



## Sabi Marwah

Vice Chairman & Chief Administrative Officer

## Uniquely Positioned in a Challenging Environment

UBS – Best of Americas Conference  
London, England  
September 11-12, 2008



## 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; 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.

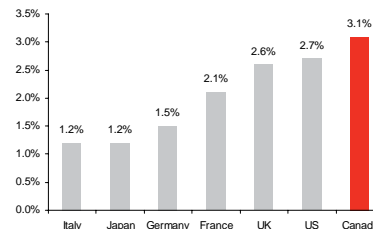
Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the EDGAR section of the SEC's website at [www.sec.gov](http://www.sec.gov).

## Why Canada is attractive...

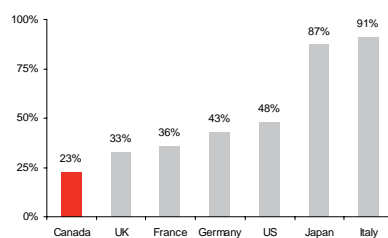


- Solid GDP growth
- Strong balance sheet
- Low unemployment

G7 Real GDP Growth (1998-2008F)



Government Net Debt as a % of GDP (2008F)



Unemployment Rate



Sources: Scotia Economics, Global Insight

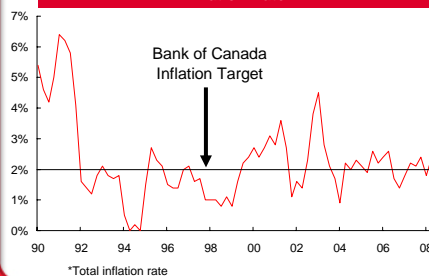
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## Why Canada is attractive

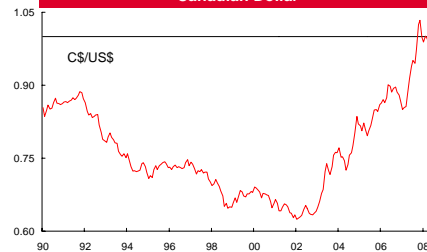


- Stronger Canadian dollar
- Low inflation
- Increasing disposable income

Inflation Rate\*



Canadian Dollar



Personal Disposable Income per Capita



Sources: Scotia Economics, Global Insight

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## Scotiabank: Uniquely positioned



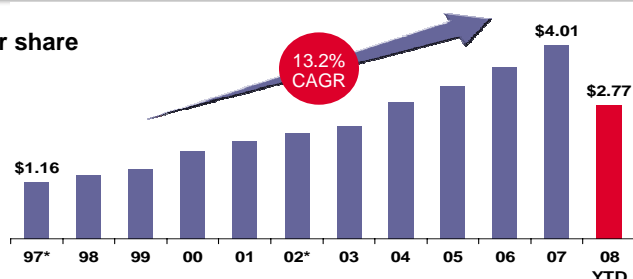
- ☑ Three growth platforms
- ☑ Strong risk management
- ☑ Well capitalized
- ☑ Focus on leadership

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## Strong Consistent Performance

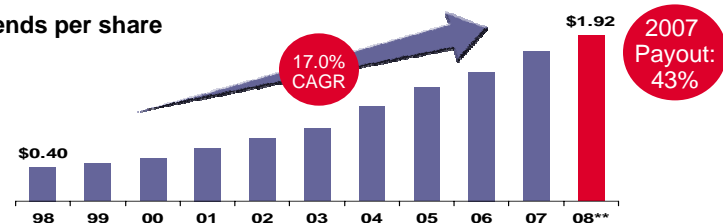


### Earnings per share



\* excludes (1) unusual items (+\$0.30) in 1997 and (2) impact of charges related to Argentina (-\$0.53) in 2002.

