

Our strategy in action



Investor Presentation
Second Quarter, 2011



May 31, 2011

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; 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; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; 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 2010 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.

Overview



Rick Waugh
President & Chief Executive Officer

Q2 2011 Overview



- **Solid quarter**
 - Net income: \$1,543 million
 - EPS: \$1.36
 - Includes \$0.26 of one-time gains related to recent acquisitions
 - Also includes (\$0.03) of FX impact
 - Compares to \$1.02 in Q2/10
 - Revenue growth of 9% excluding one-time gains
 - ROE: 22.9%
- **Well diversified, straightforward and proven model with all business lines contributing**
- **Completed DundeeWealth acquisition**
 - Achieved milestone of over \$100 billion in Assets Under Management
- **Continued benign credit market with lower provisions for credit losses**
- **Strong capital ratios with Tier 1 capital of 12.0%**

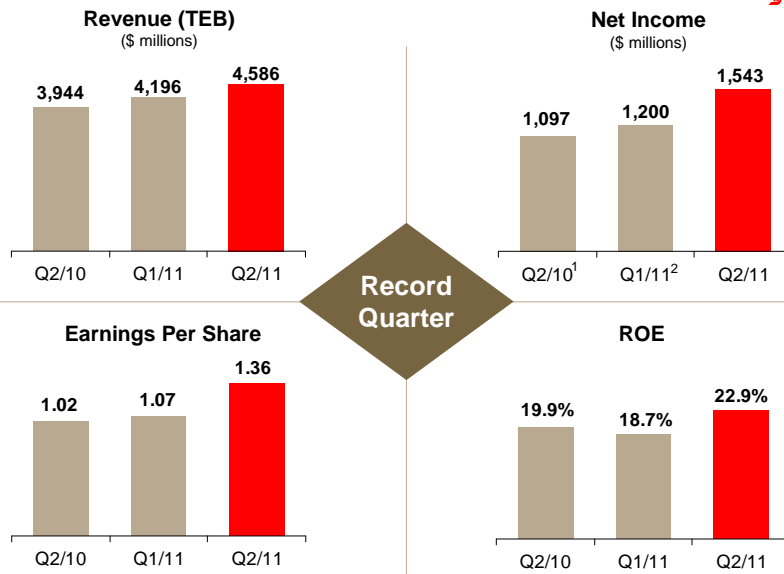
Financial Review



Luc Vanneste
Executive Vice-President &
Chief Financial Officer



Q2/11 Reported Results

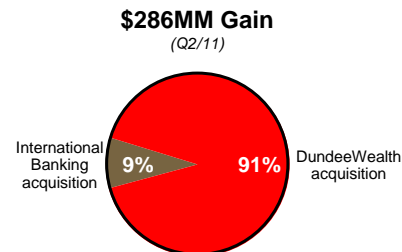


(1) Non-controlling interest has been deducted from net income
(2) Restated due to adopting new accounting standards

Gains Related to Recent Acquisitions



- **Two acquisition-related gains in Q2**
 - \$260MM from revaluing original 18% stake in DundeeWealth
 - \$26MM from an International acquisition purchased below fair value
- **Adoption of new standards relating to business combinations**
 - Acquisitions measured at fair value
 - Aligns with IFRS
- **Other non-recurring acquisition-related items in Q2¹**
 - Transaction and integration costs of \$27MM (after tax) re DundeeWealth
 - Negative goodwill of \$26MM (for a total of \$52MM together with the gain above)



	As Reported	Ex-Impact of One-time Gains
Net Income	\$1,543MM	\$1,257MM
EPS	\$1.36	\$1.10
ROE	22.9%	18.5%
Productivity Ratio	51.8%	55.3%

(1) Independent of adopting new accounting standards

Solid Results



Q2/11 ¹	Q1/11	Q/Q		Q2/10	Y/Y
\$1,257	1,200 ²	5%	Net Income (\$MM)	1,124 ³	12%
\$1.10	\$1.07	3%	EPS	\$1.02	8%
18.5%	18.7%	(20) bps	ROE	19.9%	(140) bps
55.3%	54.5%	(80) bps	Productivity Ratio	49.9%	(540) bps

Year-over-Year Comparison

Q2 earnings benefited from...

- Solid underlying net interest income
- Higher wealth management and investment banking revenues
- Lower loan loss provisions

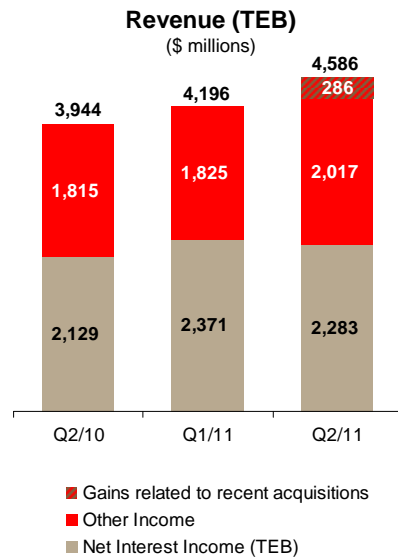
Partly offset by...

