



Investor Presentation Second Quarter, 2008

May 27, 2008

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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 and on the EDGAR section of the SEC's website at www.sec.gov.

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Overview

Rick Waugh
President & Chief Executive Officer

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Q2/08 Results Solid Quarter

		Change	
	Q2/08	Yr/Yr	Qtr/Qtr
Net income (\$ millions)	\$980	(6)%	18%
EPS	\$0.97	(6)%	18%
ROE	21.4%	(100) bp	310 bp
Productivity ratio	54.8%	100 bp	(170) bp

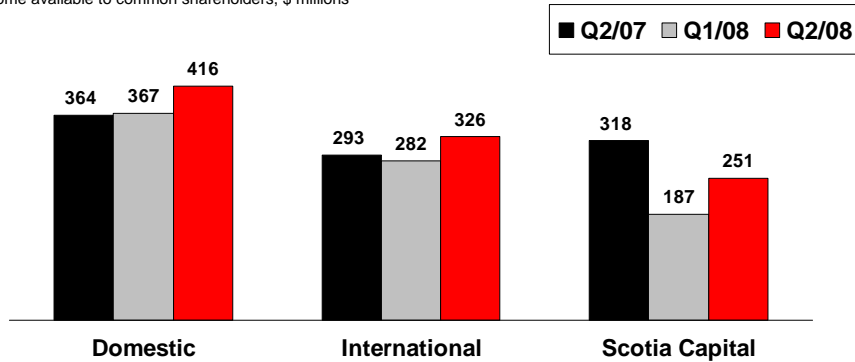
+ solid asset growth	- lower loan loss recoveries
+ minimal write-downs	- higher expenses

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Solid Core Results Each Business Up Quarter Over Quarter

net income available to common shareholders, \$ millions



Year over year

Domestic: Continued strong asset growth, market share gains, good expense control partly offset by higher loan loss provisions, margin compression
International: Strong organic asset growth, contribution from acquisitions (Chile & Thailand), partly offset by higher loan loss provisions, negative forex impact
Scotia Capital: Strong asset growth, lower expenses offset by lower loan loss and interest recoveries, loss on non-trading securities, lower capital markets revenues

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Performance Review

Luc Vanneste

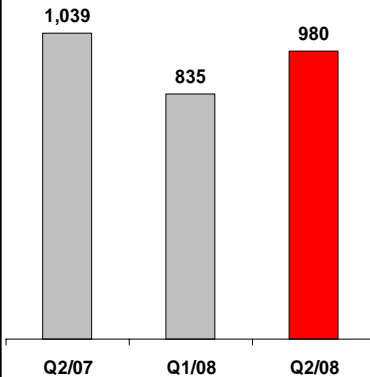
Executive Vice-President &
Chief Financial Officer

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Financial Performance Overview

Net Income (\$ millions)



Q2/08 vs. Q2/07 net income: down 6%

- **revenues up 2%:**
 - + net interest income up 4%
 - other income down 1%
- **expenses up 4%**
- **specific provisions up \$108 million**
 - lower recoveries in Scotia Capital, higher provisions in Domestic & International

Q2/08 vs. Q1/08 net income: up 18%

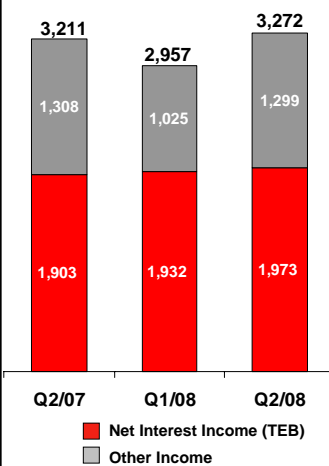
- **revenues up 11%, or 2% excluding securities write-downs last quarter**
- **expenses up 7%**
- **provisions up \$42 million**
 - largely due to lower commercial recoveries in International

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Higher Revenues - Strong Asset Growth, Lower Capital Markets Revenues

Revenues (TEB) (\$ millions)