### Annual dividends per share



\*\* based on current dividend rate

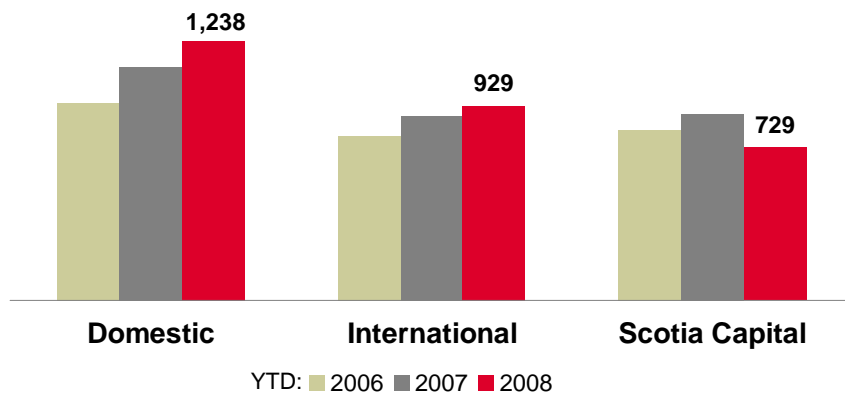
Target payout ratio of 35% to 45%

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## Three growth platforms



net income available to common shareholders, \$ millions

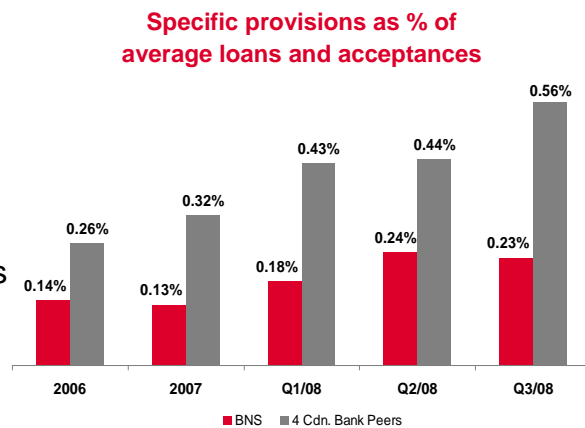


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## Strong risk management

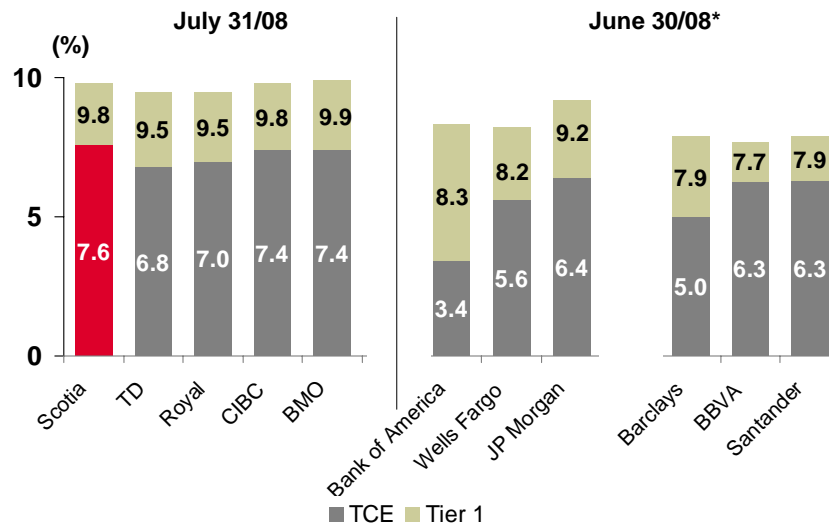


- Investment grade client focus
- Conservative underwriting
- Lower limits
- Low structured credit write-downs



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## Strong capital ratios relative to global peers



\*Source – Company reports, Credit Suisse report

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## Three growth platforms



**Domestic Banking**

Scotia Capital

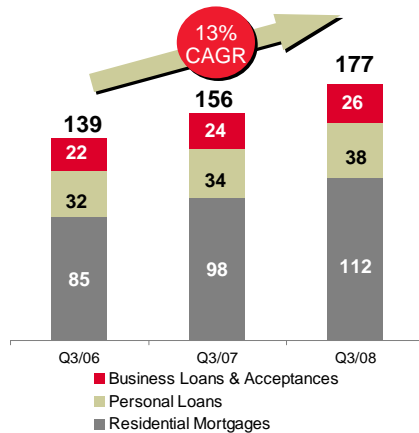
International Banking

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## Domestic Banking: Strong performance



Average Assets (\$ billions)



Market Share Gains Yr/Yr

Residential mortgages	+6 bps
Personal Term Deposits	+106 bps
Total Personal Deposits	+68 bps
Mutual Funds	+28bps