- Growth in operating expenses
- Lower trading results
- Lower net gains on investment securities

(1) Excluding \$286MM impact from non-recurring gains
(2) Restated due to adopting new accounting standards

(3) Represents net income before deducting non-controlling interest to ensure comparability with 2011 results

Good Revenue Growth



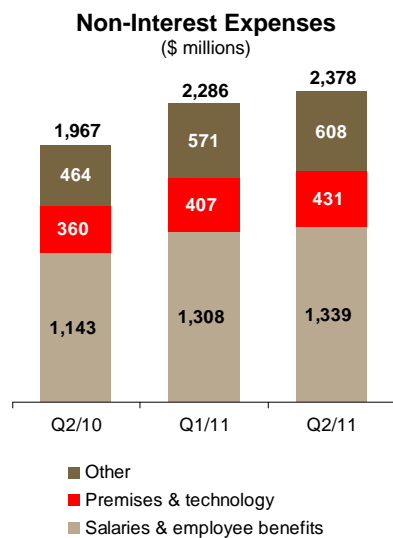
Year-over-Year

- **Net interest income up 7%**
 - + Asset growth
 - Decline in margin due to increasing consumer preference for variable rate mortgages
- **Other income up 27%**
 - + Up 11% excluding acquisition gains
 - + Higher wealth management revenues
 - Lower trading revenues

Quarter-over-Quarter

- **Net interest income down 4%**
 - Margin compression
 - Fewer days in quarter
 - + Changes in fair value of financial instruments
- **Other income up 26%**
 - + Up 11% excluding acquisition gains
 - + Higher net gains on securities
 - + Higher wealth management revenues
 - Lower trading revenues

Higher Expenses: Acquisition Related



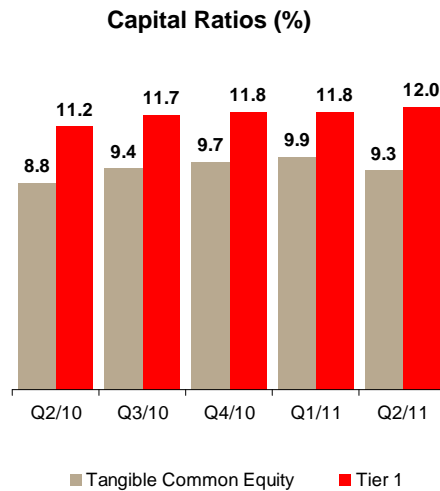
Year-over-Year

- **Expenses up 21%**
 - Acquisitions accounted for \$226MM of the increase
 - Higher compensation related expenses reflecting higher staffing levels and pension costs
 - Higher technology spend

Quarter-over-Quarter

- **Expenses up 4%**
 - Acquisitions
 - + Excluding impact of acquisitions, expenses declined \$105MM
 - + Lower stock-based compensation due to grants awarded in Q1

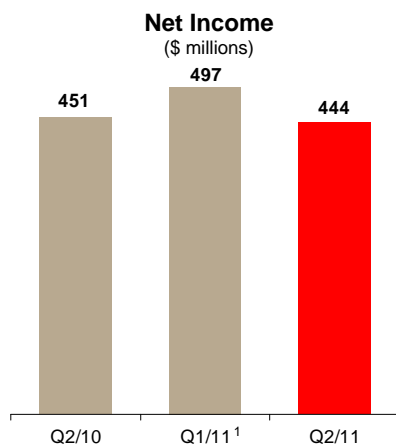
Strength in Capital Ratios



- YTD internal capital generation of \$1,514MM (vs. \$980MM in 2010)
- YTD stock issued under DRIP: \$302MM (vs. \$304MM in 2010)
- Share issuance for the acquisition of DundeeWealth
 - \$1.8B in common shares
 - \$409MM in preferred shares
- Year-over-year increase in TCE ratio despite DundeeWealth acquisition

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Canadian Banking: Asset Growth, Margin Pressure



Year-over-Year

- **Revenues down 4%**
 - Margin compression
 - + Asset growth, primarily through market share gains in mortgages
 - + Deposit growth
- **PCLs down \$44MM or 23%**
- **Expenses up 2%**
 - Higher pension expenses and impact of HST

Quarter-over-Quarter

- **Revenues down 6%**
 - Lower interest income from fewer days in quarter, modest margin compression
 - Lower gains on securities
- **PCLs down \$20MM**
- **Expenses flat**
 - + Lower stock-based compensation
 - + Excluding the one time gain from pension plan wind-up in Q1, expenses decreased

