Investor Presentation
Third Quarter, 2008

August 26, 2008

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

Overview

Rick Waugh
President & Chief Executive Officer

Billion Dollar Quarter

- **Net income - $1 billion, EPS - $0.98**
- **Strength of diversification**
  - each of our three growth platforms performed well
  - record quarter for Domestic Banking, continued market share gains
- **Benefiting from strong risk management**
  - stable provisioning quarter over quarter
- **Continuing to pursue growth initiatives**
  - E*TRADE Canada, Scotiabank Peru

Performance Review

Luc Vanneste

Executive Vice-President &
Chief Financial Officer

Q3/08 - Solid Quarter

		Change	
	Q3/08	**Qtr/Qtr**	**Yr/Yr**
Net income ($ millions)	$1,010	3%	(2)%
EPS	$0.98	1%	(4)%
ROE	21.0%	(40) bp	(70) bp
Productivity ratio	54.3%	(50) bp	130 bp

Quarter over quarter

+ continued asset growth
+ higher trading, investment banking
+ increased securities gains

- higher funding costs
- increased expenses
- higher taxes
- increase in preferred dividends

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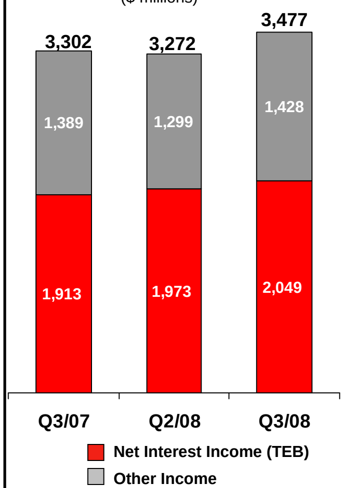
Higher Revenues - Strong Asset Growth, Broad-based Fee Income Increases

Revenues (TEB)
($ millions)



Q3/08 vs. Q3/07 revenues: up 5%

- **net interest income up 7%**
  - + strong organic asset growth, particularly mortgages and corporate loans
  - + acquisitions
  - - lower net interest margin
- **other income up 3%:**
  - + broad-based gains in credit fees, securitization, cards, deposit & payment services, mutual funds
  - - lower trading, mainly derivatives & forex vs. Q3/07 peak
  - - lower securities gains

Q3/08 vs. Q2/08 revenues: up 6%

- **net interest income up 4%**
  - + asset growth, longer quarter
- **other income up 10%**
  - + higher investment banking fees, including record Scotia Waterous
  - + stronger trading, including derivatives
  - + higher securities gains including IPO gain in Mexico

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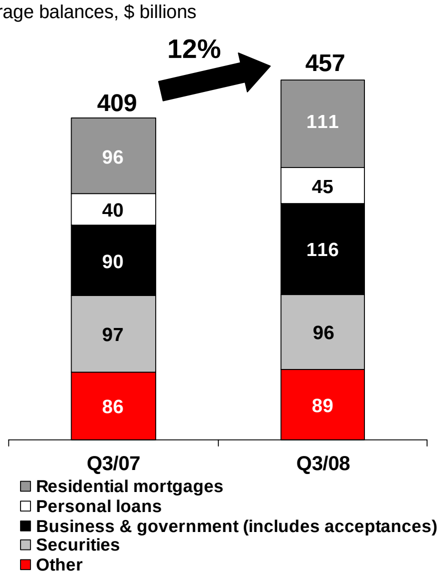
Asset Growth Continues

average balances, $ billions



+ residential mortgages up 15%

+ personal loans up 13%

+ business & gov't loans up 29%

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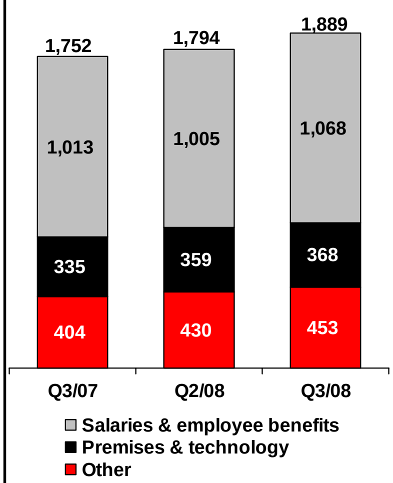
Higher Expenses
Acquisitions, Growth Initiatives

