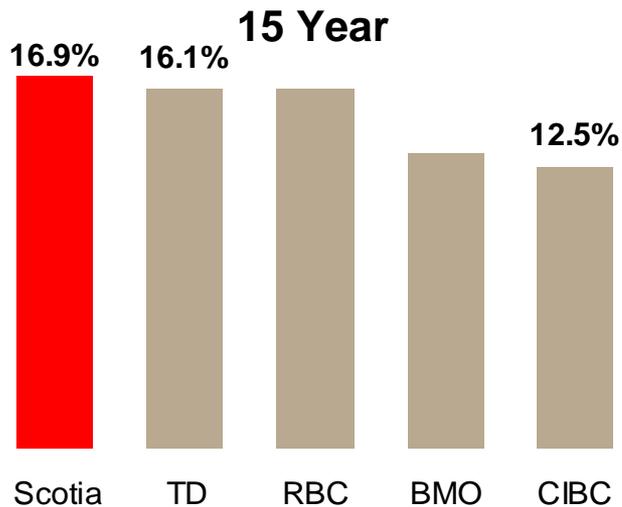
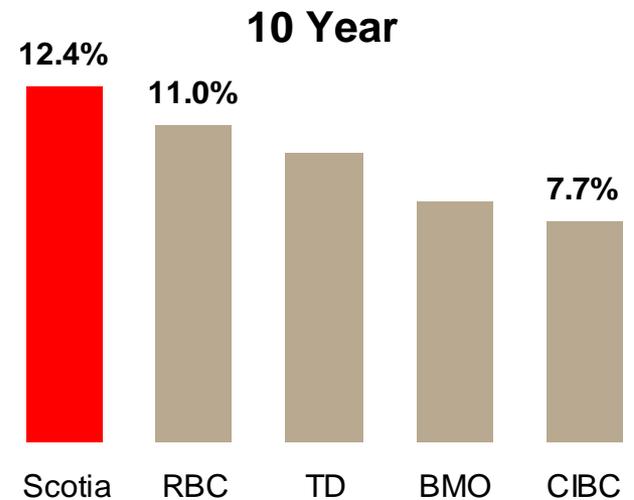
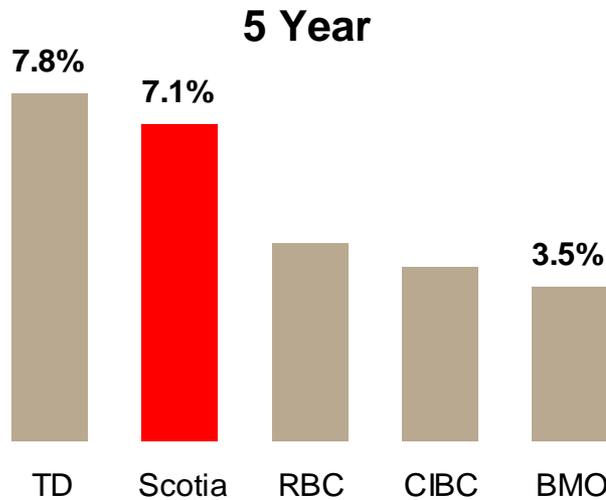


ROE Compares Favourably to Canadian Peers

5-Year Average Return on Equity (fiscal 2006 - 2010)



Superior Long-Term Total Shareholder Returns¹



(1) Compound annual growth rate for a stock, which includes share price appreciation and re-invested dividends. Calculated in Canadian dollars. Source: Bloomberg, as of August 31, 2011

Outlook: Fully Expect to Meet 2011 Targets

Metric	Target	YTD Q3/11 Actual
EPS Growth	7-12%	13% ¹
ROE	16-20%	18% ¹
Productivity Ratio	<58%	53.6%
Capital	Maintain strong ratios	TCE: 9.6% Tier 1: 12.3%

(1) Excludes impact of Q2/11 non-recurring gains



Why Invest in Scotiabank?

- **A unique, straightforward and successful bank model**
 - Four diversified growth platforms; each provides sustainable and profitable revenue growth
- **Track record of delivering consistent earnings and dividend growth**
- **Execution capabilities**
- **Well positioned for growth**

Above average returns, with below average risk

Q&A

