Investor Presentation
Second Quarter, 2007

May 29, 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.

The Bank cautions that the foregoing 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 foregoing 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 behalf of the Bank.

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.

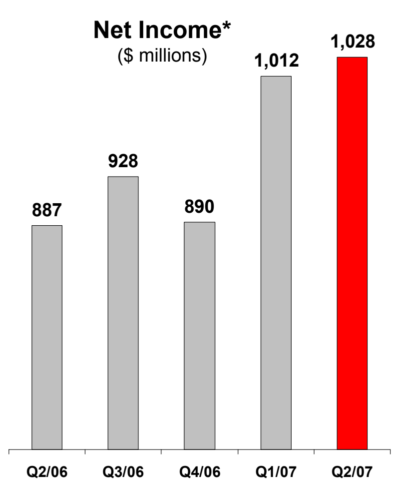
Scotiabank

Overview

Rick Waugh
President & Chief Executive Officer

Scotiabank

Second consecutive quarter of record earnings

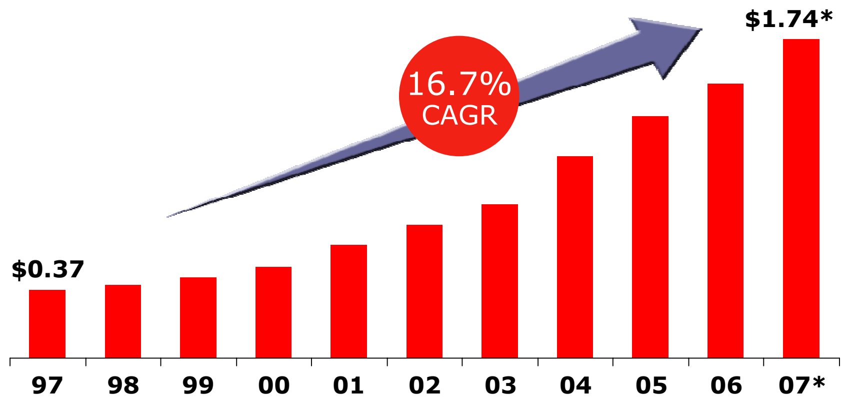


	Q2/07	Change Yr/Yr	Change Qtr/Qtr
Net income*	$1,028	16%	2%
EPS	$1.03	16%	2%
ROE	23.4%	20 bp	40 bp
Productivity ratio	53.8%	-150 bp	20 bp

* available to common shareholders

Continued dividend growth

annual dividend, per share

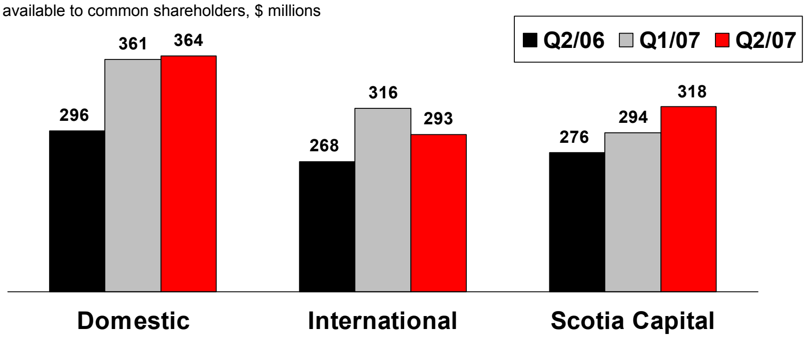


- 3 cent or 7% dividend increase effective Q3/07
- 16% increase in 2007

* based on current rate

Higher earnings across all business lines year-over-year

net income available to common shareholders, $ millions



Domestic: Continued strong growth in personal lending, particularly in mortgages and personal lines of credit, combined with improved wealth management results.
International: Combination of organic growth and acquisitions have fuelled solid year over year growth. Growth in assets, particularly in Mexico and the Caribbean partly offset by higher loan losses in Mexico and a higher effective tax rate.
Scotia Capital: Record results with increased contributions from most businesses, buoyed by higher client-driven activities. Scotia Capital also benefited from a benign credit environment to realize continued net loan loss recoveries as well as interest recoveries.