Domestic market share figures as at June 2008

Q3 YTD Net Income up 11%

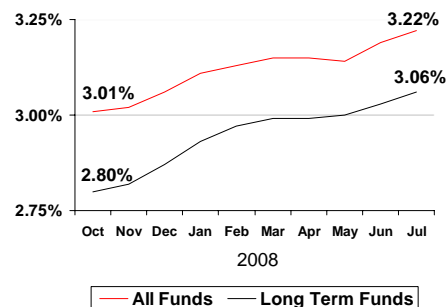
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## Good progress in wealth management



- Much improved performance in mutual funds
  - six consecutive quarters of market share gains
  - #4 in the industry in net long-term fund sales, YTD
- Increased presence in online brokerage segment
  - E\*TRADE Canada
  - Trade Freedom

Mutual Funds Market Share



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## Three growth platforms



Domestic Banking

**Scotia Capital**

International Banking

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## Scotia Capital: Disciplined customer focus

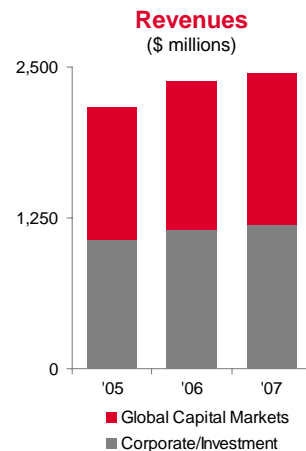


### Corporate & Investment Banking

- Investment grade lending focus
- Global industry capabilities
  - energy
  - mining
  - infrastructure
- NAFTA platform

### Global Capital Markets

- Diversified, customer-focused trading businesses
  - precious metals
  - derivatives
  - foreign exchange
  - fixed income



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## Minimal exposure to troubled sectors



<b>U.S. sub-prime mortgages</b>	<ul style="list-style-type: none"><li>➤ no direct exposure</li><li>➤ minimal indirect exposure</li></ul>
<b>Monoline insurers</b>	<ul style="list-style-type: none"><li>➤ no significant direct exposure</li></ul>
<b>ABCP (Montreal Accord)</b>	<ul style="list-style-type: none"><li>➤ minimal holdings</li></ul>
<b>RMBS</b>	<ul style="list-style-type: none"><li>➤ minimal holdings</li></ul>
<b>Auction Rate Securities</b>	<ul style="list-style-type: none"><li>➤ no exposure</li></ul>
<b>CDOs and CLOs</b>	<ul style="list-style-type: none"><li>➤ virtually all investment grade equivalent</li></ul>

**Relatively low write-downs**

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## Three growth platforms



Domestic Banking

Scotia Capital

**International Banking**

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## International Banking: Growth platform



### Footprint

1,400 Branches  
30,000+ Employees  
5.4MM+ Customers

### Strong Financial Performance

	3 Yr. CAGR*
Revenue:	15%
Net income:	20%

### Expanding Distribution\*\*

– Employees	+100%
– Branches	+80%
– ABMs	+60%
– Customers	+80%

### Acquisitions

Invested more than \$2.5 billion in 12 acquisitions since 2005

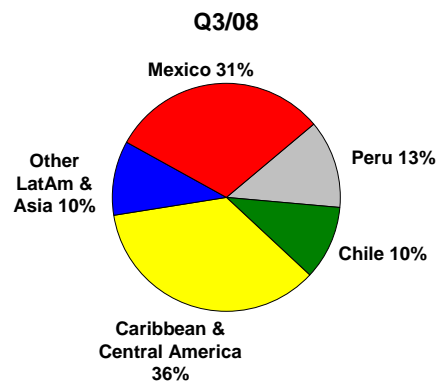
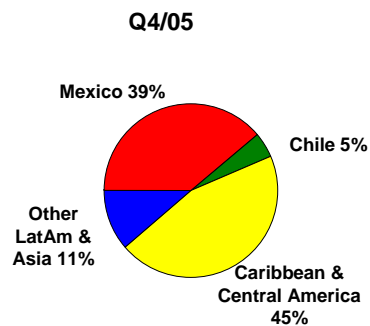
\* Full Year, 2004 - 2007  
\*\* Since October 31, 2004

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## Increased Diversification



### Revenue



More diversified revenue streams

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## Dominant position in the Caribbean