Non-interest expenses
($ millions)



Q3/08 vs. Q3/07 expenses: up 8%

- higher salaries, premises & technology, mainly due to acquisitions, branch expansion, other growth initiatives
- higher advertising, rewards program costs
+ lower performance-based compensation
+ favourable forex impact

Q3/08 vs. Q2/08 expenses: up 5%

- higher salaries due to longer quarter
- increased performance-based compensation in line with improved trading results
- indemnity provision in Peru
- higher stock-based compensation
+ lower professional fees

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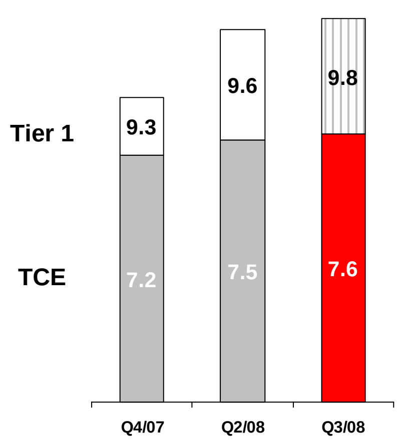
Strong Capital



Higher Tier 1 and TCE ratios (%)

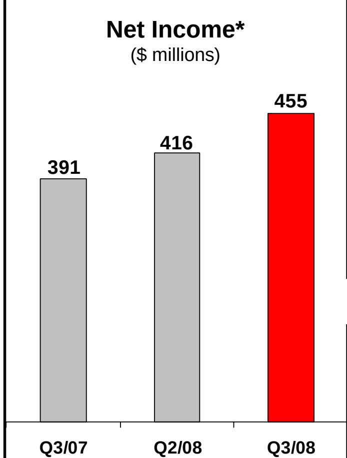
+ strong internal capital generation
+ capital issuances
+ positive impact of Basel II in 2008
- risk-weighted asset growth

Domestic Banking

Chris Hodgson

Executive Vice-President
Domestic Personal Banking

Domestic Banking Record Quarter



*available to common shareholders

Q3/08 vs. Q3/07 net income: up 16%

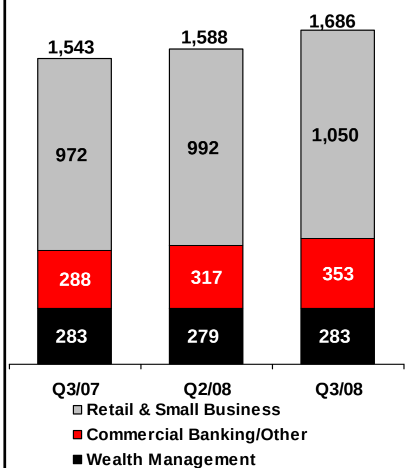
+ **revenues up 9%**
  + strong asset & deposit growth partly offset by lower margin
  + higher transaction & card revenues
- **expenses up 2%**
  - growth initiatives, including acquisitions, partly offset by lower commission based compensation
- **increase in provisions** due to portfolio growth, Scotia Dealer Advantage (SDA) & small business

Q3/08 vs. Q2/08 net income: up 9%

+ **revenues up 6%**
  + net interest income +7%, other income +5%
- **expenses up 3%**
  - volume related costs, stock based compensation, 2 extra days

Strong Asset Growth Driving Higher Revenues

Revenues (TEB)
($ millions)



Q3/08 vs. Q3/07 revenues: up 9%

Retail & Small Business
+ mortgages +15% & ScotiaLine +12%
+ term deposits +13%, chequing & savings +12%

Commercial Banking
+ strong organic asset growth & fee income
+ positive impact of SDA

Wealth Management
+ Direct Investing +20%, with positive impact of Trade Freedom
+ Mutual Funds +6%, despite market decline

Q3/08 vs. Q2/08 revenues: up 6%
+ volume growth & lower funding rates
+ broad based growth in other income: higher credit fees, mutual fund, card & transaction revenues

