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Delivering Strong Performance in a Challenging Environment

UBS – Best of Americas Conference

London, England

September 10-11, 2009



Scotiabank

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; 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; 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 2008 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.

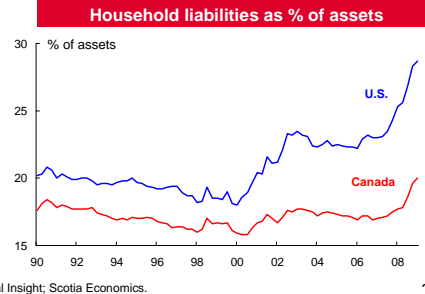
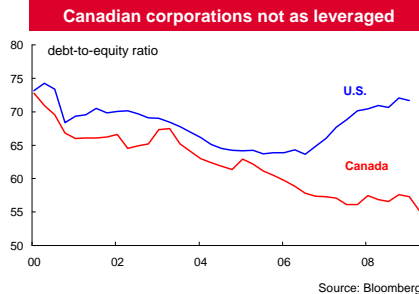
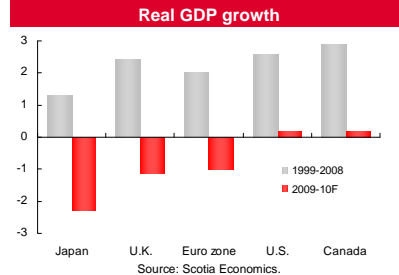
The "Outlook" sections in this document are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections.

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.

Why is Canada attractive?



- Consistent record of meeting or exceeding average G7 output trends.
- Canadian non-financial businesses have more manageable debt levels.
- Canada's housing market not as overleveraged as those in the U.S. and the U.K.

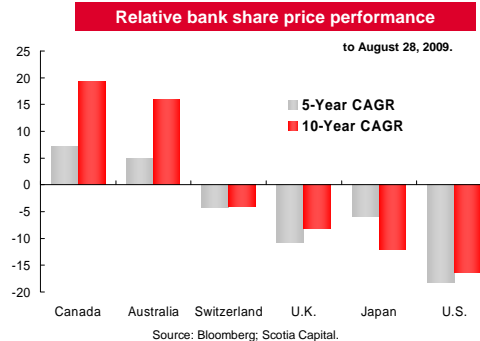


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Strength of the Canadian financial system



- Good regulatory framework
- Sound risk management practices at Canadian banks
 - no sub-prime mortgages in Canada
- Canadian banks well-capitalized going into downturn



- "... with what we view as substantially more robust balance sheets and capital position and lower risk profiles, Canadian banks' foundation appears stronger than that of U.S. and European peers."
S&P – October 2008
- Canadian Banking System ranked World's Soundest by World Economic Forum
Global Competitiveness Report 2008-2009
- "Canada has shown itself to be a pretty good manager of the financial system in ways that we haven't always been here in the United States."
U.S. President Barack Obama – February 2009

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Why invest in Scotiabank?



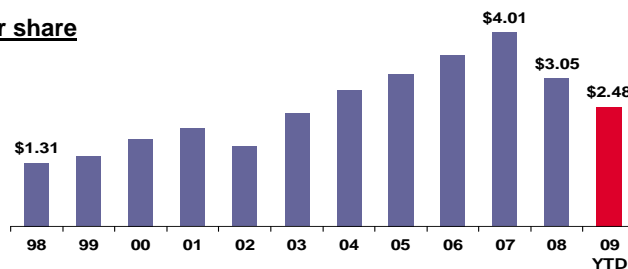
- **Good track record of earnings and dividend growth**
 - strong ROE
- **Strong capital position**
- **Three diversified growth platforms**
 - Canadian Banking
 - Scotia Capital
 - International Banking: Latin America, Caribbean & Central America, Asia
- **Deeply-rooted cost culture**
- **Disciplined risk management**

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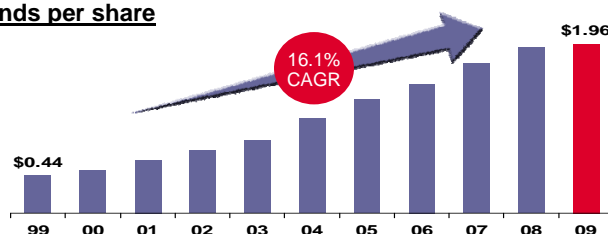
Good track record of earnings and dividend growth



earnings per share



annual dividends per share



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Highest ROE in Canada & very strong globally