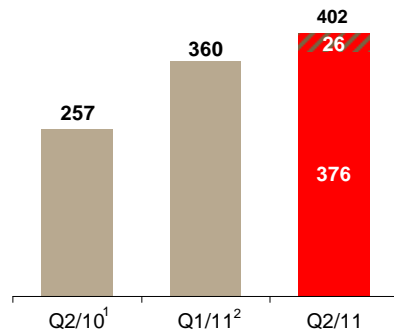
(1) Restated due to adopting new accounting standards

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International Banking: Record Net Income



Net Income (\$ millions)



■ Additional negative goodwill from recent acquisition

(1) Represents net income before deducting non-controlling interest to ensure comparability with 2011 results
(2) Restated due to adopting new accounting standards

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Year-over-Year

- **Revenues up 16%**
 - + Negative goodwill \$52MM (\$26MM from new accounting standard)
 - + Strong organic growth in Retail and Commercial
 - + Benefit of acquisitions
- **PCLs down \$67MM or 39%**
- **Expenses up 13%**
 - Impact of new acquisitions
 - Investment in growth initiatives

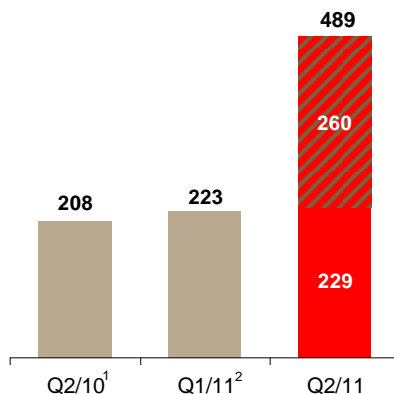
Quarter-over-Quarter

- **Revenues flat**
 - + Negative goodwill of \$52MM (\$26MM from new accounting standard)
 - Foreign currency translation
- **PCLs down \$1MM**
- **Expenses down 8%**
 - + Lower stock-based compensation, loyalty program costs, business and capital taxes

Global Wealth Management: Record Net Income



Net Income (\$ millions)



■ Gain on revaluation of original 18% stake in DundeeWealth

(1) Represents net income before deducting non-controlling interest to ensure comparability with 2011 results
(2) Restated due to adopting new accounting standards

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Year-over-Year

- **Revenues up 100%**
 - + Up 52% excluding gain
 - + Acquisition of DundeeWealth
 - + Strong performance from existing businesses
- **Expenses up 83%**
 - Consolidation of DundeeWealth and transaction and integration costs of \$27MM (after tax)

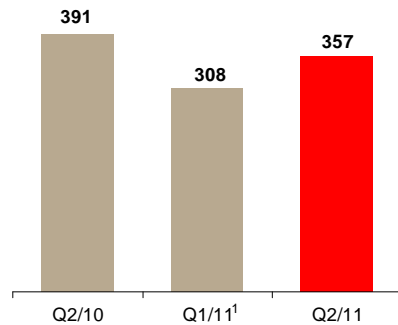
Quarter-over-Quarter

- **Revenues up 82%**
 - + Up 39% excluding gain
 - + Higher fee income
 - Fewer days in quarter
- **Expenses up 61%**
 - Consolidation of DundeeWealth and transaction and integration costs of \$27mm (after tax)
 - + Lower stock-based compensation

Scotia Capital: Positive Results of Diversification



Net Income (\$ millions)



Year-over-Year

- **Revenues down 7%**
 - + Asset growth, primarily in securities, reflecting expansion of fixed income initiative
 - Lower results in institutional equity
- **PCL of \$10MM vs. \$(24)MM in Q2/10**
- **Expenses up 20%**
 - Higher remuneration and benefits expenses
 - Higher support costs for growth initiatives

Quarter-over-Quarter

- **Revenues down 1%**
 - + Stronger fixed income and investment banking results
 - Modest decrease in other trading businesses
- **PCL of \$10MM vs. \$(3)MM in Q1/11**
- **Expenses down 7%**
 - + Lower stock-based compensation
 - Higher technology expenses

(1) Restated due to adopting new accounting standards

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Other Segment¹



(\$ millions)	Q2/10	Q1/11	Q2/11
Funding Net Interest Income	(105)	(75)	(75)
Net Securitization Revenues ²	(112)	(70)	(78)
AFS Securities Writedowns	(11)	(42)	(6)
Financial Instruments	24	31	60
Expenses & Net Other Items	12	(22)	(56)
TEB Offset	(71)	(71)	(69)
Taxes	80	61	75
Total	(183)	(188)	(149)

(1) Includes Group Treasury and other corporate items, which are not allocated to a business line