Continued Strong Market Share Gains

	Qtr/Qtr	Yr/Yr
Residential Mortgages	No change	+6 bps
Personal Term Deposits	+19 bps	+106 bps *
Total Personal Deposits	+4 bps	+68 bps *
Mutual Funds	+4 bps	+28 bps

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

Domestic market share figures as at June 2008

Domestic
Update on 2008 Priorities

- **Organic growth**
  – expanding distribution network
  – increasing sales force
- **Acquisitions and alliances**
  – E*TRADE Canada
- **Capitalize on market opportunities**
  – strong capital to take advantage of changing environment

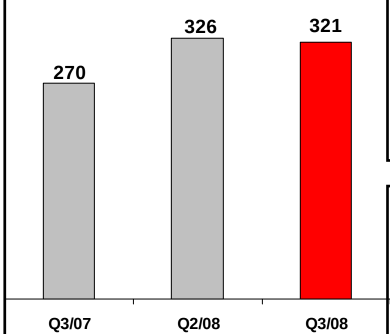
International Banking

Rob Pitfield

Executive Vice-President
International Banking

International Banking
Solid Growth – Organic & Acquisitions

Net Income*
($ millions)



* available to common shareholders

<u>Q3/08 vs. Q3/07 net income: up 19%</u>

+ revenues up 30%
- + strong & diversified organic loan growth, acquisitions & $40MM IPO gain in Mexico

- expenses up 25%
- - acquisitions, growth initiative spending, $28MM indemnity provision in Peru

- **higher tax rate** in Mexico
- **increase in retail provisions** due to asset growth, acquisitions & slight deterioration in Mexico

<u>Q3/08 vs. Q2/08 net income: down 2%</u>

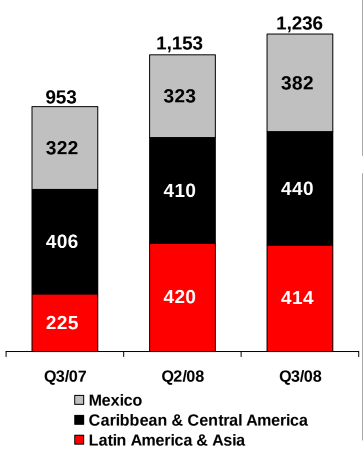
+ revenues up 7%
- + volume growth, IPO gain in Mexico & widespread transaction driven growth

- expenses up 14%
- - growth initiative spending, higher Q2 recoveries, indemnity provision

- **lower provisions -** reversal in Mexico Commercial, partly offset by retail provisions in Mexico & Peru

Broad-Based Revenue Growth

Revenues (TEB)
($ millions)



<u>Q3/08 vs. Q3/07 revenues: up 30%</u>

- **Mexico**
  - + retail loan growth, higher margin
  - + IPO gain, partly offset by lower trading
- **Caribbean & Central America**
  - + strong retail & commercial loan growth
- **Latin America & Asia**
  - + Chile acquisition
  - + strong organic loan growth, including Commercial in Asia

<u>Q3/08 vs. Q2/08 revenues: up 7%</u>

- **Mexico**
  - + IPO gain, partly offset by lower trading
  - + retail loan growth
- **Caribbean & Central America**
  - + continued asset growth, increased margin
  - + higher transaction based revenues
- **Latin America & Asia**
  - + broad-based loan growth
  - - losses in trading & from MTM of securities

Update on 2008 Priorities

- **Expanding distribution network**
  - added 22 branches in Q3
- **Increasing presence in Peru**
  - raised ownership in Scotiabank Peru to 98% (from 78%)
  - purchased Banco del Trabajo, making Scotiabank #1 in consumer finance
  - acquired 47.5% of Profuturo, Peru's 4th largest private pension fund
- **Continued progress with segmentation strategy**
  - leveraging Peru's consumer finance expertise to drive growth in Chile and other Latin American countries

Scotia Capital

Steve McDonald

Co-Head
Scotia Capital

Scotia Capital
Excellent Quarter

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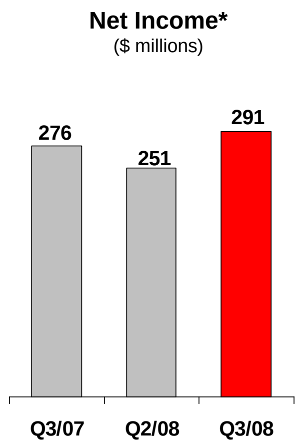

