

## Strategy in action

## Investor Presentation

First Quarter, 2012

March 6, 2012



## Caution Regarding Forward-Looking Statements

Our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to us and our affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to our credit ratings; 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 63 of the Bank's 2011 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](http://www.sedar.com) and on the EDGAR section of the SEC's website at [www.sec.gov](http://www.sec.gov).



# Strategy in action

## Overview

Rick Waugh

President & Chief Executive Officer



## Q1 2012 Overview

- **Strong quarter**
  - Net income: \$1,436 million
  - EPS: \$1.20, up 11% vs. prior year
    - Includes \$0.08 gain on sale of a real estate asset in Calgary
    - EPS up 9% excluding real estate gain as well as pension recovery and IFRS-related FX gain in 2011
  - ROE: 19.8%
- **Record revenue**
  - Total revenue of \$4,715 million, up 11% vs. prior year (8% ex-gain)
- **Completed Banco Colpatría acquisition**
- **Credit conditions continue to be stable**
- **Capital position remains strong and high quality**
- **Expenses aligned to revenue growth**
  - Delivered positive operating leverage



# Strategy in action

## Financial Review

Sean McGuckin

Executive Vice-President &  
Chief Financial Officer



## Strong Results in Challenging Environment

Q1/12	Q4/11	Q/Q		Q1/11	Y/Y
\$1,436	\$1,157	24%	Net Income (\$MM)	\$1,249	15%
\$1.20 <sup>1</sup>	\$0.97	24%	EPS	\$1.08	11%
19.8%	16.4%	340 bps	ROE	20.9%	(110) bps
53.5%	57.9%	(440) Bps	Productivity Ratio	53.3%	20 bps

(1) Including \$0.08 impact from real estate gain

### Year-over-Year Comparison

#### Q1 earnings benefited from...

- Impact of acquisitions, particularly DundeeWealth
- Strong volume growth and transaction-based banking revenues
- Higher trading and insurance revenues

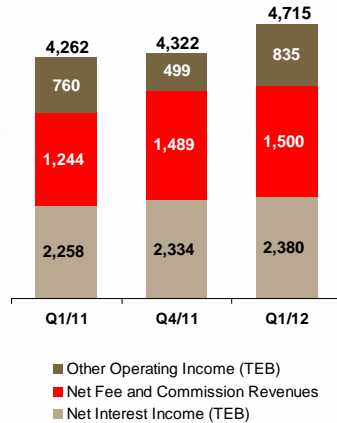
#### Partly offset by...

- Higher operating expenses from acquisitions
- Lower margin
- Lower contribution from Thailand
- Pension and FX gains in 2011



## Record Revenue

### Revenue (TEB) (\$ millions)



### Year-over-Year

- **Net interest income up 5%**
  - + Asset growth
  - Margin compression
- **Net fee and commission revenues up 21%**
  - + Impact from acquisitions
  - Lower underwriting revenue
- **Other operating income up 10%**
  - + Higher trading revenues
  - Lower contributions from associated corporations

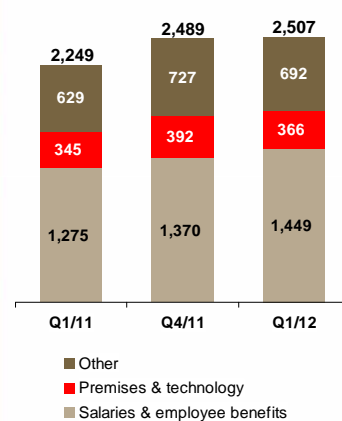
### Quarter-over-Quarter

- **Net interest income up 2%**
  - + Asset growth
- **Net fee and commission revenues up 1%**
  - + Higher underwriting and transaction-based fees
  - Lower brokerage revenues
- **Other operating income up 67%**
  - + Gain on sale of Calgary real estate asset
  - + Higher trading revenues
  - Lower contributions from associated corporations

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## Continue to Manage Expenses Prudently

### Non-Interest Expenses (\$ millions)



### Year-over-Year

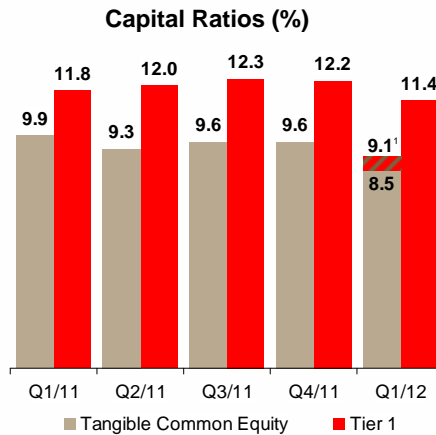
- **Expenses up 11%**
  - Acquisitions accounted for over 80% of increase
  - Higher expenses mainly to support business growth
  - + Prior year included \$35MM gain from the wind-up of subsidiary's pension plan
- **Excluding impact of acquisitions, pension gain and real estate gain, operating leverage was +2.0%**