YTD/09*

Canada		U.S.		Europe	
Scotia	17.5%	Wells Fargo	14.1%	BBVA	21.5%
Royal	15.2 (ex. goodwill charge)	BAC	6.3	Santander	14.2
BMO	8.5	Citi	4.9	Deutsche	13.7
TD	8.2	JPM	4.0	BNP Paribas	11.8
CIBC	5.1			Barclays	10.1

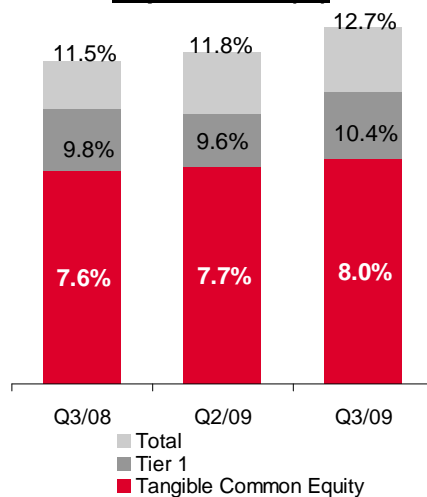
* Q2/09 for U.S. & European banks. With the exception of Royal, all ROEs are on a reported basis

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Strong capital position



Capital ratios (%)



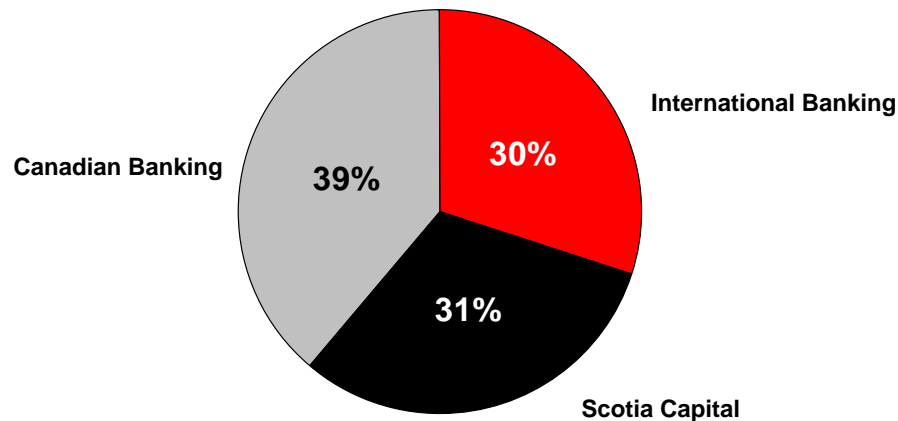
- High by global standards
- Investing in businesses
 - organic
 - acquisitions
- Consistent dividends

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Three diversified growth platforms



% of YTD 2009 net income, excluding Other

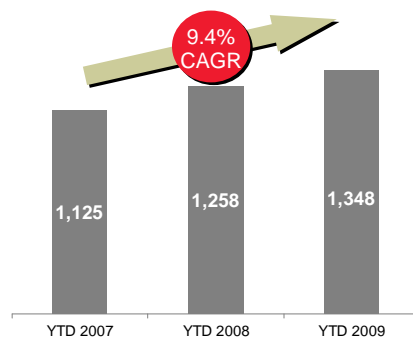


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Canadian Banking: significant progress in wealth management



net income (\$ millions)



- Strong earnings growth
- 11 consecutive quarters with positive year-over-year operating leverage
- Improved wealth management platform
 - organic growth
 - acquisitions

1,020 Branches; 101 WM Offices
21,300+ Employees
7MM Customers

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Scotia Capital: balanced lending and capital markets platforms

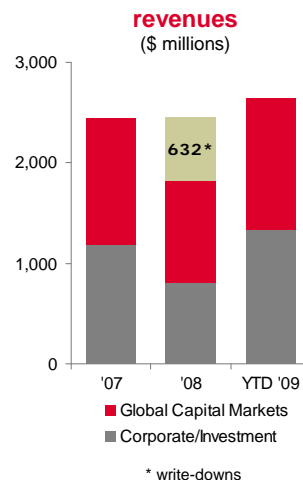


Corporate & Investment Banking

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

Global Capital Markets

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



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International Banking: three main areas of focus