Well positioned to meet 2007 performance objectives

	YTD		Objective
EPS Growth	18%	vs.	7-12%
ROE	23.3%	vs.	20-23%
Productivity	53.7%	vs.	<58%

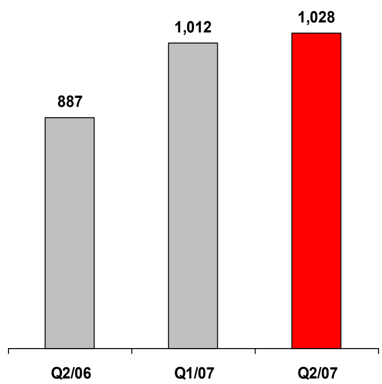
Performance Review

Luc Vanneste
Executive Vice-President &
Chief Financial Officer

Scotiabank

Financial Performance Overview

Net Income*
($ millions)



Q2/07 vs. Q2/06 net income up 16%
- Total revenues up 13%
- Expenses up 10%
- Strong organic growth and positive impact of acquisitions
- Reversal of general allowance ($25 million)

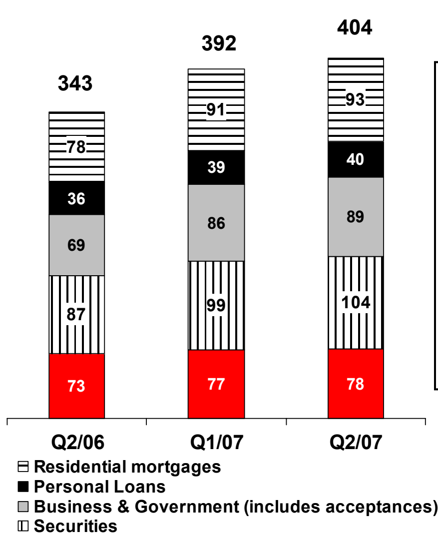
Q2/07 vs. Q1/07 net income up 2%
- Lower provisions, reversal of general allowance and higher interest recoveries
- Largely offset by shorter quarter and lower securities gains

* available to common shareholders

Scotiabank

Continued strong asset growth

average balances, $ billions



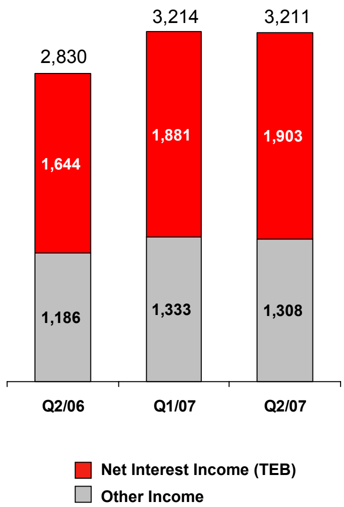
Year-over-year growth

- **Total Assets: +18%**
- **Residential mortgages: +19%**
- **Personal loans: +10%**
- **Business & government: +30%**
  - positive impact of acquisitions and organic growth
- **Securities: +19%**

Scotiabank

Strong revenue growth year-over-year

Revenues (TEB)
($ millions)



Q2/07 vs. Q2/06 revenues up 13%

- Broad-based increase due to growth in underlying client base, in part from acquisitions
- Increased revenues from transaction-based fees, underwriting activities, retail brokerage fees and mutual funds
- Partly offset by lower securities gains

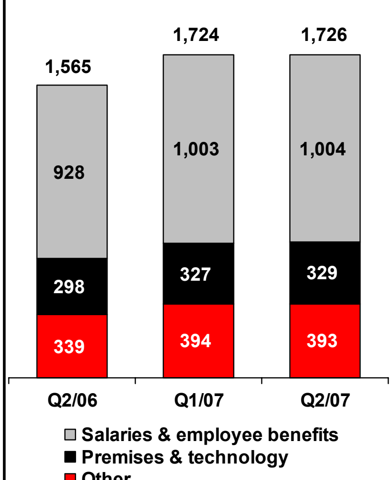
Q2/07 vs. Q1/07 revenues flat

- Asset growth in most regions and higher interest recoveries largely offset by shorter quarter
- Growth in several categories more than offset by lower securities gains

Scotiabank

Expenses flat quarter over quarter

Non-interest expenses
($ millions)



Q2/07 vs. Q2/06 expenses: up 10%

- Nearly half of increase due to acquisitions
- Remaining increase due primarily to:
  - higher salaries and benefits costs
  - increased premises, advertising and promotion expenses to support business growth initiatives

Q2/07 vs. Q1/07 expenses flat

- Increased branch expansion costs
- Largely offset by the shorter quarter and a decrease in stock-based compensation