Q2/08 vs. Q2/07 revenues: up 2%

- **net interest income up 4% driven by:**
 - + continued strong organic asset growth
 - + acquisitions
 - lower net interest margin
- **other income down marginally:**
 - lower capital markets related revenues (trading, investment banking, retail brokerage) & lower gains on non-trading securities
 - + higher credit fees, mutual fund fees, securitization & insurance revenues

Q2/08 vs. Q1/08 revenues: up 11%

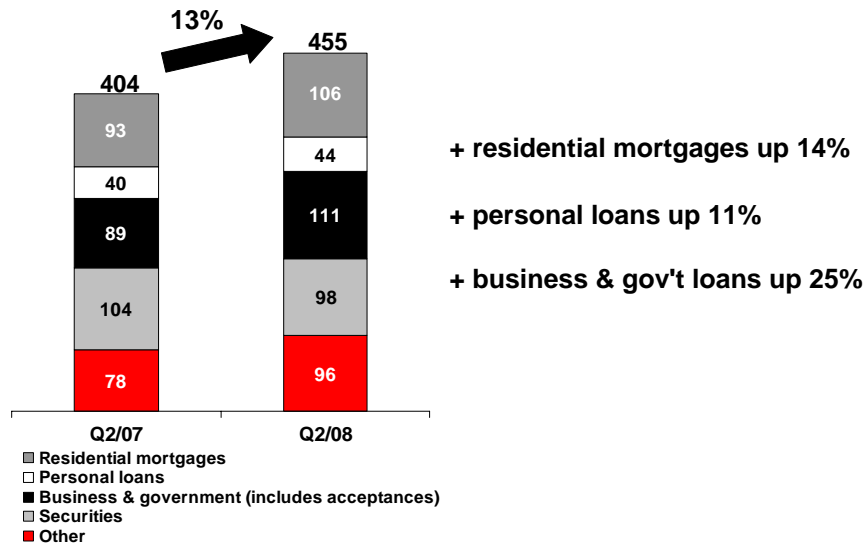
- **net interest income up 2%**
 - + full quarter of Chile acquisition, favourable forex impact
- **other income up 27%**
 - + higher securities write-downs in Q1
 - + stronger trading revenues, including record precious metals trading results
 - + higher securitization revenues

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Asset Growth Continues

average balances, \$ billions

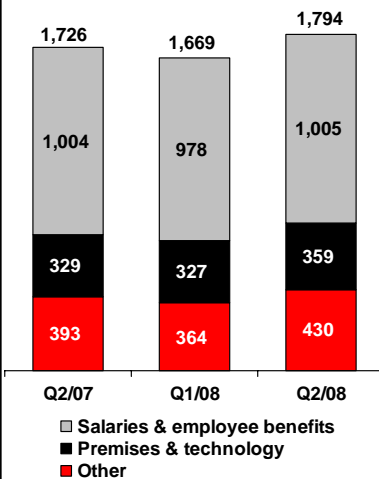


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Higher Expenses Investing in Growth Platforms

Non-interest expenses
(\$ millions)



Q2/08 vs. Q2/07 expenses: up 4%

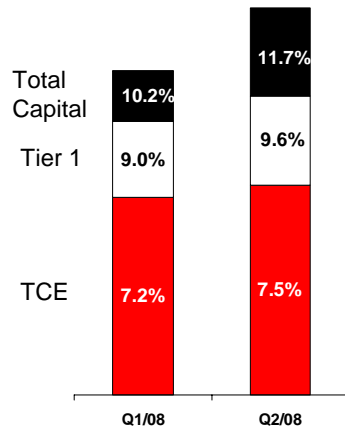
- + higher salaries, higher premises & technology due to branch expansion, acquisitions
- + higher professional fees
- lower performance-based compensation
- favourable forex impact

Q2/08 vs. Q1/08 expenses: up 7%

- + higher performance based compensation in line with improved trading results
- + full quarter of Chile acquisition
- + higher advertising & professional fees
- + unfavourable forex impact
- lower stock-based compensation