*available to common shareholders

<u>Q3/08 vs. Q3/07 net income: up 5%</u>

+ revenues up 1%
- + higher corporate loan volumes & wider spreads
- + record fixed income & continued strength in forex & ScotiaMocatta
- - lower derivative trading revenues vs. record Q3/07

+ expenses improved by 5%
- + lower performance-based compensation

+ ROE very strong at 34.1%

<u>Q3/08 vs. Q2/08 net income: up 16%</u>

+ revenues up 21%
- + much stronger trading, with higher derivatives & record fixed income
- + higher corporate lending & investment banking, including record ScotiaWaterous revenues
- + Q2/08 loss on non-trading securities

- expenses up 5%
- - higher performance-based compensation
- + other expenses well controlled

Revenues: 2nd Best Quarter Since 2002

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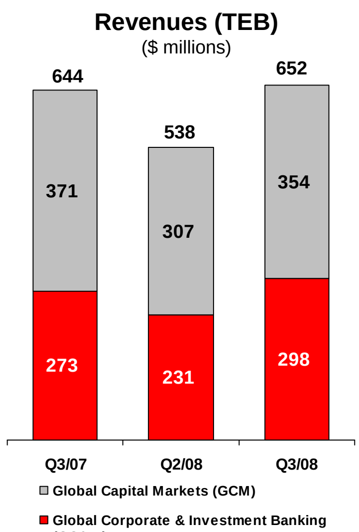

<u>Q3/08 vs. Q3/07 revenues: up 1%</u>

Global Corporate & Investment Banking
- + higher corporate loan volumes & wider spreads
- + higher credit fees

Global Capital Markets
- - lower derivatives revenues versus record Q3/07
- + largely offset by:
  - + record quarter for fixed income trading
  - + continued strong forex & precious metals trading

<u>Q3/08 vs. Q2/08 revenues: up 21%</u>

Well diversified growth
- + significantly higher trading revenues, particularly from derivatives & fixed income trading
- + higher credit fees
- + second best investment banking revenues ever, including record revenues in ScotiaWaterous
- + Q2/08 loss on non-trading securities

Scotia Capital
Update on 2008 Priorities

- **Executing on strategy to expand global sectoral focus: energy, infrastructure, mining, precious metals**
  - ScotiaWaterous achieved record results
  - new infrastructure team in Canada
  - lead on major mining transactions
  - ScotiaMocatta granted membership in Shanghai Gold exchange
- **Leveraging NAFTA capabilities**
- **Maintaining prudent risk management**

Risk Review

Brian Porter

Executive Vice-President &
Chief Risk Officer

Risk Overview

- **Managing through challenging environment**
  - Stable provisioning quarter over quarter
- **Auto industry exposure manageable**
  - GMAC program performing within expectations

Stable Provisioning Quarter-over-Quarter

Specific provisions, $ millions

	Q3/07	Q4/07	Q1/08	Q2/08	Q3/08
Domestic:					
Retail	68	72	79	82	77
Commercial	9	6	12	20	22
	77	78	91	102	99
International					
Retail	42	56	64	69	81
Commercial	(17)	(29)	(34)	(9)	(25)
	25	27	30	60	56
Scotia Capital	(10)	(10)	(10)	(9)	4
	92	**95**	**111**	**153**	**159**

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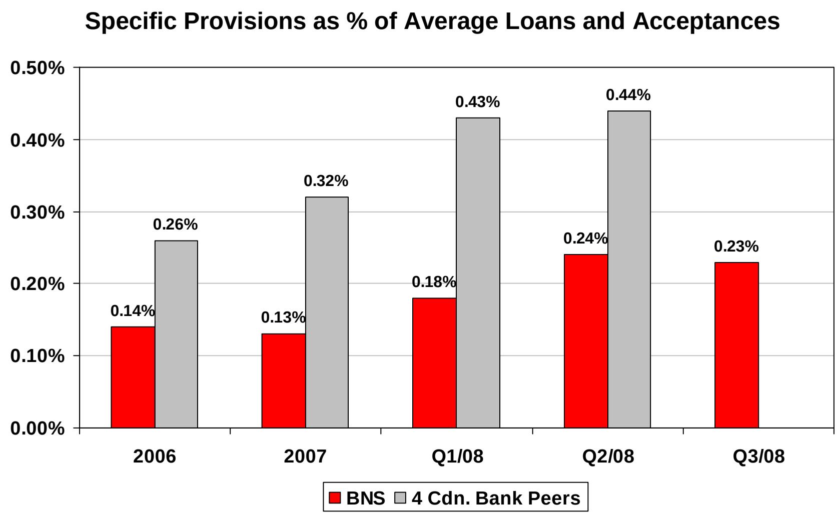
Strong Relative PCL Performance