(2) Represents the impact on the Other segment of CMB securitization revenues recognized in other income, and the reduction in mortgage net interest income earned as a result of removing the mortgages from the balance sheet

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Risk Review



Rob Pitfield
Group Head and Chief Risk Officer

Q2 2011 Risk Overview



- **Risk in credit portfolios continues to be well-managed**
 - Significant decline in specific provisions year-over-year
 - Overall credit quality of loan portfolios continues to improve
- **Market risk remains stable and well controlled**
 - Average 1-day VaR: \$12.1MM vs. \$11.7MM in Q1/11

Continued Decline in Specific Provisions



(\$ millions)	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Canadian Retail	149	145	138	134	123
Canadian Commercial	40	24	34	31	22
	189	169	172	165	145
International Retail	125	118	129	110	116
International Commercial	48	20	(1)	(3)	(10)
	173	138	128	107	106
Global Wealth Management	–	–	2	–	1
Scotia Capital	(5)	(7)	(8)	(3)	10
Total	357	300	294	269	262
PCL ratio (bps)	55	43	41	38	38

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Risk Outlook



- **Asset quality remains strong**
 - Retail and Commercial portfolios performing well
 - Continued strength in Corporate portfolios
- **Expect provisions for the remainder of the year to remain in-line with first half of 2011**
 - Retail modestly lower
 - Corporate and Commercial modestly higher

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Canadian Banking 2011 Outlook



Anatol von Hahn
Group Head, Canadian Banking



Canadian Banking: 2011 Outlook



- **Market share increase in a slow growth environment**
 - Retail deposits
 - Small business
 - Mortgages
- **Continued slower retail asset growth with intense competition and moderating consumer borrowing demand**
- **Growing our payments business**
- **Commercial asset growth has been consistent and is expected to remain so for the remainder of 2011**
 - Continued deposit and cash management focus
- **Retail PCLs trending down and Commercial PCLs steady**
- **Expenses will trend up with continued investment in the business**

International Banking 2011 Outlook



Brian Porter
Group Head, International Banking



International Banking: 2011 Outlook



- **Asset and revenue growth has benefited from our diversified footprint**
 - Solid opportunities in Latin America and Asia
 - Other regions showing signs of continued improvement
- **Maintain focus on strategic growth initiatives**
 - Good commercial banking pipeline
 - Improving retail sales productivity and distribution channels
- **Margins expected to remain stable**
- **Positive trends in credit quality expected to continue**
- **Uruguay acquisition (Pronto!) closed this quarter, Nuevo Banco Comercial closing in Q3; Puerto Rico and Thailand integrations are proceeding well**
- **Continued interest in acquisitions**

Global Wealth Management 2011 Outlook



Chris Hodgson
Group Head, Global Wealth Management



Global Wealth Management: 2011 Outlook



- **Focus on creating value with DundeeWealth**
 - AUM and net sales ahead of projections
- **Strong markets and sales have created strong AUM/AUA base to drive Wealth platforms**
 - \$107B in global AUM
 - #2 in mutual fund assets among Canadian banks
 - #1 in industry for mutual fund sales in Q2
- **Global Insurance outlook is strong**
 - New products, increased cross-sell and positive impact of contact centres internationally
- **Pursue international M&A opportunities**
- **Continue to hold strategically important investment in CI**

Scotia Capital 2011 Outlook



Steve McDonald
Group Head, Global Corporate and Investment Banking
& Co-CEO, Scotia Capital



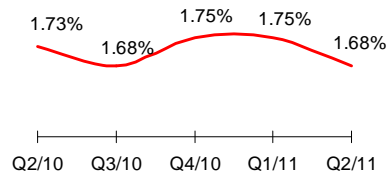
Scotia Capital: 2011 Outlook



- **Growth initiatives to continue to positively impact performance**
 - Trading businesses performing well with continued low volatility
 - Market conditions normalized
- **Loan growth expectations relatively modest**
 - Modest M&A activity
 - PCLs expected to be modest
 - Stable corporate lending margins
- **Reasonably strong pipeline continues for investment banking and M&A**
- **Expense management focus continues**



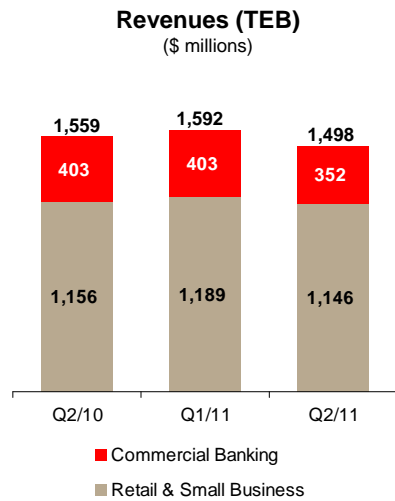
Net Interest Margin



Q2 Margin impacted by

- Higher volume of low spread assets
- Lower spread on floating rate mortgage portfolio and increased competition for deposits
- Higher volume of non-earning assets from DundeeWealth acquisition