### Quarter-over-Quarter

- **Expenses up 1%**
  - + Decrease in advertising and technology costs
  - Higher compensation due to higher staffing levels and seasonally higher stock-based compensation
- **Excluding real estate gain and impact of acquisitions, operating leverage was +6.5%**

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## Strong Capital Ratios: High Quality



- Internal capital generation of \$804MM (vs. \$635MM in Q1/11)
- Stock issued under DRIP: \$146MM (vs. \$127MM in Q1/11)
- Negatively impacted by Basel 2.5 and IFRS transition
- Successfully completed common equity offering early in Q2
- Remain confident of achieving 7% - 7.5% CET1 target by Q1 2013

(1) Pro forma common equity issue in February 2012 for gross proceeds of approximately \$1.7 billion



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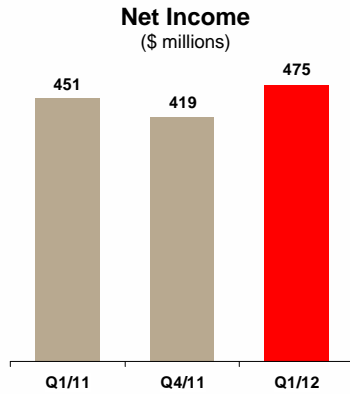
## Matched Maturity Transfer Pricing

- **Adopted matched maturity transfer pricing effective Q1/12**
  - Match the contractual and behavioural maturities of assets/liabilities
  - Restated 2011 business line results to ensure comparability
- **Largest impact is in Canadian Banking, where results are lower due to a higher net funding charge**
- **International Banking minimally impacted**
- **Global Wealth Management earnings increased due to stable pools of client cash balances**
- **Global Banking & Markets minimally impacted with slight increase due to stable pools of corporate banking deposits**
- **The net impact of the change in methodology reflected in the Other segment, which now shows a lower loss**



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## Canadian Banking: Record Quarter



### Year-over-Year

- **Revenues up 2%**
  - + Strong asset and deposit growth
  - + Higher transaction-based banking revenues
  - Lower margin
- **PCLs down \$29MM to \$136MM**
- **Expenses up 5%**
  - + Virtually all due to pension recovery in Q1/11

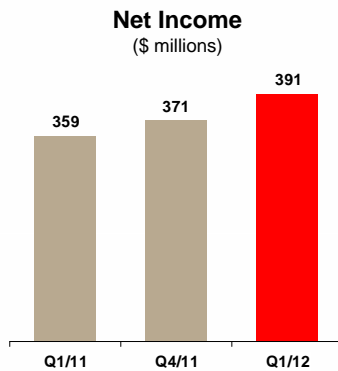
### Quarter-over-Quarter

- **Revenues up 2%**
  - + Higher margin
  - + Solid asset growth, higher credit fees in commercial banking
- **PCLs stable**
- **Expenses down 4%**
  - + Lower staffing costs
  - + Lower advertising and other seasonal costs



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## International Banking: Strong Broad-Based Asset Growth



### Year-over-Year

- **Revenues up 11%**
  - + Strong loan growth and wider margins
  - + Positive impact from Uruguay acquisitions
- **PCLs up \$11MM to \$124MM**
- **Expenses up 12%**
  - Higher compensation costs to support growth initiatives
  - + More than half of growth due to acquisitions

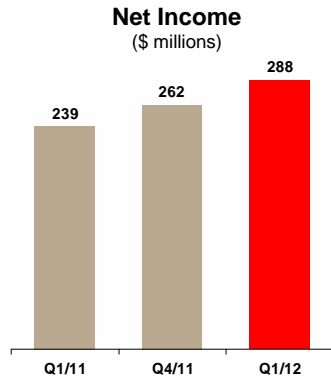
### Quarter-over-Quarter

- **Revenues up 1%**
  - + Strong broad-based commercial loan growth
  - + Higher margin
  - + Higher investment securities gains
  - Q4/11 negative goodwill related to recent acquisitions
  - Lower contribution from Thailand
- **PCLs down \$34MM to \$124MM**
- **Expenses up 3%**
  - Higher compensation costs and business taxes



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## Global Wealth Management: Solid Quarter



### Year-over-Year

- **Revenues up 34%**
  - + Impact of DundeeWealth acquisition and solid organic AUM/AUA growth
  - + Strong insurance revenues
- **Expenses up 47%**
  - + Unchanged excluding DundeeWealth acquisition

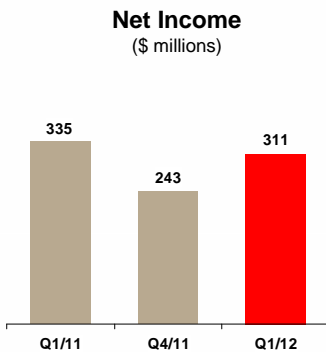
### Quarter-over-Quarter

- **Revenues up 3%**
  - + Strong insurance revenues
  - Lower brokerage fees due to challenging markets
- **Expenses down 3%**
  - + Higher discretionary expenses in Q4/11
  - Higher volume related expenses