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Higher Net Impaired Loan Formations Driven Primarily by 3 Accounts

Q3/08 , $ millions

Domestic		
- Retail	115	
- Commercial	15	**130**
International		
- Retail	104	
- Commercial	93	**197**
Scotia Capital		
- U.S.	79	
- Canada & Other	(29)	**50**
Total		**377**

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

Domestic Commercial: underlying credit quality stable

International Retail: formations across division, largely reflects underlying growth and some increase in delinquencies

International Commercial: classification of two accounts in the Caribbean and additional classifications in Chile, partially offset by declassifications in Mexico and the Caribbean

Scotia Capital: classification of one account in the U.S., partially offset by loan sales in Canada and the U.S.

Auto Industry Exposure Manageable

$ billions	Q4/06	Q4/07	Q3/08
North American & European Wholesale*			
Original Equipment Manufacturers (OEM)	0.2	0.2	0.5
Finance & Leasing	0.5	0.6	1.0
Parts Manufacturers	0.9	0.8	0.6
Dealers/Floorplan	2.3	2.4	2.7
	3.9	**4.0**	**4.8****
Investment Grade	44%	48%	60%
Loss Ratio (2006, 2007 & YTD 2008)	32bps	9bps	-
Auto-backed securities (primarily GMAC)	**6.3**	**6.2**	**7.1**
Bank sponsored & third party conduits	**9.0**	**10.2**	**8.2**

* loans and acceptances

** represents 4% of Business & Government loans and acceptances

GMAC Program Performing Within Expectations

- High quality, well-structured notes: >90% AAA
- Underlying assets consumer loans - no leases
- Enhancement from discounted purchase price - no credit exposure to GMAC
- Credit enhancement for each subsequent purchase based on recent performance
- Increasing Canadian content
- Adequate cushion under current conditions

Provisions Expected to Increase Moderately Over Medium Term

Domestic Banking	• organic growth in retail portfolio
International Banking	• growth in retail portfolio • impact of U.S. slowdown in Mexico and the Caribbean • lower commercial recoveries in Mexico and Peru
Scotia Capital	• impact of U.S. slowdown on certain industries • lower reversals and recoveries

Outlook

Rick Waugh
President & Chief Executive Officer

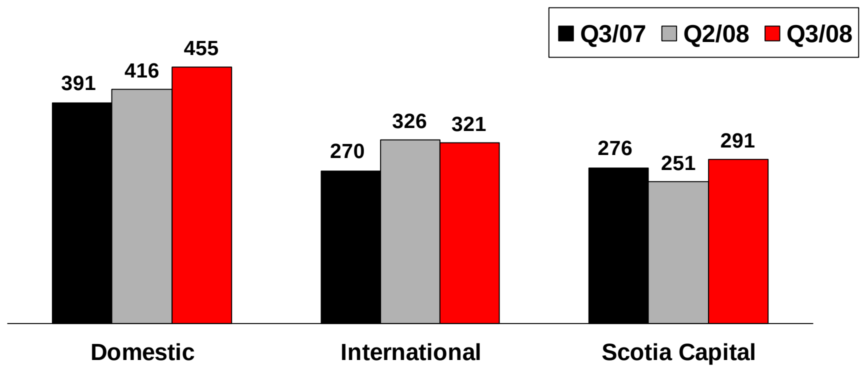
Outlook

- **Well positioned to meet market challenges**
- **Continue to invest capital in growth initiatives:**
  - – organic expansion
  - – acquisitions
- **Ongoing focus on risk and cost discipline**