Canadian Banking: Challenging Market Environment



Year-over-Year

- **Retail & Small Business**
 - + Asset and deposit growth
 - Margin compression
- **Commercial Banking**
 - Lower revenue from automotive lending

Quarter-over-Quarter

- **Retail & Small Business**
 - + In-branch mutual fund sales
 - Shorter quarter
 - Margin compression
- **Commercial Banking**
 - Lower interest and other income

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Canadian Banking: Volume Growth



Q2/11	Q1/11	Q/Q	Average Balances (\$ billions)	Q2/10	Y/Y
136.7	135.7	1.0	Residential Mortgages ¹	126.0	10.7
36.6	36.6	–	Personal Loans	35.7	0.9
8.7	8.9	(0.2)	Credit Cards ²	9.1	(0.4)
24.9	24.2	0.7	Business Loans & Acceptances	23.6	1.3
100.4	99.8	0.6	Personal Deposits	96.5	3.9
39.7	39.3	0.4	Non-Personal Deposits	37.9	1.8

(1) Before securitization
(2) Includes ScotiaLine VISA

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Canadian Banking: Market Share



Market Share (%)	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Residential Mortgages ¹	20.28	20.40	20.53	20.54	20.47
Total Personal Lending ¹	18.26	18.27	18.27	18.20	18.14
Total Personal Deposits ¹	10.89	10.83	10.81	10.88	10.94
Small Business Lending ²	15.57	14.87	15.84	15.98	16.00

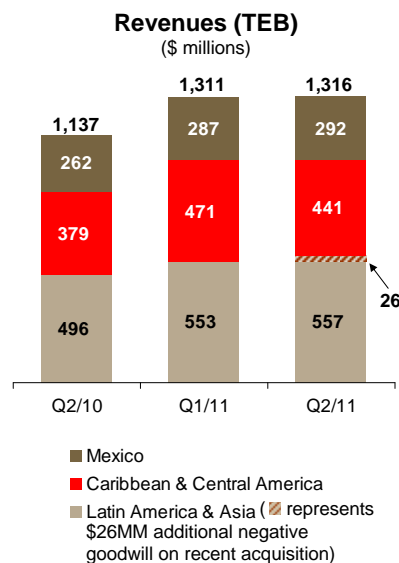
(1) Market share statistics are issued on a one-month lag basis. (Q2/11: March 2011)
 (2) Small Business statistics are on a four-months lag basis (Q2/11: December 2010)

Total Personal Lending market share is based on a comparison of the big six banks.
 Total Personal Deposits market share is based on a comparison of the total industry.

Sources: Personal Lending and Personal Deposits – Bank of Canada; Small Business Lending - CBA

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International Banking: Solid Growth in Key Markets



Year-over-Year

- **Mexico**
 - + Commercial and retail loan growth
 - + Higher fee income
- **Caribbean & Central America**
 - + Benefit of R-G Premier acquisition
 - + Organic growth in commercial and retail
 - Foreign currency translation
- **Latin America & Asia**
 - + Strong commercial growth in Asia and Peru
 - + Positive impact of financial instruments
 - Foreign currency translation

Quarter-over-Quarter

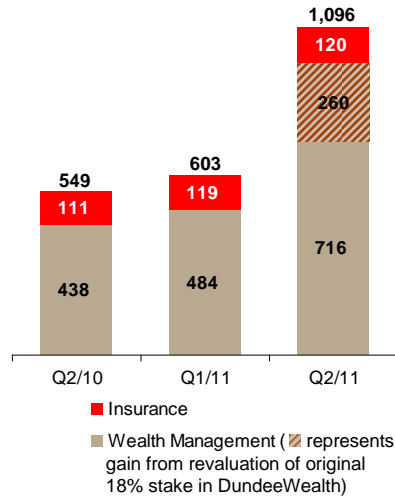
- **Mexico**
 - + Commercial and retail loan growth
- **Caribbean & Central America**
 - + Continued commercial loan growth
 - Foreign currency translation
- **Latin America & Asia**
 - + Continued commercial loan growth
 - Lower fee revenues in Chile
 - Foreign currency translation

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Global Wealth Management: Continuing Growth



Revenues (TEB) (\$ millions)



Year-over-Year

- **Wealth Management**
 - + Gain from revaluation of original 18% stake in DundeeWealth
 - + Contribution from DundeeWealth
 - + Organic growth in AUA / AUM
- **Insurance**
 - + Growth in fee revenues

Quarter-over-Quarter

- **Wealth Management**
 - + DundeeWealth gain
 - + Higher mutual fund fees
 - DundeeWealth contribution offset by acquisition costs
- **Insurance**
 - + Growth in fee revenue
 - Fewer days in quarter