Positive operating leverage

YTD Q2/07 vs. YTD Q2/06 (TEB)

	Revenue Growth	Expense Growth	Operating Leverage
Domestic	7.0%	3.8%	3.2%
International	29.3%	27.2%	2.1%
Scotia Capital	7.2%	2.8%	4.4%
All - Bank	13.5%	10.3%	3.2%

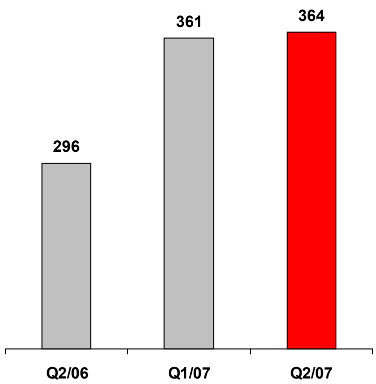
Domestic Banking

Chris Hodgson

Executive Vice President
Domestic Personal Banking

Domestic Banking
Strong performance

Net Income*
($ millions)



* available to common shareholders

Q2/07 vs. Q2/06 net income: up 23%

- Revenues up 8% driven by:
  - strong growth in mortgages, personal lending from organic growth, Maple Trust acquisition
  - higher wealth management revenues
- Expenses up 3% largely due to:
  - business growth (acquisitions, branch expansion)
  - normal salary increases
  - volume-driven expenses in wealth management
- ROE of 32%

Q2/07 vs. Q1/07 net income: up 1%

- Revenues flat – shorter quarter
- Expenses unchanged
- Loan losses down

Domestic Banking
Volume growth, market share gains

	Growth (Yr/Yr)
Residential mortgages	**$14 B (17%)**
Business loans	**$2 B (8%)**
Personal deposits	**$4 B (6%)**
Business deposits	**$5 B (14%)**

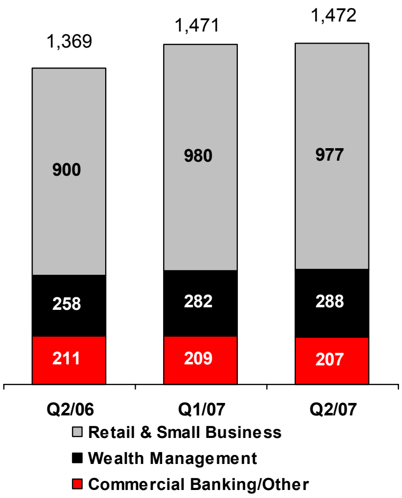
	Market Share* (Yr/Yr)
Residential Mortgages	**18 bp**
Personal Term Deposits	**20 bp**
Mutual Funds	**4 bp**

*As at March 31

Good momentum from recent acquisitions (Maple, Travelers)

Domestic Banking
Solid revenue growth

revenues (TEB), $ millions



<u>Q2/07 vs. Q2/06 revenues: up 8%</u>

Retail & Small Business: up 9%

- strong asset and deposit growth
- lower interest margin
- higher transaction and card revenues

Wealth Mgt – record revenues, up 12%

- retail brokerage – strong client activity
- mutual fund – very strong net sales
- private client – higher AUM, trust fee income

<u>Q2/07 vs. Q1/07 revenues: flat</u>

- average assets up 2%, deposits up 1%
- margin stable
- interest income down 1% – shorter quarter
- other income up 2%

Domestic Banking
Update on 2007 priorities

Drive sustainable revenue growth

> **greater emphasis on investment products**
- record mutual fund net sales, exceeding $1.5 billion for the first 6 months
- hired several highly respected and proven senior mutual fund industry executives
  - enhance product offerings
  - increase sales through all distribution channels
- continued strong growth in fee-based assets
- record levels of AUA, AUM

> **new marketing initiatives**
- SCENE entertainment rewards program, VISA & debit cards
- renaming of 5 major Cineplex theatres

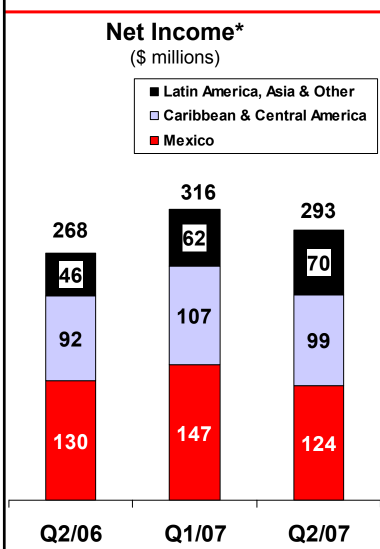
> **plan to open 35 new branches**
- opened 9 new branches year to date