- 45+ countries
- 2,750+ ABMs
- 1,500+ branches
- 36,000 employees

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International Banking: investing for growth in Latin America



- **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

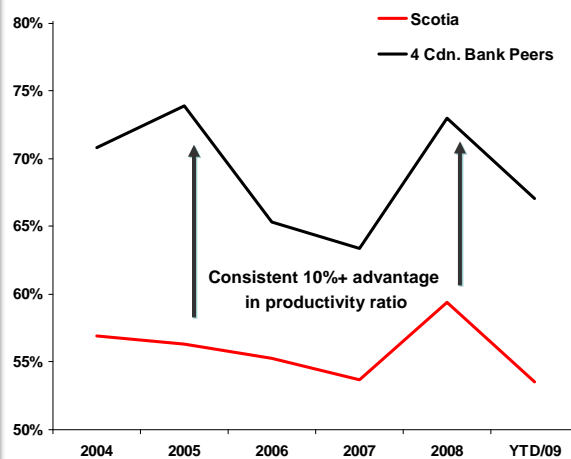


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Deeply-rooted cost culture



Industry-leading productivity ratio (TEB)



- Consistent leader in productivity
- Continue investing in revenue growth initiatives
- Defer non-critical projects

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Disciplined risk management: strong risk culture



- **Risk function independent of businesses**
 - CRO reports directly to CEO
- **Highly centralized decision-making**
 - limited credit authority to International units
 - top management well informed on risk issues
- **Strong oversight by Board of Directors**

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Disciplined risk management: changes in risk management since 2002



- **Enhanced underwriting and execution standards**
- **Lower single name hold limits**
- **Less industry concentration**
- **Better mix of assets – higher % of retail loans**
- **Proactive management of portfolios**
 - improved pricing and returns through Loan Portfolio Management
 - portfolio management through loan sales, credit protection



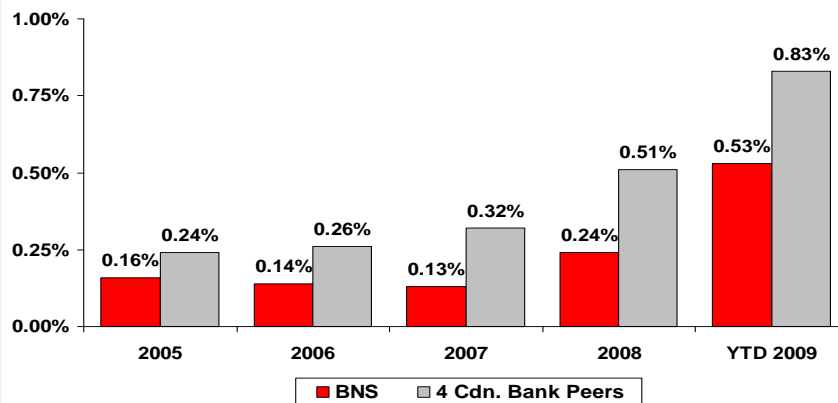
- **Greater risk diversification**
- **Much better credit quality going into downturn**

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Disciplined risk management: industry-leading credit performance



Specific provisions as % of average loans and acceptances



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Well positioned for present and future



- On track to meeting 2009 EPS growth and ROE targets
- Well positioned to grow once global crisis ends
 - capitalize on relative strength vs. global competitors

* based on 2008 reported EPS of \$3.05

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Why invest in Scotiabank?