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Strong Capital



- **Strong internal capital generated**
 - \$0.8 billion year-to-date
- **Capital raised year-to-date:**
 - \$ 0.6 billion preferred shares
 - \$ 2.2 billion subordinated debentures
- **Higher capital ratios:**
 - + internal capital generation
 - + impact of Basel II
 - + capital issuances

Domestic Banking

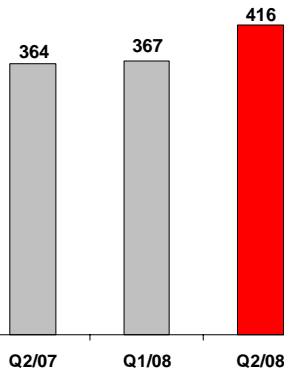
Chris Hodgson

Executive Vice-President
Domestic Personal Banking



Domestic Banking Excellent Quarter

Net Income*
(\$ millions)



*available to common shareholders

Q2/08 vs. Q2/07 net income: up 14%

- + **revenues up 8%**
 - strong asset & deposit growth partly offset by margin compression
- **expenses up 2%**
 - growth initiative spending, including acquisitions & hiring client facing staff, partly offset by lower performance driven compensation
- **increase in Retail provisions**
 - portfolio growth including Scotia Dealer Advantage (SDA)
 - underlying loss ratios continue to be good.
- **higher Commercial provisions** due to recoveries in Q2/07

Q2/08 vs. Q1/08 net income: up 13%

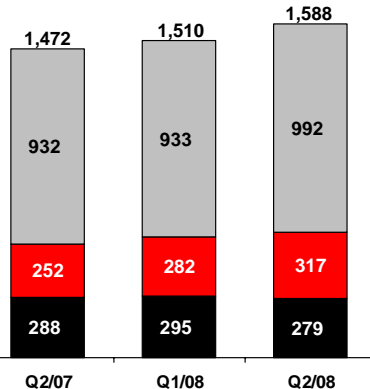
- + **revenues up 5%**
 - strong asset growth & lower funding costs
- **expenses were flat**
 - increased growth initiative spending & seasonal expenses offset by shorter quarter & lower stock based compensation
- **higher provisions** relate to 2 commercial accounts & SDA

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Domestic Banking Strong Asset Growth Driving Revenue

Revenues (TEB)
(\$ millions)



■ Retail & Small Business
■ Commercial Banking
■ Wealth Management

Q2/08 vs. Q2/07 revenues: up 8%

- Retail & Small Business**
 - + mortgages +16% & deposits +12%
 - lower margin due to asset mix & increased wholesale funding requirements
- Commercial Banking**
 - + strong asset growth
 - + higher margin due to lower funding costs
- Wealth Management**
 - + Mutual Funds +12%

Q2/08 vs. Q1/08 revenues: up 5%

- + strong asset growth: +3%
- + higher margin due to lower funding costs
- lower wealth mgmt. revenues due mostly to Dundee Wealth annual performance fees in Q1

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Strong Market Share Gains

Year-over-Year Increase

Residential Mortgages	+17 basis points
Personal Term Deposits	+103 basis points*
Total Personal Deposits	+63 basis points*
Mutual Funds	+26 basis points

*Acquisition of Dundee Bank contributed +15 basis points to personal term deposits and +22 basis points to total personal deposits

Domestic market share figures as at March 2008

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Domestic Update on 2008 Priorities

- **Drive sustainable revenue growth**
 - **Acquire new customers**
 - Opened 4 new branches in Q2, plan to open 15 in 2008
 - Added front line staff in retail & small business
 - Continue to develop strategic alliances with NHL, Cineplex/SCENE & Western Union
 - **Launch new initiatives**
 - Launched "Bank the Rest" savings program
 - Introduced ScotiaGold Passport for business VISA card
 - **Enhance technology & infrastructure**
 - Upgrade branch technology platform
 - Invest in ATMs & CHIP
 - **Focus on wealth management**
 - Launch of advisory series of funds and Scotia Climate Change Fund
 - Growth of mutual fund wholesaler team initiated for advisor series
 - Adding front line sales staff and investing in technology