International Banking

Rob Pitfield

Executive Vice President
International Banking

International Banking
Investing for Future Growth

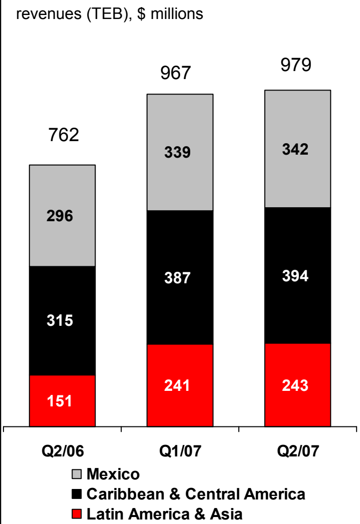


* available to common shareholders

Q2/07 vs. Q2/06 net income: up 9%
- Revenues up 29% from acquisitions combined with strong organic growth
- Expenses up 30%, investing for future growth:
  - acquisitions (about half the increase)
  - 50 new branches in Mexico in the past year
  - marketing initiatives
- Higher loan losses:
  - Caribbean benefited from some provision reversals last year
  - low provisions in other regions in 2006
- Higher effective tax rate in Mexico

Q2/07 vs. Q1/07 net income: down 7%
- Revenues up 1%
- Expenses up 3%:
  - higher expenses in Mexico
  - marketing initiatives in Caribbean
- Higher loan losses in Mexico

International Banking – higher revenue from organic growth, acquisitions



Q2/07 vs. Q2/06 revenues: up 29%

- **Mexico revenues up 16%:**
  - strong asset and deposit growth
  - higher retail brokerage, and credit card fees
- **Caribbean & Central America revenues up 25%:**
  - acquisitions - Costa Rica, Dominican Republic
  - strong organic retail loan growth, particularly in Bahamas, Trinidad & Tobago
- **Latin America & Asia up 62%** due mainly to:
  - Peru acquisitions
  - strong asset growth in Asia

Q2/07 vs. Q1/07 revenues: up 1%

- **Mexico up 1%** on volume growth, higher spreads, higher other income
- **Caribbean & Central America up 2%** on asset growth, impact of Jamaica broker acquisition
- **Latin America & Asia revenues up 1%**

International Banking
Update on 2007 priorities

Drive sustainable revenue growth

> **Strong organic growth**

- **retail loan volumes up 30% from last year, primarily mortgages and credit cards**
- **expanding distribution network**
  - **adding 125 new branches (85 in Mexico) & 100 ABMs**
- **increasing non-branch sales forces, telemarketing, direct mail**

> **Pursue acquisition opportunities**

- **growing contribution from acquisitions in Peru, Costa Rica, Dominican Republic and Jamaica**
- **announced the acquisition of nearly 25% of Thanachart Bank in Thailand**

Scotiabank

Scotia Capital

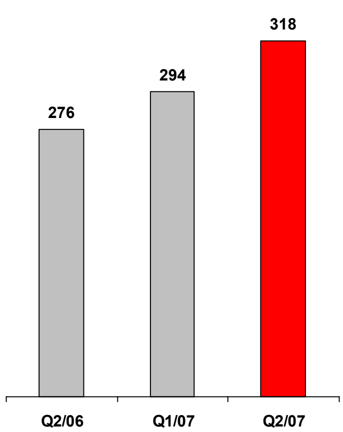
John Schumacher

Co-Head
Scotia Capital

Scotiabank

Scotia Capital
Solid quarter

Net Income*
($ millions)



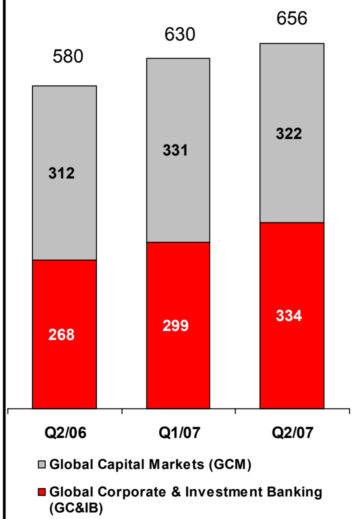
* available to common shareholders

Q2/07 vs. Q2/06 net income: up 15%
- Revenues up 13%
- Expenses up 3% due to:
  - higher salaries and technology costs
  - partially offset by lower performance-based compensation
- Continued loan loss reversals and recoveries, primarily in the U.S. portfolio; no new loan loss provisions