Appendix

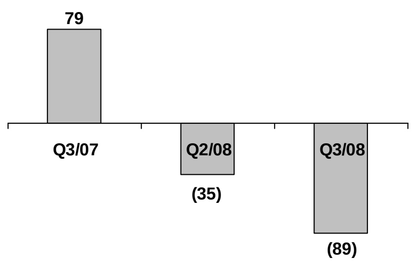
Business Line Performance

net income available to common shareholders, $ millions



Other Segment*

net income available to common shareholders, $ millions



Q3/08 vs. Q3/07 net income
+ higher securitization revenues
+ lower expenses
- higher cost for liquidity & hedging of interest rate risk
- negative impact of financial instruments
- lower securities gains

Q3/08 vs. Q2/08 net income
+ positive impact of financial instruments
+ lower expenses
- higher cost for liquidity & hedging interest rate risk
- lower securities gains

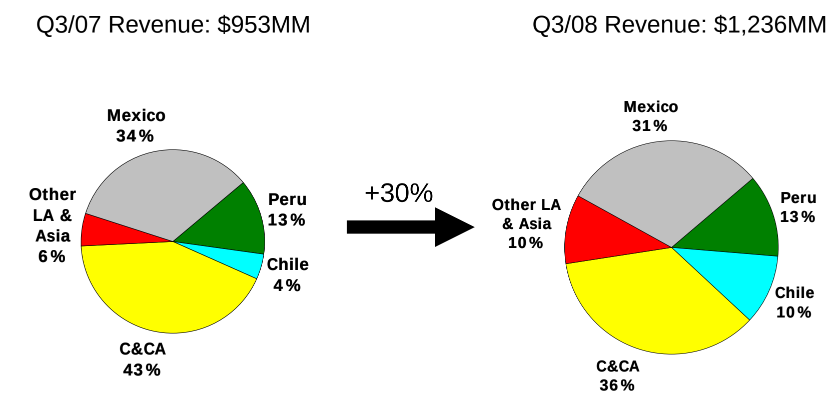
*includes Group Treasury and other corporate items, which are not allocated to a business line

Impact of Forex Translation

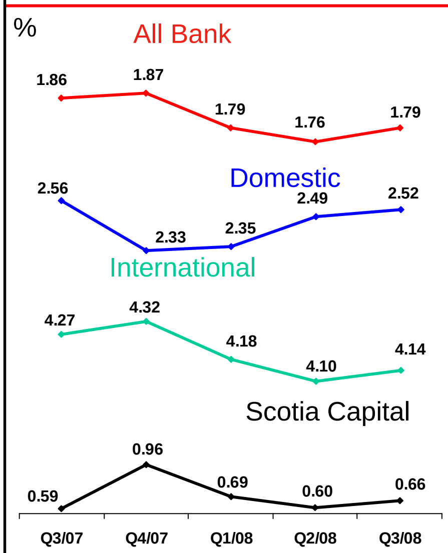
Impact ($MM)	Yr/Yr	Qtr/Qtr
Revenues	(79)	6
Non-interest expenses	21	(4)
Net income	**(42)**	**1**

Average exchange rate	Q3/08	Q2/08	Q3/07
$US/$CAD	0.99	0.99	0.93
Mexican peso/$CAD	10.16	10.62	10.07
Peruvian new sol/$CAD	2.85	2.83	2.95
Chilean peso/$CAD	494.32	454.75	488.76