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International Banking

Rob Pitfield

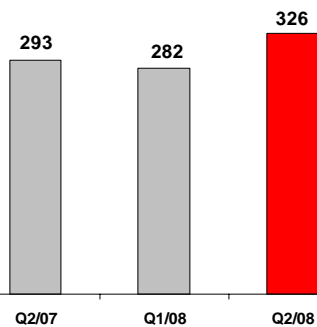
Executive Vice-President
International Banking

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International Banking Growth Continues - Organic & Acquisitions

Net Income*
(\$ millions)



* available to common shareholders

Q2/08 vs. Q2/07 net income: up 11%

+ revenues up 18%

- strong broad-based loan growth, acquisitions, higher securities gains
- significantly offset by forex

- expenses up 7%

- acquisitions, business growth initiatives (e.g. new branches), offset by forex
- **higher tax rate** in Mexico
- **higher retail provisions**, primarily in Mexico

Q2/08 vs. Q1/08 net income: up 16%

+ revenues up 11%

- strong broad-based loan & deposit growth, acquisitions, positive forex and fair value write-downs in Q1

- expenses up 8%

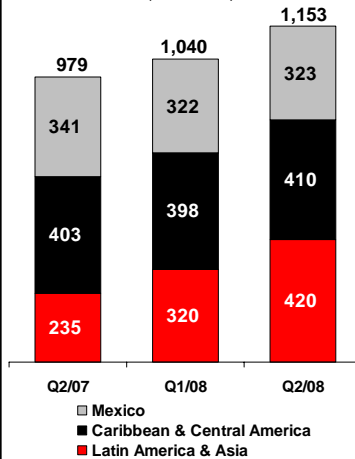
- unfavourable forex impact, acquisitions, higher Q1 recoveries in Latin America
- **higher provisions**
 - largely due to lower commercial recoveries & reversals

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International Banking Strong Revenue Growth

Revenues (TEB)
(\$ millions)



Q2/08 vs. Q2/07 revenues: up 18%
(forex negatively affected each segment)

- **Mexico**
 - + strong retail loan & deposit growth
 - + higher insurance & mutual fund revenues
- **Caribbean & Central America**
 - + strong loan growth & improved margin
- **Latin America & Asia**
 - + Chile & Thailand acquisitions
 - + strong net interest income growth – retail & commercial
 - + higher non-trading securities gains

Q2/08 vs. Q1/08 revenues: up 11%

- **Mexico**
 - + good retail loan growth
 - largely offset by lower commercial fees
- **Caribbean & Central America**
 - + continued asset growth: organic & acquisitions
 - + improved margin
- **Latin America & Asia**
 - + full quarter of Chile acquisition (1 month in Q1)
 - + fair value write-downs in Q1

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International Update on 2008 Priorities

- **Drive sustainable revenue growth**
 - Broader geographic diversification
 - Segmentation strategy progressing well
 - Distribution channel expansion on track
 - Will add 90-100 branches
- **Additional acquisitions**
 - Peru: Increased presence in fast growing market
 - Raised ownership in Scotiabank Peru to 98% (from 78%)
 - Acquisition of Banco de Trabajo makes Scotiabank #1 in consumer finance
 - Expanded footprint in Guatemala and Dominican Republic
- **Improving operational efficiency**
 - Upgrading call centres and internet platforms

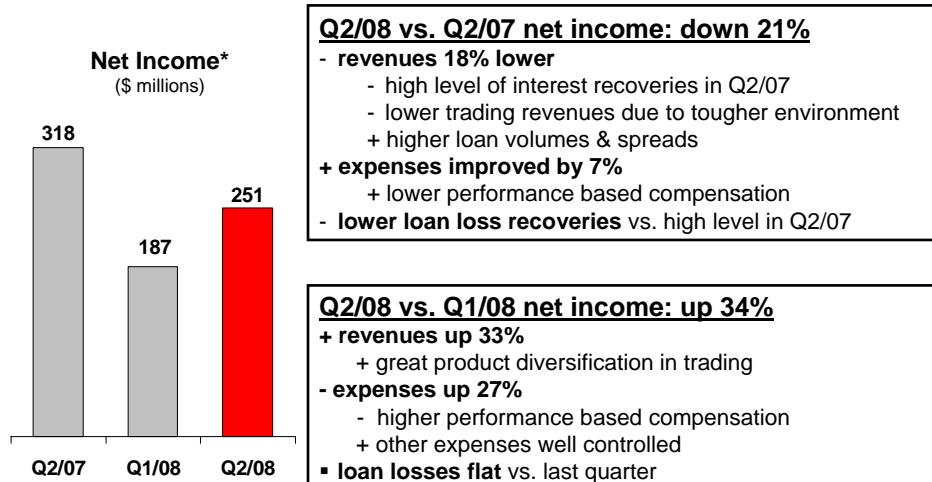
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Scotia Capital