- **Good track record of earnings and dividend growth**
 - strong ROE
- **Strong capital position**
- **Three diversified growth platforms**
 - Canadian Banking
 - Scotia Capital
 - International Banking: Latin America, Caribbean & Central America, Asia
- **Deeply-rooted cost culture**
- **Disciplined risk management**

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Q & A



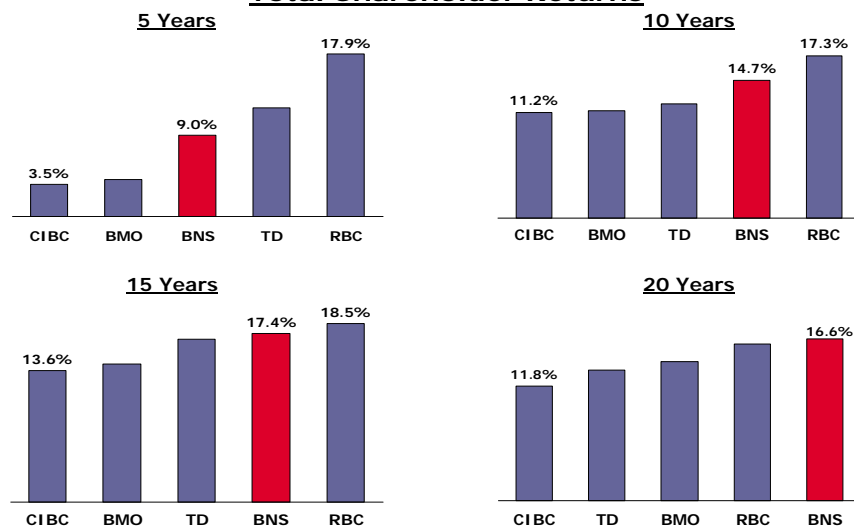


Appendix



Solid medium and long-term returns

Total Shareholder Returns*



*The compound annual growth rate for a stock, which includes share price appreciation and re-invested dividends

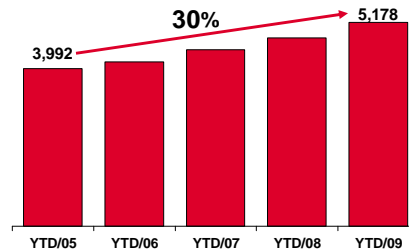
Source: Bloomberg – Total Returns as of August 31, 2009

Three diversified growth platforms: top-line revenue growth

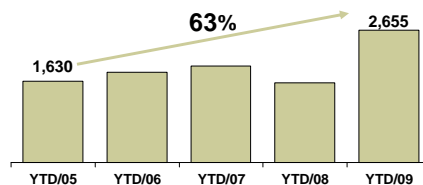


revenues, \$ millions

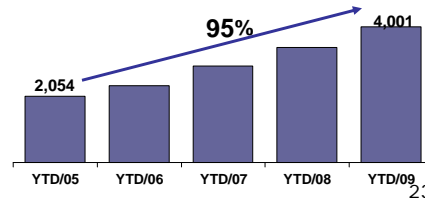
Canadian Banking



Scotia Capital



International Banking



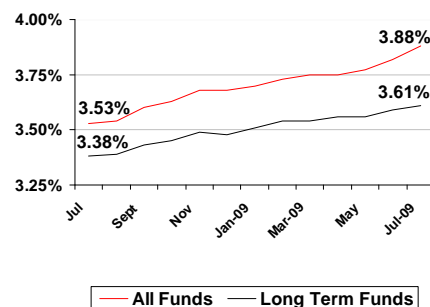
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Canadian Banking: significant progress in wealth management



- Much improved performance in mutual funds
 - 10 consecutive quarters of market share gains
 - #2 in the industry in total net sales & #4 in long-term fund sales, YTD (Jul/09)
- Strategic investment in two fund companies
 - CI Financial, Dundee Wealth
- Increased presence in online brokerage segment
 - Scotia iTRADE
 - Trade Freedom

Mutual Funds Market Share

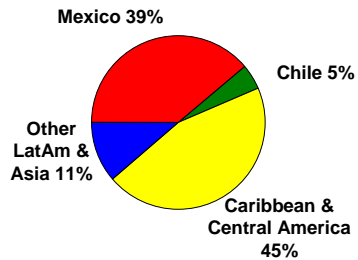


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International Banking: increased diversification

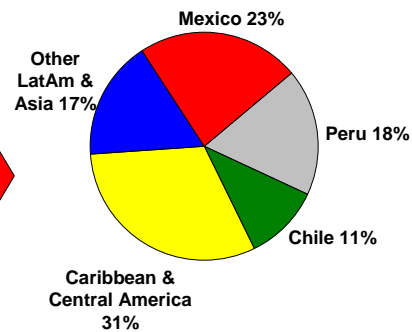


Q4/05 revenue: \$708MM



+80%

Q3/09 revenue: \$1,275MM



more diversified revenue streams

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International Banking: dominant position in the Caribbean