International
Increased Diversification



Increase in All-Bank Net Interest Margin



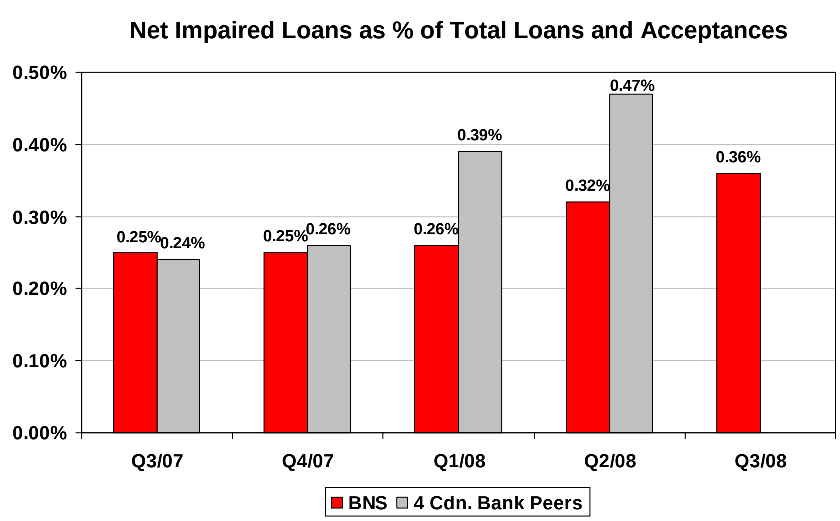
All-Bank margin: +3 bps qtr/qtr

Domestic margin: +3 bps qtr/qtr
+ lower funding rates

International margin: +4 bps qtr/qtr
+ higher spreads in Mexico & Caribbean & Central America
- lower margins in Peru

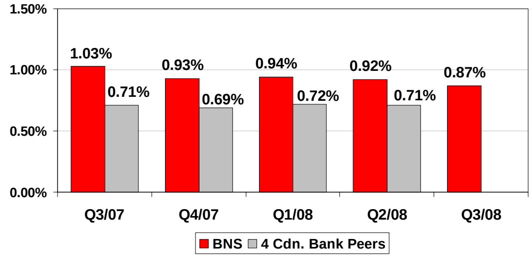
Scotia Capital margin: +6 bps qtr/qtr
+ higher spreads in Canada & United States
+ lower trading assets

Relative NPL Performance

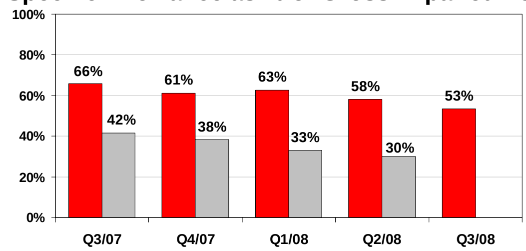


Relative Coverage

Total Allowances as % of Loans and Acceptances



Specific Allowance as % of Gross Impaired Loans

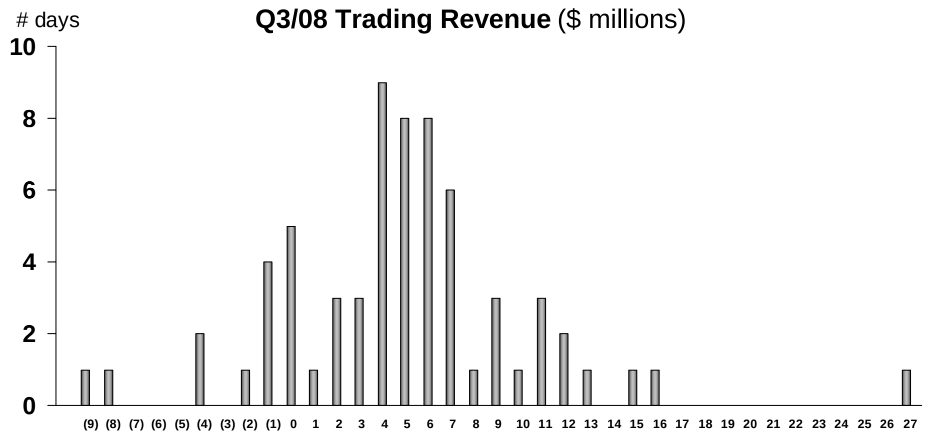


VaR by Risk Factor

Average 1 day VaR, $ millions

Risk Factor	Q3/08	Q2/08	Q3/07
Interest rate	13.0	12.8	9.0
Equities	3.5	3.0	8.7
Foreign exchange	0.9	1.3	2.0
Commodities	3.0	3.6	1.3
Diversification	(4.6)	(6.1)	(5.4)
All-Bank VaR	**15.8**	**14.6**	**15.6**

Trading Revenue



- 83% days had positive results in Q3/08 vs. 67% in Q2/08

Trading Results Within 1 Day VaR