Michael Durland

Co-Head
Scotia Capital

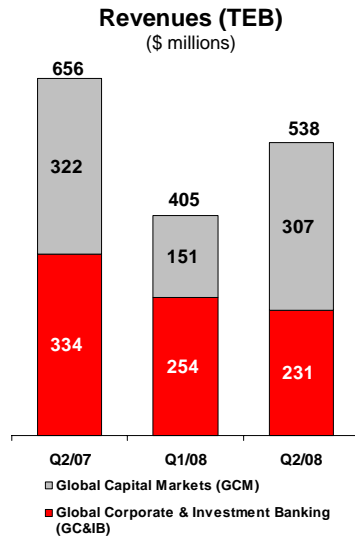
Scotia Capital Good Quarter – Despite Tough Environment



*available to common shareholders



Scotia Capital Improving Revenue Across Several Businesses



Q2/08 vs. Q2/07 revenues: down 18%

Down from Q2/07 peak:

- lower derivatives & fixed income trading
- high level of interest recoveries in Q2/07
- loss on non-trading securities
- + partly offset by record precious metals trading & very strong foreign exchange trading
- + higher corporate loan volumes & wider spreads

Q2/08 vs. Q1/08 revenues: up 33%

Well diversified growth:

- + record quarter for precious metals trading
- + higher loan volumes & spreads
- + higher investment banking revenues
- loss on non-trading securities

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Scotia Capital Update on 2008 Priorities

- **Drive sustainable revenue growth**
 - **Leverage NAFTA capabilities**
 - Increasing contribution from Scotia Capital Mexico
 - Cross-border transactions involving US, Mexico and other geographies (e.g.: Dominican Republic)
 - **Expand client coverage globally in energy & mining and other industries where we have an advantage**
 - Majority of ScotiaWaterous business is now outside of Canada
 - ScotiaMocatta: global leader in precious metals trading
 - Adding new buy side clients
 - **Added 50 new corporate lending clients so far in 2008**
- **Capitalize on market opportunities & conditions**
- **Maintain prudent risk management**

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Risk Review

Brian Porter

Executive Vice-President &
Chief Risk Officer

Risk Overview

- **relatively stable credit conditions**
- **decrease in VaR**
 - market risk well controlled
- **update on areas of current focus**
 - exposures reduced and very manageable