Q2/07 vs. Q1/07 net income: up 8%
- Revenues up 4% due to higher interest recoveries
- Expenses up 1% due to:
  - higher performance-based compensation
  - mostly offset by lower signing bonuses
- Increased loan loss provision reversals and recoveries, mainly in the U.S.

Scotia Capital revenues - Strong loan volume growth, interest recoveries

revenues (TEB), $ millions



Q2/07 vs. Q2/06 revenues: up 13%

Global Corporate & Investment Banking: up 25%
- Higher interest recoveries from impaired loans
- Higher lending volumes: up 24%
  - primarily investment grade
- Increased investment banking revenues
- Partly offset by narrower spreads

Global Capital Markets: up 3%
- Strong results in precious metals, fixed income

Q2/07 vs. Q1/07 revenues: up 4%
- Increased interest recoveries
- Higher results in investment banking, including M&A
- Partly offset by lower capital markets revenues, corporate banking fees

Scotia Capital
Update on 2007 priorities

> **Enhance NAFTA platform**
- expand product capabilities, particularly in Mexico

> **Build additional global specializations**
- broadened client and research coverage in oil & gas sector
- recent additions in mining sector showing early promise
- increase business with alternative asset managers – ramp up marketing efforts

> **Maintain strong credit discipline**

Risk Review

Brian Porter
Chief Risk Officer

Favourable credit conditions continue

$ millions

	Q2/07	Change Yr/Yr	Change Qtr/Qtr
Provision for Credit Losses (PCL)	20	(15)	(43)
Specific Provisions	45	10	(18)
Net Impaired Loans*	579	-	-

- General Allowance: $1,298 million
  - – $25 million reduction in Q2/07
- $1.5 billion of credit protection purchased

* after specific allowance for credit losses

Credit losses remain low

$ millions	Q2/07	Change Yr/Yr	Change Qtr/Qtr
Domestic:			
- Retail Banking	72	9	1
- Commercial	(6)	(31)	(9)
	66	(22)	(8)
International:			
- Mexico	19	9	15
- Caribbean & Central America	13	24	3
- Latin America & Asia	(2)	(4)	(7)
	30	29	11
Scotia Capital:			
- U.S.	(50)	(20)	(21)
- Canada & Other	(1)	23	-
	(51)	3	(21)
Other	-	-	-
Total Specific Provisions	45	10	(18)
Reduction of General Allowance	**(25)**	**(25)**	**(25)**
Total	**20**	**(15)**	**(43)**

Moderate net impaired loan formations

Q2/07, $ millions		
Domestic:		
- Retail	78	
- Commercial	(20)	**58**
International:		
- Mexico	46	
- Caribbean & Central America	53	
- Latin America & Asia	29	**128**
Scotia Capital:		
- U.S.	(117)	
- Canada & Other	(4)	**(121)**
Total		**65**

Domestic Retail: formations reflect growing portfolio size; underlying credit trends remain strong.

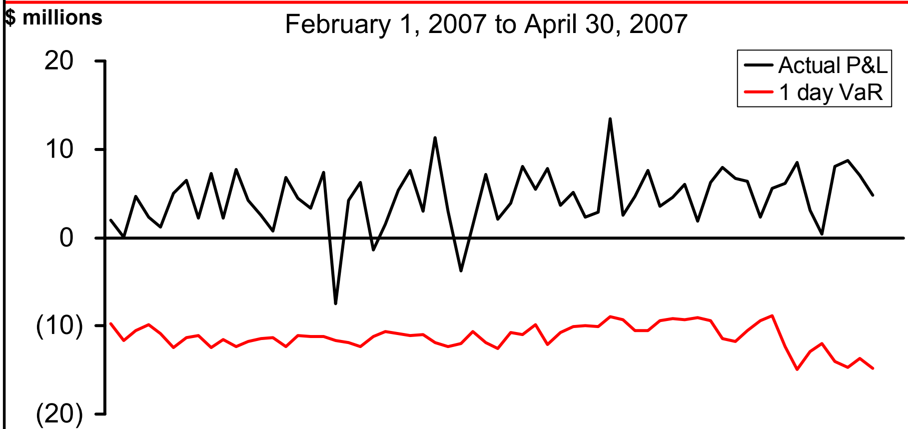
Domestic Commercial: payment of one large account; stable credit quality.

