



Scotiabank expands presence in Latin America - Chile Acquisition

August 31, 2007



This document includes forward-looking statements which 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. These statements 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. Forward-looking 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. The Bank cautions readers not to place undue reliance on these statements, as a number of important factors 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; 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; consolidation in the Canadian financial services sector; changes in tax laws; 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 53 of the Bank's 2006 Annual Report.

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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.



Acquiring strong franchise in desirable country

- **Acquisition on strategy**
- **Chile: stable, growing economy**
 - investment grade since 1992
 - highest GDP per capita in South America
 - favourable demographics
- **Banking system is growing rapidly**
 - supported by strong regulatory environment
- **Banco del Desarrollo – strong partner**
 - complementary expertise & brand
 - gain scale and critical mass



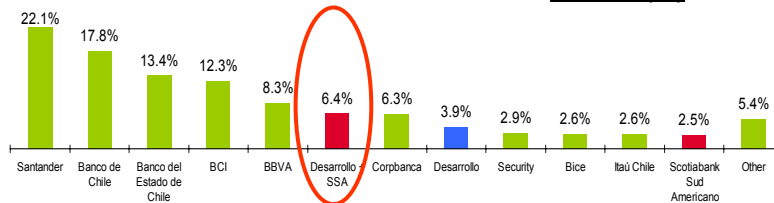
Chile



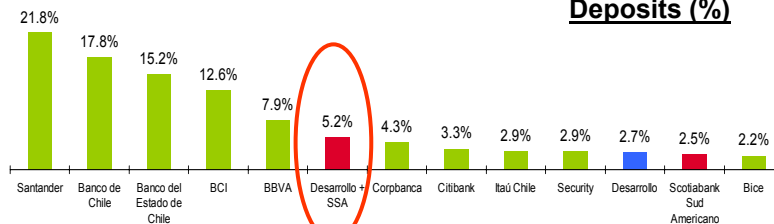
Combined Bank Improved Market Position

April 2007

Loans (%)



Deposits (%)



Source: Superintendencia de Bancos e Instituciones Financieras



Transaction Summary

<input type="checkbox"/> Ownership	➤ BNS agrees to acquire 79% of Banco del Desarrollo; plans to purchase up to 100%
<input type="checkbox"/> Investment	➤ BNS invests US\$810 million (US\$ 1.03 billion for 100%)
<input type="checkbox"/> Purchased From	➤ Sociedad de Inversiones Norte Sur – 39% ➤ Credit Agricole – 24% ➤ Intesa Sanpaolo – 16% ➤ Public share tender offer – 21%
<input type="checkbox"/> Conditions	➤ Subject to due diligence
<input type="checkbox"/> Required Approvals	➤ OSFI ➤ Chilean banking and securities regulators
<input type="checkbox"/> Expected Closing	➤ November 2007

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Investment Accretive to Earnings*

EPS accretive **	➤	<table border="1"> <thead> <tr><th colspan="2">Projected EPS</th></tr> </thead> <tbody> <tr><td>Year 1</td><td>+5 cents</td></tr> <tr><td>Year 3</td><td>+10 cents</td></tr> </tbody> </table>	Projected EPS		Year 1	+5 cents	Year 3	+10 cents		
Projected EPS										
Year 1	+5 cents									
Year 3	+10 cents									
Strong Returns **	➤	<table border="1"> <thead> <tr><th colspan="2">Projected ROIC</th></tr> </thead> <tbody> <tr><td>Year 3</td><td>13%</td></tr> </tbody> </table>	Projected ROIC		Year 3	13%				
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Year 3	13%									
Modest impact on capital ratios	➤	<table border="1"> <thead> <tr><th colspan="2">Capital ratios impact</th></tr> </thead> <tbody> <tr><td>TCE</td><td>- 45 bp</td></tr> </tbody> </table>	Capital ratios impact		TCE	- 45 bp				
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TCE	- 45 bp									
Price reflects scarcity value / quality of opportunity	➤	<table border="1"> <thead> <tr><th colspan="2">Valuation</th></tr> </thead> <tbody> <tr><td>P/E – 2007E</td><td>15x</td></tr> <tr><td>P/E – Year 1</td><td>13x</td></tr> <tr><td>Book value multiple</td><td>2.8x</td></tr> </tbody> </table>	Valuation		P/E – 2007E	15x	P/E – Year 1	13x	Book value multiple	2.8x
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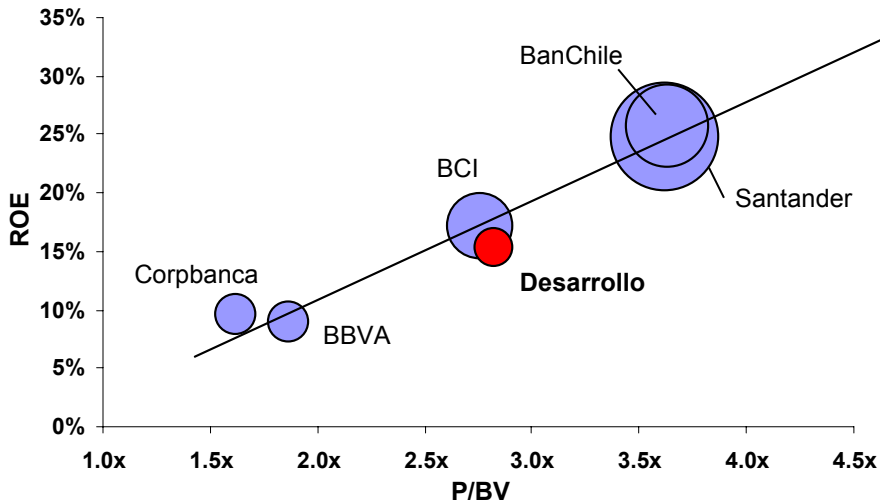
* assuming 100 % purchase