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International Banking: Asia - option for longer-term growth



- **Attractive markets**
 - large, young populations, strong economies, low banking penetration
 - China, Thailand, India, Malaysia
- **Focus on strategic investments**
 - Thanachart Bank – 8th largest bank in Thailand, leader in auto lending

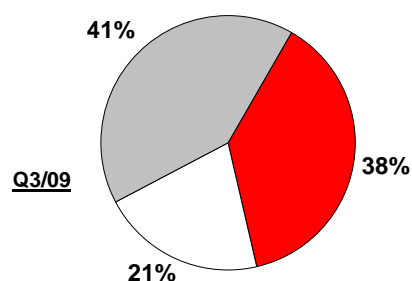


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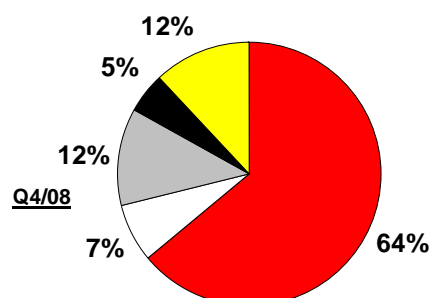
Disciplined risk management: diversified loan portfolio



loans and acceptances



- Mortgages
- Personal loans & credit cards
- Business & government



- Canada
- U.S.
- Latin America
- Caribbean
- Other

- Mortgages represent largest portion of loan portfolio
- No direct U.S. retail loan exposure
- Good diversification outside Canada

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Disciplined risk management: good coverage ratios



	Earnings* to total PCL (YTD/09)	Specific allowance to impaired loans (Q3/09)	Total allowance to loans & acceptances (Q3/09)
Scotia	3.7x	37%	1.1%
Royal	2.9x	25%	1.0%
TD	2.3x	28%	0.9%
BMO	2.0x	17%	1.0%
CIBC	1.7x	57%	1.2%

*pre-tax, pre-provision earnings. With the exception of Royal, where we excluded the \$1B goodwill impairment charge, all ratios were calculated using reported pre-tax, pre-provision earnings

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Disciplined risk management: credit quality by business line



Actively managing risk across all businesses

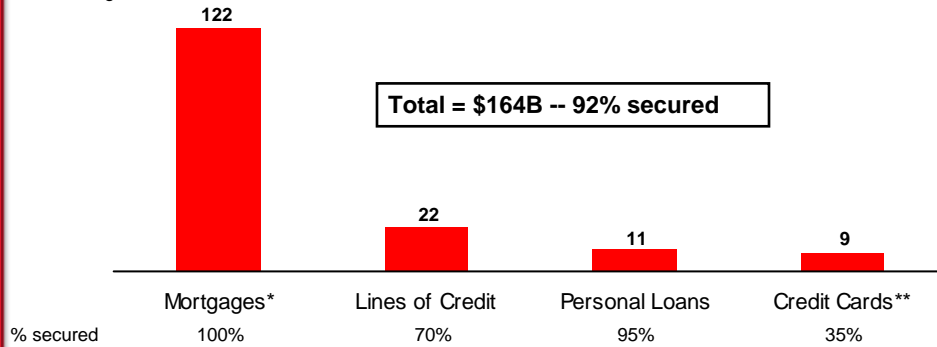
- **Canadian Banking:**
 - diversified and highly secured retail portfolios
 - delinquencies stabilizing in retail and commercial portfolios
- **International Banking:**
 - diversified and secured retail and commercial portfolios
 - retail portfolios under some pressure
 - commercial portfolios in Asia/Pacific & Peru performing well
 - closely monitoring portfolios in Mexico and Caribbean & Central America
- **Scotia Capital:**
 - monitoring and managing impact of U.S. slowdown on certain industries

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Canadian retail loans and provisions



outstandings at Q3/09, \$ billions



PCL	Q2/09	Q3/09	Q2/09	Q3/09	Q2/09	Q3/09	Q2/09	Q3/09
\$MM	2	1	22	23	67	68	35	45
% of avg. loans (bps)	1	1	45	41	241	237	158	194