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Global Wealth Management: Key Metrics



(\$ billions)	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Assets Under Administration ¹	186	185	195	203	280
Assets Under Management ¹	51	52	54	57	107
Mutual Funds Market Share in Canada vs. Schedule 1 Banks ²	9.1%	9.2%	9.2%	9.3%	18.7%

(1) Prior periods restated to conform with current presentation

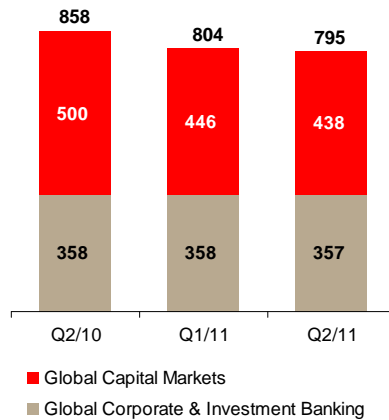
(2) Excludes Scotiabank's investments in DundeeWealth and CI, however beginning in Q2/11, includes DundeeWealth. Source: IFIC

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Scotia Capital: Normalized Market Conditions

Scotiabank

Revenues (TEB)
(\$ millions)



Year-over-Year

- **Global Capital Markets**
 - + Increased asset levels reflecting growth in fixed income and precious metals
 - Lower results in institutional equities
- **Global Corp. and Investment Banking**
 - + Higher investment banking revenues
 - Lower lending volumes

Quarter-over-Quarter

- **Global Capital Markets**
 - + Increase in fixed income revenues
 - lower performance in institutional equity and ScotiaMocatta
- **Global Corp. and Investment Banking**
 - + Higher investment banking revenues
 - Lower corporate lending revenues due to declining spreads in the U.S. and Canada

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Economic Outlook in Key Markets

Scotiabank

Country	Real GDP (Annual % Change)			
	2000-09 Avg.	2010e	2011F	2012F
Mexico	1.9	5.5	4.3	3.8
Peru	5.1	8.8	7.0	7.2
Chile	3.6	5.2	6.0	5.5
Jamaica	0.9	(1.1)	1.5	2.0
Trinidad & Tobago	6.4	0.04	2.2	3.0
Costa Rica	4.0	3.5	3.0	3.3
Dominican Republic	5.1	7.8	5.8	5.5
Thailand	4.0	7.0	4.8	4.5
	2000-09 Avg.	2010	2011F	2012F
Canada	2.1	3.1	2.9	2.6
U.S.	1.8	2.9	2.6	2.8

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Source: Scotia Economics, as of May 3, 2011

Unrealized Securities Gains



(\$ millions)	Q2/10	Q1/11	Q2/11
Emerging Market Debt	375	315	284
Other Debt	255	450	460
Equities	233	399	464
	863	1,164	1,208
Net Fair Value of Derivative Instruments and Other Hedge Amounts	(67)	(106)	(82)
Total	796	1,058	1,126

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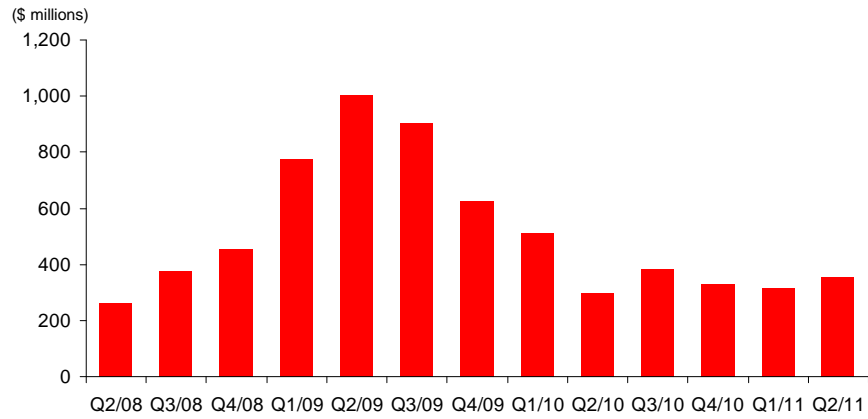
Improving Trend in PCL Ratios



(Specific PCL as % of average loans & BAs)	Q2/10	Q3/10	Q4/10	Q1/11	Q2/11
Canadian Banking					
Retail	0.36	0.33	0.31	0.29	0.28
Commercial	0.70	0.39	0.56	0.51	0.36
Total	0.40	0.34	0.34	0.32	0.29
International Banking					
Retail	2.45	1.89	2.02	1.76	1.94
Commercial	0.54	0.20	(0.01)	(0.03)	(0.10)
Total	1.23	0.86	0.77	0.65	0.67
Scotia Capital					
Corporate Banking	(0.07)	(0.09)	(0.11)	(0.04)	0.15
All Bank	0.55	0.43	0.41	0.38	0.38