- Strong market share
  - 15%+ deposit market share in most countries
- Continued strong asset growth
  - Q3/08: Retail +18% Yr/Yr, Commercial +13% Yr/Yr
  - Targeting loan growth of 15-20% in most key categories
- Expanding into new segments
  - Affluent: opened 7 private client centers during past 2 years

Consistent and growing stream of earnings

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## Latin America: Attractive growth opportunities



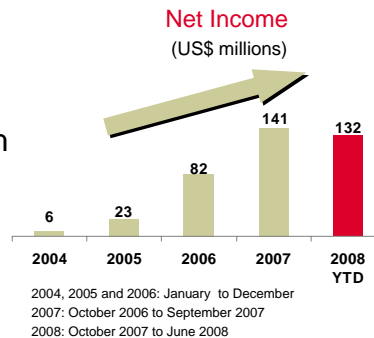
- Increasing presence in high growth markets
  - large populations
  - favourable demographics
  - low banking penetration
- Recent acquisitions
  - Peru                      - Chile
  - Costa Rica           - El Salvador
- Leverage Scotiabank expertise
  - sales and service
  - risk management
  - cost control

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## Peru: Recent example of successful acquisition



- Recent acquisitions increase presence
  - increased ownership in Scotiabank Peru to 98%, from 78%
  - purchased Banco del Trabajo, making Scotiabank Peru #1 in consumer finance
  - Acquired 47.5% of Profuturo, Peru's 4<sup>th</sup> largest private pension fund
- Initiatives to drive additional growth
  - capitalize on leadership in lucrative consumer finance market
  - increase market share in affluent segment
  - expand distribution channels



**Significant earnings driver**

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## Why Invest in Scotiabank?



- Three diversified growth platforms
- Strong risk management
- Well capitalized
- Focus on leadership
- Strong execution capabilities
- Consistent earnings and dividend growth



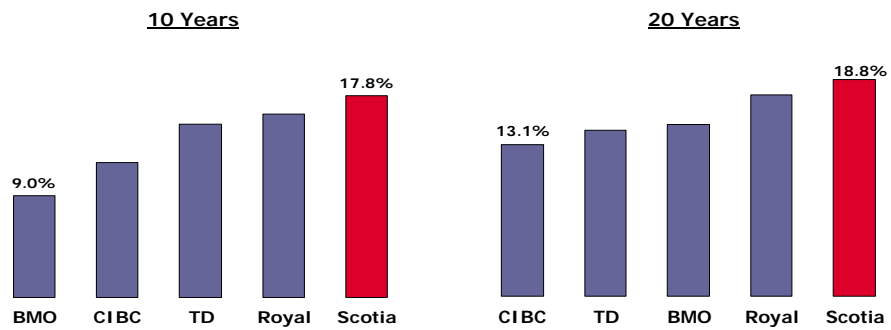
**Superior returns**

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## Scotiabank: Superior returns



### Total Shareholder Returns (TSR) \*



\*TSR is the compound annual growth rate (CAGR) for a stock, which includes share price appreciation and re-invested dividends

Source: Bloomberg – Total Returns as of August 31, 2008 23



## Q & A

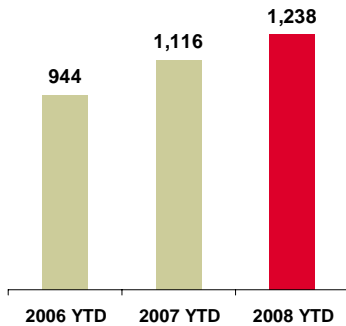


**Scotiabank**

## Domestic Banking Profile



**Net Income\***  
(\$ millions)



- 7 million consumer & business customers
- 15%+ market share
- 1,010 retail branches
- 100 wealth mgt. offices
- 2,896 ABMs
- 21,250 employees
- \$177 billion in avg. assets

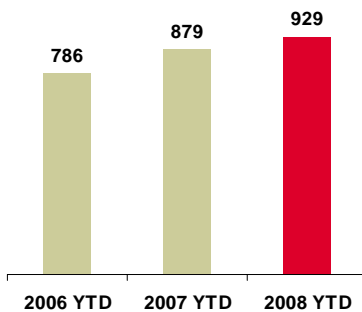
\* available to common shareholders

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## International Banking Profile