*before securitizations of \$18B & mortgages converted to MBS of \$20B
54% insured; LTV in mid-50s for uninsured portfolio

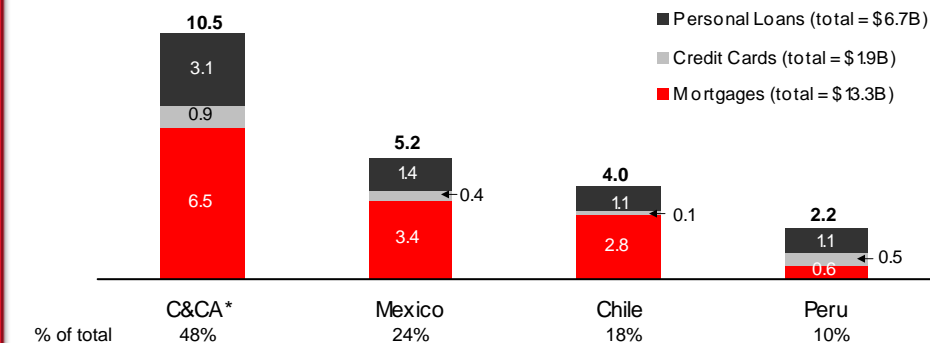
** includes \$6B of Scotiabank VISA

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International retail loans and provisions



outstandings at Q3/09, \$ billions



PCL	Q2/09	Q3/09	Q2/09	Q3/09	Q2/09	Q3/09	Q2/09	Q3/09
\$MM	33	36	38	46	15	15	39	49
% of avg. loans (bps)	120	130	302	349	154	149	654	833

Total Portfolio = \$22B -- 78% secured

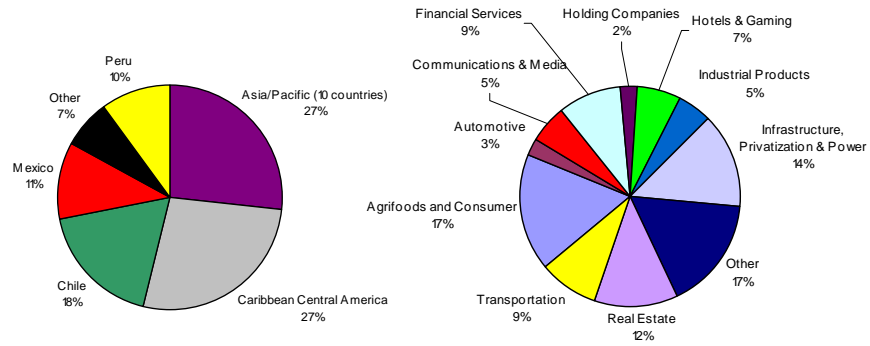
* Caribbean and Central America

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Diversified International commercial portfolio



loans & acceptances



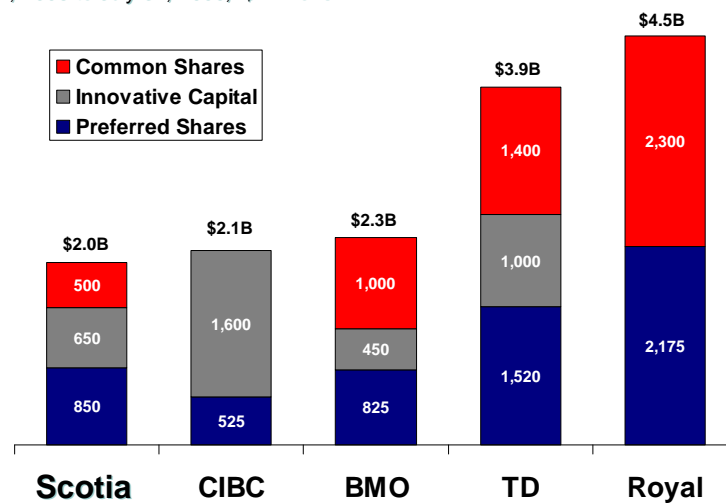
Q3/09 = \$34 billion

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Tier 1 Capital Issues in Fiscal 2009



Nov. 1, 2008 to July 31, 2009, \$ millions



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