Trend in Specific Provisions

\$ millions

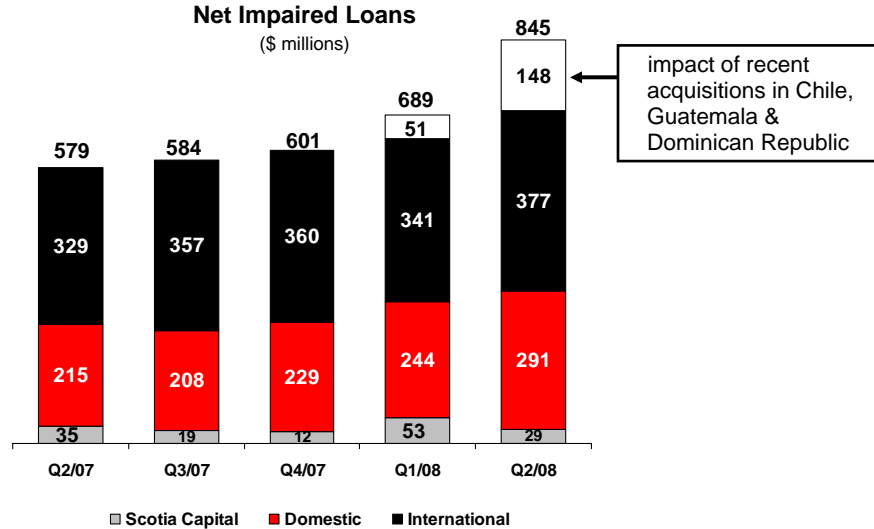
	<u>Q2/07</u>	<u>Q3/07</u>	<u>Q4/07</u>	<u>Q1/08</u>	<u>Q2/08</u>
Domestic:					
Retail	68	68	72	79	82
Commercial	<u>(2)</u>	<u>9</u>	<u>6</u>	<u>12</u>	<u>20</u>
	66	77	78	91	102
International					
Retail	42	42	56	64	69
Commercial	<u>(12)</u>	<u>(17)</u>	<u>(29)</u>	<u>(34)</u>	<u>(9)</u>
	30	25	27	30	60
Scotia Capital	<u>(51)</u>	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(9)</u>
	45	92	95	111	153

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Trend in Net Impaired Loans

Net Impaired Loans
(\$ millions)



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VaR by Risk Factor

Average 1 day VaR, \$ millions

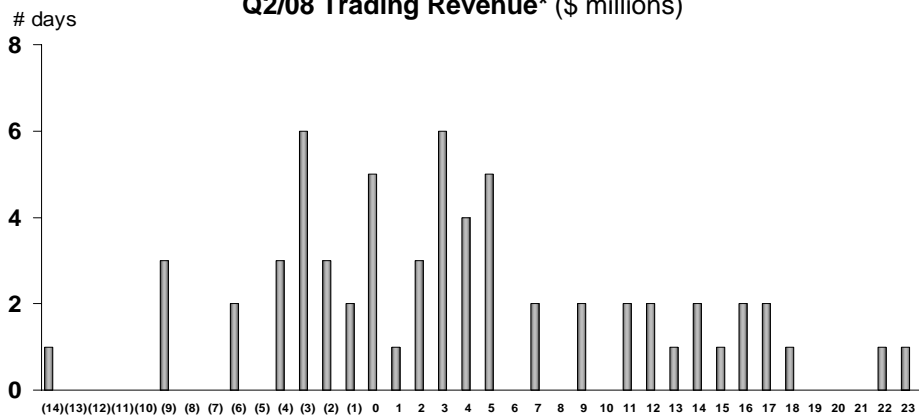
<u>Risk Factor</u>	<u>Q2/08</u>	<u>Q1/08</u>	<u>Q2/07</u>
Interest rate	12.8	13.8	7.2
Equities	3.0	4.5	5.2
Foreign exchange	1.3	0.9	1.2
Commodities	3.6	2.7	1.5
Diversification	(6.1)	(5.3)	(3.8)
All-Bank VaR	14.6	16.6	11.3

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Trading Revenue

Q2/08 Trading Revenue* (\$ millions)



▪ 67% days had positive results in Q2/08 vs. 79% in Q1/08

* excludes amounts related to counterparty exposure write-downs

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Areas of Current Focus

Montreal Accord ABCP	<ul style="list-style-type: none"> ➤ fair value of holdings: \$144 million, unchanged from Q1/08 ➤ drawn liquidity lines to conduits: \$44 million
CDOs and CLOs	<ul style="list-style-type: none"> ➤ fair value of holdings: \$1.2 billion (Q1/08: \$1.4 billion) ➤ virtually all investment grade equivalent - nominal U.S. sub-prime exposure
Monolines	<ul style="list-style-type: none"> ➤ replaced credit default protection previously provided by a monoline ➤ other direct exposures not significant (<\$50 million) ➤ indirect exposure: US\$3.2 billion (Q1/08: US\$4.4 billion) <ul style="list-style-type: none"> • high quality of underlying assets, minimal exposure (<\$50 million) to sub-prime mortgages
Secured Retail Auto Loans (GMAC)	<ul style="list-style-type: none"> ➤ exposure: \$5.9 billion - internally modelled to investment grade (97% investment grade) ➤ now have ability to diversify some of the U.S. exposure to the Canadian market ➤ portfolio performing as expected
Hedge Fund Exposure	<ul style="list-style-type: none"> ➤ majority of activity collateralized ➤ no credit issues with counterparties
Auction Rate Securities	<ul style="list-style-type: none"> ➤ no exposure