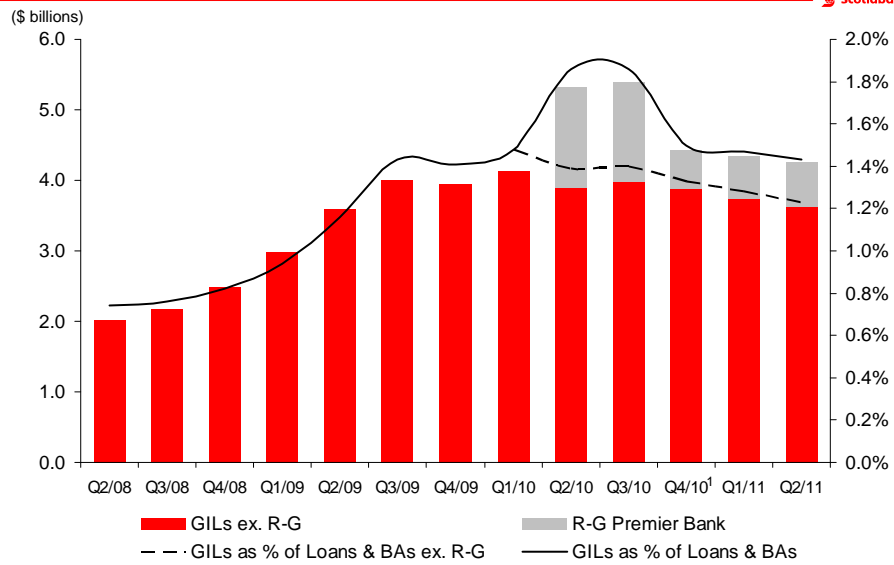
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Stabilizing Trend in Net Impaired Loan Formations



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Stabilizing Trend in Gross Impaired Loans



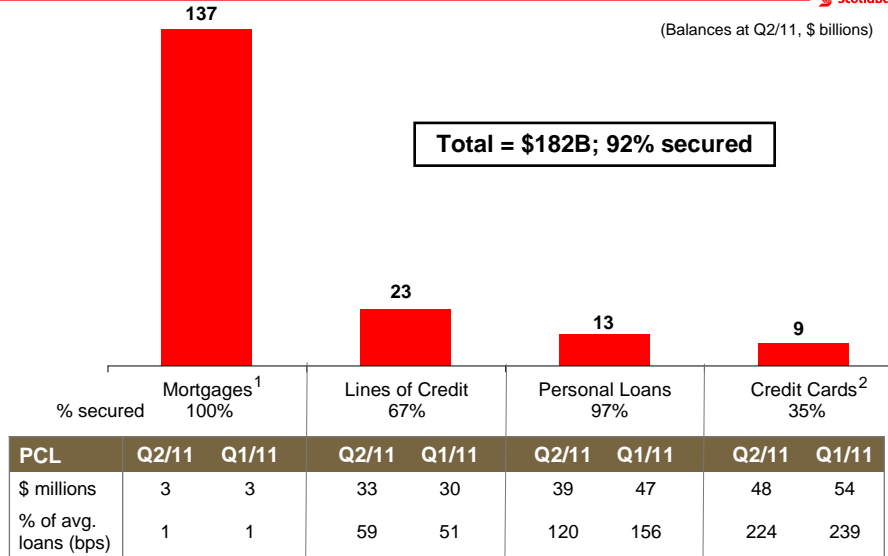
(1) Decline in R-G Premier Bank's GILs in Q4/10 reflects preliminary purchase price allocation that reduced carrying value to its estimated fair value

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Canadian Banking Retail: Loans and Provisions



(Balances at Q2/11, \$ billions)



(1) Before securitizations of \$17 billion & mortgages converted to MBS of \$20 billion; 51% insured (including ~\$14 billion portfolio insurance); LTV in mid-50s for uninsured portfolio