** including synergies

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Pricing Appropriate for Market



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Banco del Desarrollo: Projected Contribution

Investment US\$ 1.03 billion

Ownership % 100%

\$millions	Year 1	Year 3
Net Income – Local (\$US)	75	95
Inflation Adjustment	5	10
Net Income – Adjusted	80	105
Synergies*/Funding Costs	(35)	(10)
Contribution (\$US)	45	95
Contribution (\$CAD) @ 1.05	47	100
EPS Accretion	5 cents	10 cents

*Net of integration costs

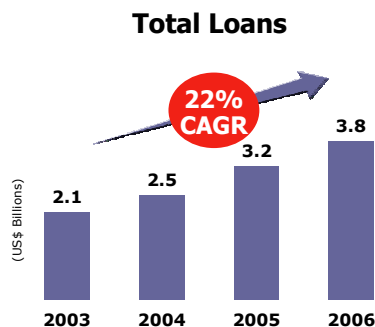
These projections are forward-looking statements involving numerous assumptions and risks, and may not prove to be accurate. See our caution on slide #2.

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Banco del Desarrollo (BDD)

- **Established in 1983**
- **74 branches and 24 small/micro business centers**
- **1,600 employees**
- **Strong loan growth**
 - Commercial/Corporate – 23%
 - Small Business⁽³⁾ -15%
 - Mortgages/Consumer Finance – 25%
- **Financial highlights⁽¹⁾**
 - Total Assets: US\$5.1 billion
 - Total Loans: US\$4.1 billion
 - Deposits: US\$2.3 billion
 - Equity: US\$363² million



(1) As at June 30, 2007, as filed with the Chilean banking regulator
 (2) As at July 31, 2007
 (3) Small business includes micro lending



Highly Complementary Businesses

December 31/2006

Market Share (%)

	BDD	SSA	Combined	Total System (\$US billions)
Mid-market commercial	6.6%	2.7%	9.3%	\$ 19
Small business	8.2%	3.1%	11.3%	\$ 9
Micro lending	8.0%	0.8%	8.8%	\$ 3
Corporate	2.6%	1.6%	4.2%	\$ 30
Mortgages	3.4%	3.5%	6.9%	\$ 20
Retail	-	3.8%	3.8%	\$ 7
Consumer finance	2.2%	-	2.2%	\$ 6



Summary

- **Acquisition on strategy**
- **Attractive market**
 - growing banking sector
- **Desarrollo – excellent fit**
 - complementary expertise
 - gain scale
- **Positive financial impact**
 - accretive to earnings

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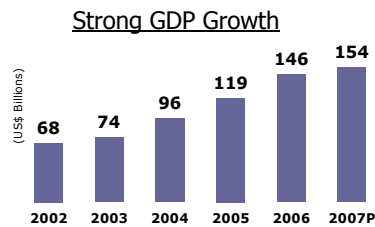


Appendix



Chile: A Stable Growth Platform

- Most stable economy in South America
 - Investment grade since 1992
 - S&P: A; Moody's A2; Fitch A
- Strong regulatory environment
- Market oriented policies
- Strong institutional framework
- Population 16.3 million
- Highest GDP per capita in South America

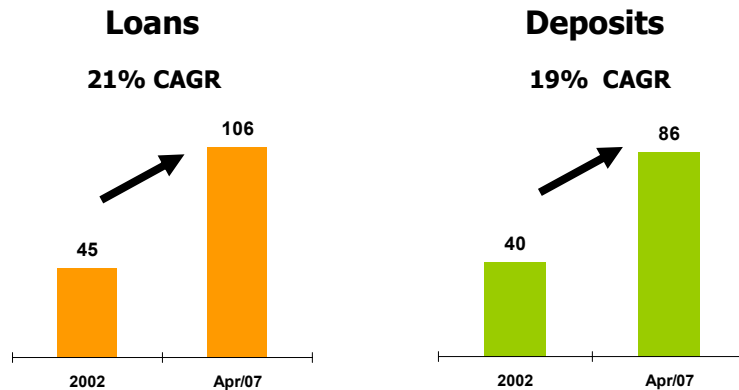


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Chilean Banking Sector is Growing Rapidly

(\$US billions)



Source: Superintendencia de Bancos e Instituciones Financieras

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Scotiabank Sud Americano (SSA)

- Acquired 25% in 1990
- Increased to 98% in 2000
- 1,500 employees
- 57 branches
- 116 ATMs
- Total assets: \$US 3.5 billion
(June 30/07)