Outlook

- **credit quality to remain fairly stable for second half of 2008**
 - do not foresee significant change in loan losses from current levels

- **expect loan loss provisions to increase gradually over medium term**
 - impact of acquisitions, organic growth and change in mix of loan portfolios
 - lower reversals and recoveries

Outlook

Rick Waugh
President & Chief Executive Officer

Outlook Stronger Second Half

- **Continuing to invest in growth initiatives**
 - organic expansion
 - acquisitions
- **On track to meet three of four key targets**
 - unlikely to meet full year EPS growth target
- **Expect stronger second half**
 - benefit from recent asset growth
 - improving market conditions
 - stable Canadian dollar



Appendix

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Impact of Forex Translation

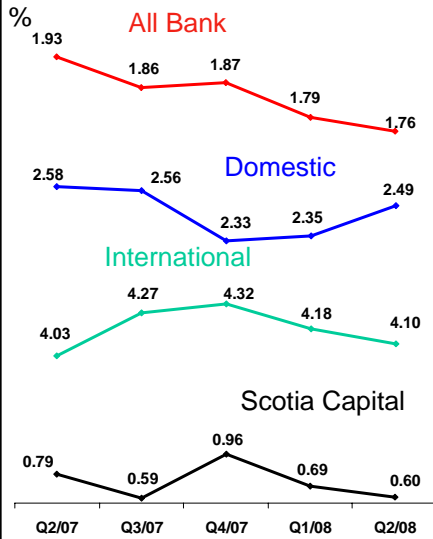
Impact (\$MM)	Yr/Yr	Qtr/Qtr
Revenues	(154)	49
Non-interest expenses	63	(20)
Net income	(67)	21

Average exchange rate	<u>Q2/08</u>	<u>Q1/08</u>	<u>Q2/07</u>
\$US/\$CAD	0.99	1.01	0.86
Mexican peso/\$CAD	10.62	10.99	9.63
Peruvian new sol/\$CAD	2.83	3.02	2.78
Chilean peso/\$CAD	454.75	497.76	467.07

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Small Decline in All-Bank Net Interest Margin



All-Bank margin: -3 bps qtr/qtr

Domestic margin: +14 bps qtr/qtr

- + lower wholesale funding costs
- + wider prime-BA spread
- + higher mortgage spreads

International margin: -8 bps qtr/qtr

- higher growth in lower spread assets in Asia
- slightly lower margins in Latin America
- + higher spreads in Caribbean & Central America

Scotia Capital margin: -9 bps qtr/qtr

- lower interest income in Global Capital Markets
- higher trading assets
- + higher spreads in Canada, US

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Scotiabank Mexico Improved Contribution in Q2

(\$ millions)	Q2/08	Q1/08	Q/Q	Comments
Contribution (Mexican GAAP)	\$96	\$117	\$(21)	<ul style="list-style-type: none"> • Continued retail asset growth • More than offset by higher local taxes
Canadian GAAP adjustments	\$(17)	\$(49)	\$32	<ul style="list-style-type: none"> • Q2/08 includes reversal of locally booked VISA and bond gains • Q1/08 includes: <ul style="list-style-type: none"> - write-down of future tax asset, and - reversal of local tax benefit
Contribution to BNS	\$79	\$68	\$11	