**Net Income\***  
(\$ millions)



- 50+ countries
- 5.4+ million customers
- 1,396 branches & offices
- 2,635 ABMs
- 30,700 employees
- \$81 billion in avg. assets

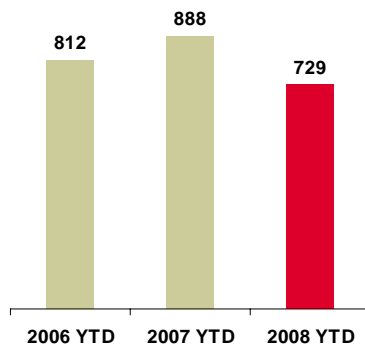
\* available to common shareholders

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## Scotia Capital Profile



**Net Income\***  
(\$ millions)



- Corporate & investment banking
- Relationships with 270 clients in Canada, 600 of the Fortune 1,000 in U.S.
- Global Trading capabilities
- NAFTA platform
- Lending discipline – improved credit quality, lower loan losses
- 2008 YTD ROE of 28.8%
- \$162 billion in avg. assets

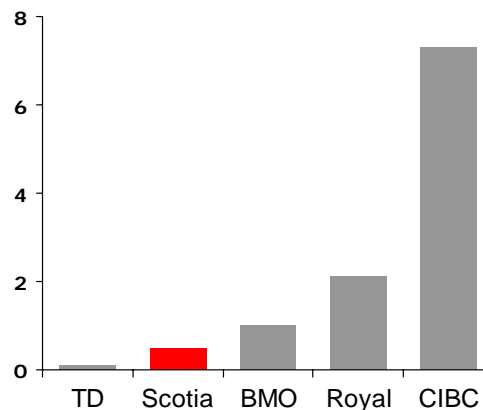
\* available to common shareholders

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## Low Relative Losses on Troubled Asset Classes



**Write-downs\***  
(\$ billions, pre-tax)



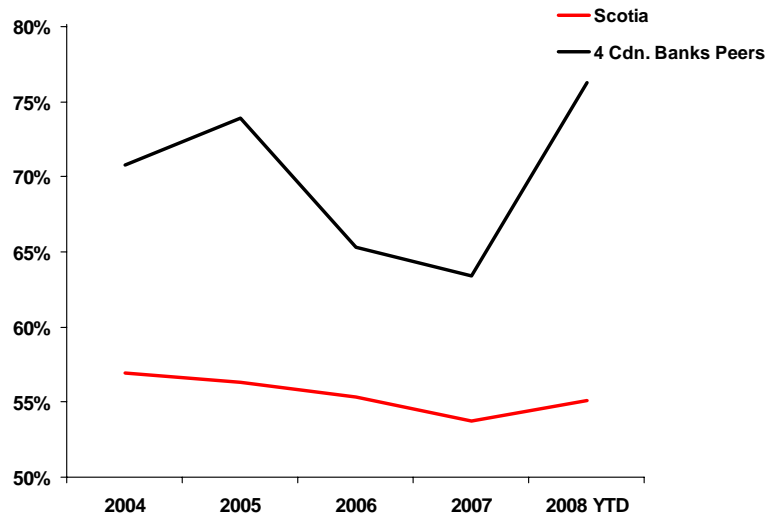
\* Since Q4/07

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## Scotiabank: Industry Leader in Productivity



**Productivity Ratio (TEB)**

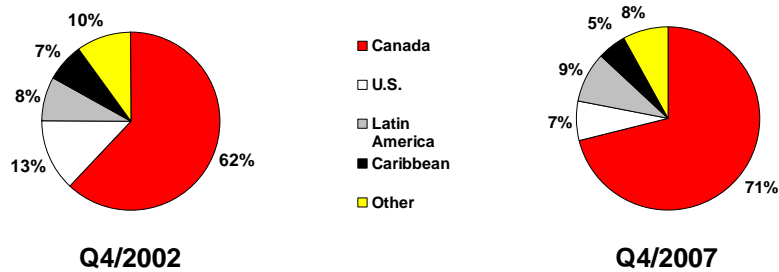


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## Reduced Exposure to U.S.



**Loans and acceptances by geography**



- no direct U.S. retail loan exposure
- good diversification outside Canada

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