International: formations primarily in retail portfolios across division, largely reflecting their growing size. Classified two commercial accounts in the Caribbean.

Scotia Capital: repayment on two large accounts in the U.S.

Formations down $12 million vs. Q1/07

Trading results within 1 day VaR



- Q2/07: Average 1 day VaR: $11.3 mm vs. $9.2 mm in Q1/07
- Q2/07: No loss days exceeded the 1 day VaR

Market risk well diversified

Average 1 day VaR, $ millions

Risk Factor	Q2/07	Change vs. Q1/07	Change vs. Q2/06
Interest rate	7.2	-	2.7
Equities	5.2	1.6	(0.2)
Foreign exchange	1.2	(0.7)	(0.7)
Commodities	1.5	0.8	0.1
Diversification	(3.8)	0.4	1.4
All-Bank VaR	11.3	2.1	3.3

- Most of exposure in **interest rate** and **equity** risks
- **Commodities** exposure mostly in precious metals trading

Market risk – trading controls

- **Board-approved policies** and **limits**
- **Active, independent oversight** – risk management staff physically located on trade floors
- **Independent validation** of **models** and **market data** used for valuation
- **Valuation reserves** for risk concentrations, market illiquidity
- Daily **P&L analysis**
- Regular **stress-testing** of portfolios

Outlook

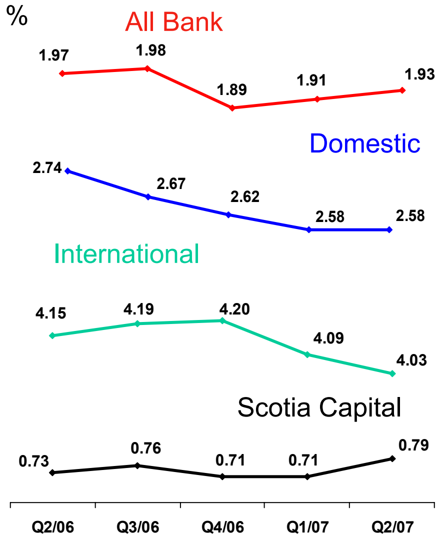
Rick Waugh
President & Chief Executive Officer

Delivering on 2007 Priorities

1. **Delivering sustainable revenue growth**
   - **Domestic (+8%):** continued strong asset growth & improved Wealth Management results from higher cross-sell and new customer acquisition
   - **International (+29%):** broad-based asset, revenue and customer growth
   - **Scotia Capital (+13%):** strong investment banking revenues & growth in investment-grade assets
2. **Effective use of capital: investing for future growth**
   - positive impact of acquisitions
   - expanding distribution network, leveraging technology and marketing
   - strength in balance sheet and capital ratios
3. **Continued development of people and leaders**

Appendix

Net interest margin



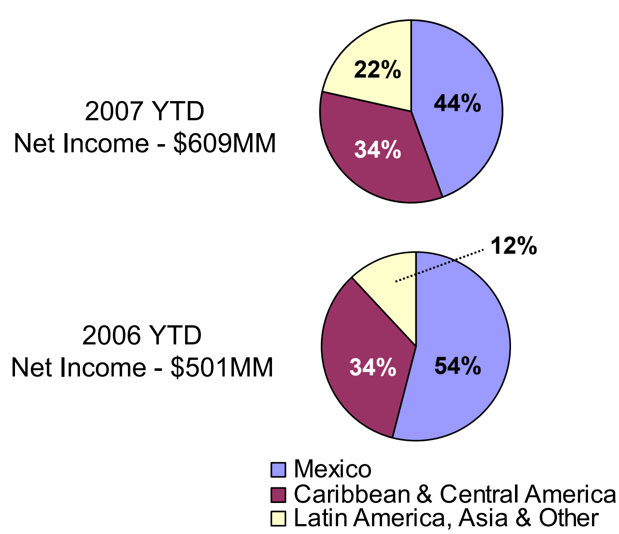
<u>All-Bank margin: +2 bps qtr/qtr</u>

Domestic margin: flat qtr/qtr

International margin: (6) bps qtr/qtr
- negative impact of mark-to-market on financial instruments