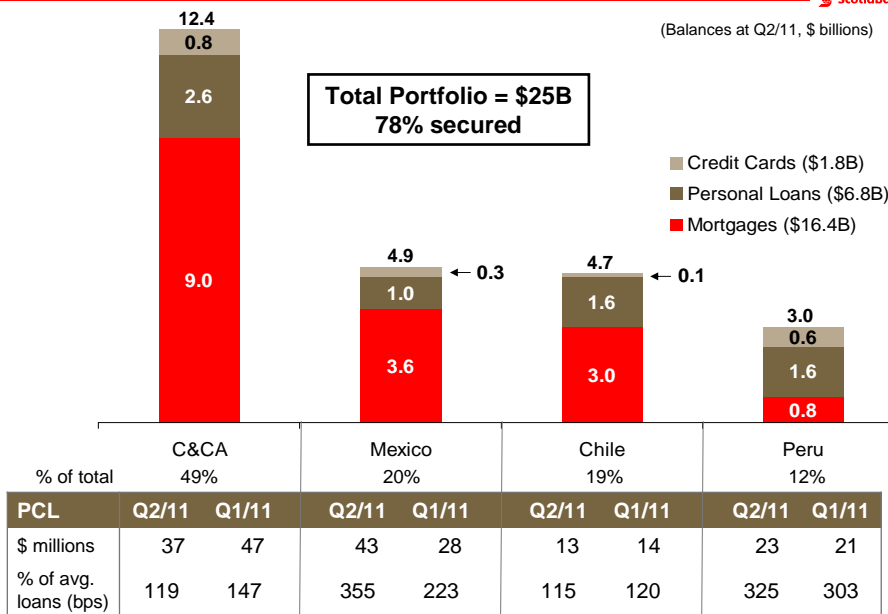
(2) Includes \$6 billion of Scotialine VISA

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International Banking Retail: Loans and Provisions



(Balances at Q2/11, \$ billions)

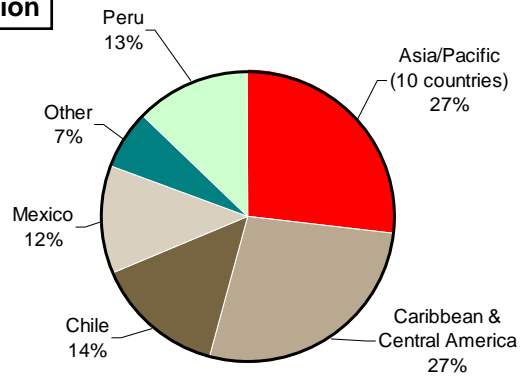


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International Commercial: Lending Portfolio

Scotiabank

Q2/11 = \$37 billion

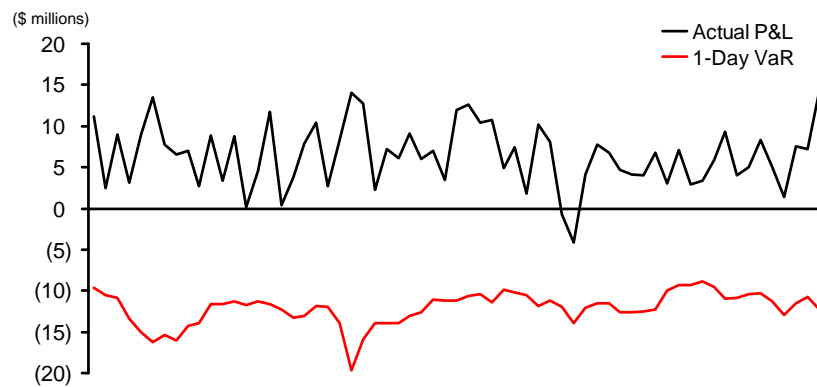


- Well secured
- Portfolios in Asia/Pacific, Mexico, Chile, Peru and Central America performing well
- Closely monitoring Caribbean hotel exposures

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Q2 2011 Trading Results Within One-Day VaR

Scotiabank



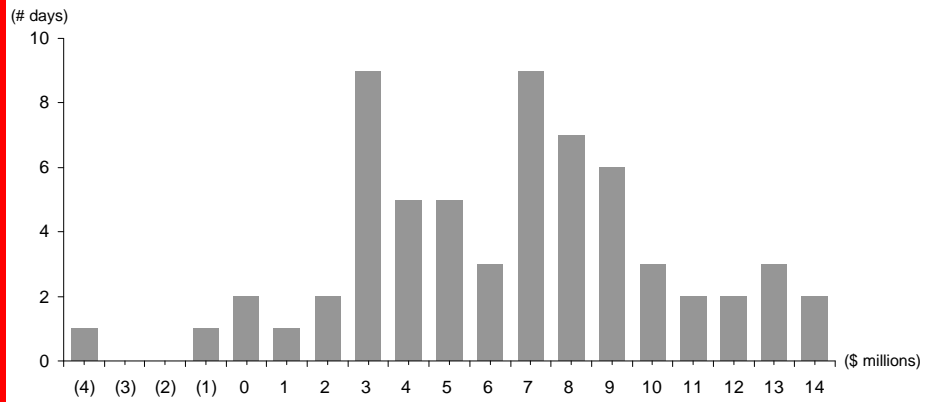
Average 1-Day VaR

Q2/11: \$12.1MM

Q1/11: \$11.7MM

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Q2 2011 Trading Revenue Distribution



- **97% of days had positive results in Q2/11**