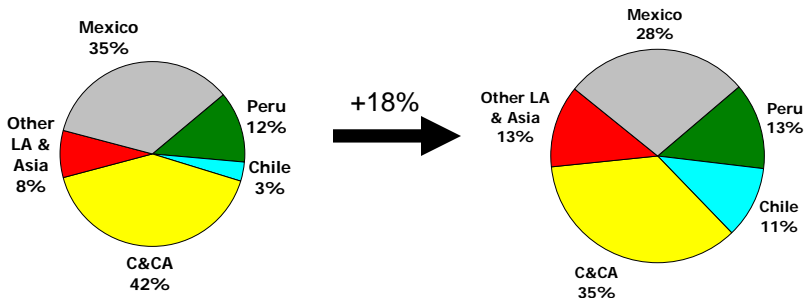
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International Increased Diversification

Q2/07 Revenue: \$979MM

Q2/08 Revenue: \$1,153MM

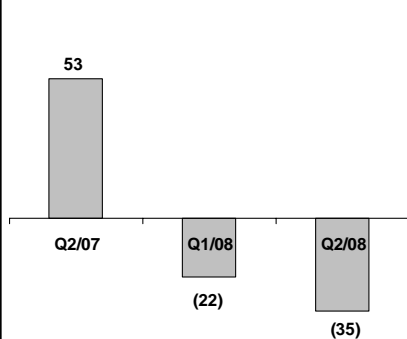


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Earnings in Other Segment*

net income available to common shareholders, \$ millions



Q2/08 vs. Q2/07 net income

- + higher securitization revenues
- negative impact of financial instruments
- higher wholesale funding costs
- higher expenses
- reversal of general allowance in Q2/07

Q2/08 vs. Q1/08 net income

- + write-downs in non-trading securities in Q1
- + higher securitization revenues
- + lower losses from financial instruments
- lower funding profits from declining short term rates
- higher expenses

*includes Group Treasury and other corporate items, which are not allocated to a business line

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Moderate Net Impaired Loan Formations

(Q2/08, \$ millions)

Domestic

- Retail	114	
- Commercial	40	154

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

Domestic Commercial: classification of two accounts; underlying credit quality stable

International

- Mexico	45	
- Caribbean & Central America	77	
- Latin America & Asia	13	135

International: formations primarily in retail portfolios across division, largely mirroring underlying asset growth; classifications of some commercial accounts

Scotia Capital

- Canada	(18)	
- U.S. & Other	(8)	(26)

Scotia Capital: sale of accounts in Canada & the U.S. classified in Q1/08

Total 263

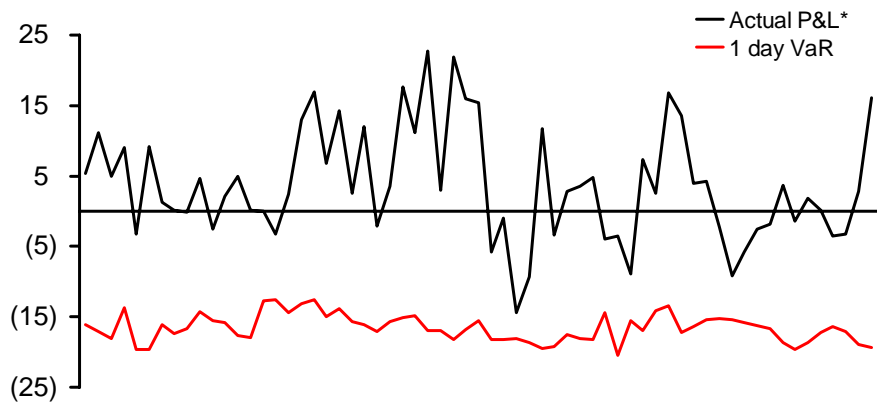
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Trading Results Within 1 Day VaR

(\$ millions)

February 1, 2008 to April 30, 2008



▪ Q2/08 - Average 1 day VaR: \$14.6 vs. \$16.6 in Q1/08

* excludes amounts related to counterparty exposure write-downs.

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Unrealized Securities Gains*

(\$ millions)	Q2/08	Q1/08	Q2/07
Emerging Market Debt	493	547	676
Fixed Income	(179)	89	(33)
Equities	257	259	565
	571	895	1,208

Q/Q decline in unrealized gains on fixed income primarily due to widening of credit spreads.

*before related derivative and other hedge amounts