Scotia Capital margin: +8 bps qtr/qtr
- higher interest recoveries

International Banking Changing Regional Mix



Mexico Contribution

($ millions)	Q2/07	Q1/07	Q2/06
Net income in pesos, excluding inflation accounting	1,084	956	1,037
MXP/CAD exchange rate	9.6	9.5	9.5
Net income in CAD, excluding inflation accounting	$113	$101	$110
BNS' share (97%)	$110	$98	$107
Canadian GAAP and acquisition adjustments	$1	$43	$17
Scotiabank Mexico contribution in CAD	$111	$141	$124

- Canadian GAAP and acquisition adjustments relate mainly to taxes and loan losses
- Strong positive underlying trends: strong revenue growth, loan losses reflecting portfolio growth, investing in initiatives to drive future growth

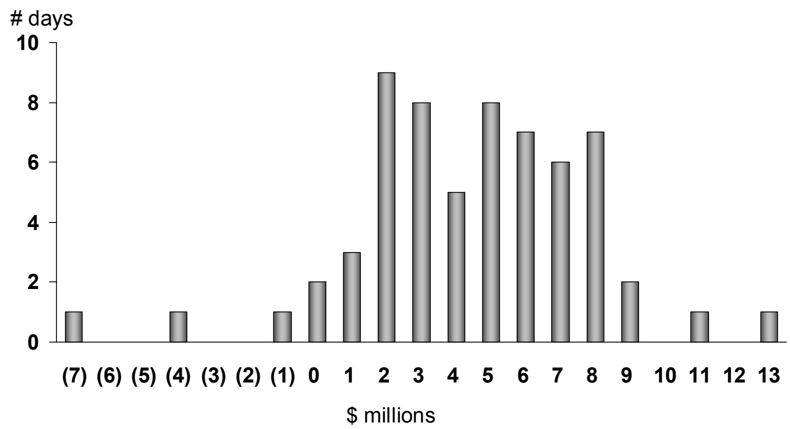
Trend in net impaired loan formations by business

$ millions

	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07
Domestic:					
Retail	73	76	77	81	78
Commercial	44	20	29	6	(20)
	117	96	106	87	58
International					
Retail	43	52	70	74	87
Commercial	(34)	(31)	(43)	(9)	41
	9	21	27	65	128
Scotia Capital	(115)	(98)	36	(75)	(121)
	11	**19**	**169**	**77**	**65**

Low variability of trading revenue

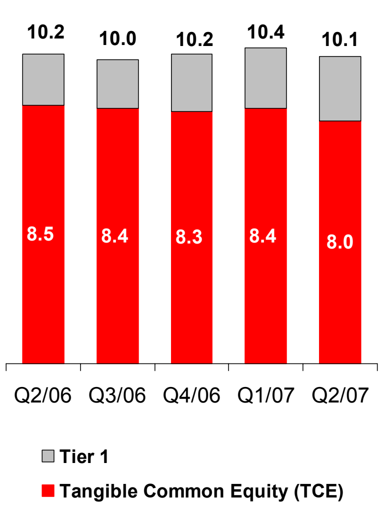
trading revenue, Q2/07



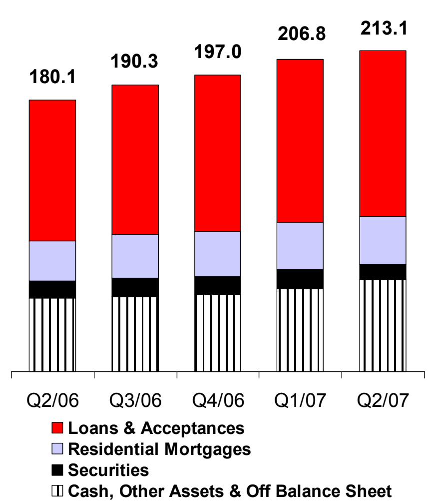
95% days had positive results in Q2/07 vs. 98% in Q1/07

Strong capital ratios – despite growth in risk-weighted assets

% of risk-weighted assets



$ billions



High level of unrealized securities gains

$ millions

	Q2/07	Q1/07	Q2/06
Emerging Market Debt	723	714	619
Fixed Income	(79)	(127)	(201)
Equities	564	574	523
	1,208	**1,161**	**941**