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## Global Banking & Markets: Strong Results



### Year-over-Year

- **Revenues down 1% vs. very strong Q1/11**
  - + Higher trading revenues in precious metals, FX and fixed income
  - Lower investment banking revenues
  - Lower margin
- **PCLs of \$5MM vs. \$3MM recovery**
- **Expenses down 3%**
  - + Lower performance-based compensation

### Quarter-over-Quarter

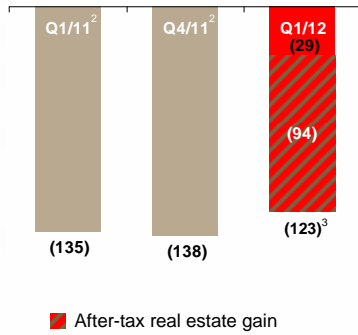
- **Revenues up 24%**
  - + Higher trading revenues in fixed income, equities and precious metals
  - + Higher underwriting fees
- **PCLs down \$12MM to \$5MM**
- **Expenses up 5%**
  - Seasonally higher stock-based compensation
  - + Lower technology costs



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## Other Segment<sup>1</sup>

### Net Income (\$ millions)



#### Q1/12

- **Other operating income**
  - + \$111MM gain on sale of real estate asset
  - \$19MM impairment loss on investment securities

#### Q1/11

- **Other operating income**
  - \$27MM unfavorable impact in fair value of financial instruments used for asset liability management

#### Q4/11

- **Other operating income**
  - \$11MM unfavorable impact in fair value of financial instruments used for asset liability management
  - \$45MM net foreign exchange translation loss on AFS securities
- **PCL**
  - + \$30MM reversal of collective allowance for performing loans



- (1) Includes Group Treasury, smaller operating segments, and other corporate items which are not allocated to a business line  
 (2) Restated to reflect adoption of matched maturity pricing in Q1/12  
 (3) Excluding after-tax real estate gain

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# Strategy in action

## Risk Review

Rob Pitfield

Group Head and Chief Risk Officer





## Q1 2012 Risk Overview

- **Risk in credit portfolios continues to be well-managed**
  - Overall credit quality of loan portfolios continues to improve
  - Specific provisions remain stable
  
- **Continued stable performance in net impaired loan formations**
  
- **Exposures to “GIIPS” countries in Europe not material**
  
- **Market risk remains low and well controlled**
  - Average 1-day All Bank VaR: \$17.5MM vs. \$15.9MM in Q4/11



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## Stable Provisions for Credit Losses

(\$ millions)	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12
Canadian Retail	134	123	103	106	112
Canadian Commercial	31	23	43	29	24
	<b>165</b>	<b>146</b>	<b>146</b>	<b>135</b>	<b>136</b>
International Retail	110	116	116	129	125
International Commercial	3	(4)	10	29	(1)
	<b>113</b>	<b>112</b>	<b>126</b>	<b>158</b>	<b>124</b>
Global Wealth Management	–	1	–	1	–
Global Banking & Markets	(3)	11	8	17	5
Collective General Allowance	–	–	(30)	(30)	–
Total	<b>275</b>	<b>270</b>	<b>250</b>	<b>281</b>	<b>265</b>
PCL ratio (bps) ex. General	36	36	35	38	32

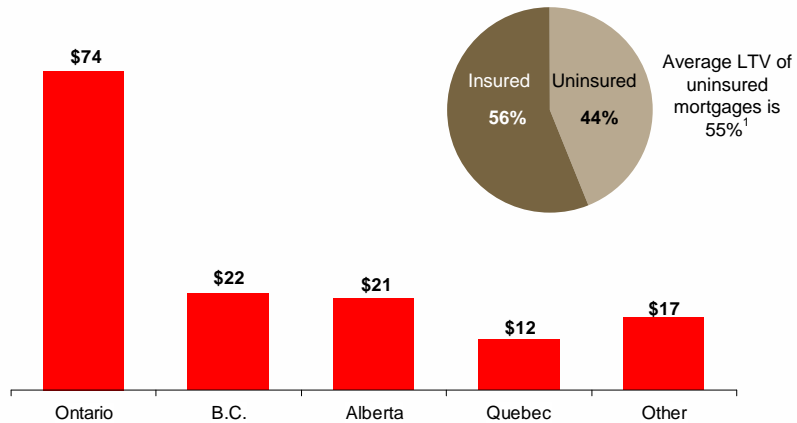


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## Canadian Banking: Residential Mortgage Portfolio

(\$ billions)

Total Portfolio: \$146



(1) LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Stats Can New Housing Price Index.

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## Risk Outlook

- **Asset quality remains strong**
  - Retail and Commercial portfolios stable and performing well
  - Continued strength in Corporate portfolios
- **Expect 2012 provisions to be in line to slightly higher than 2011**
  - Canadian Retail provisions stable
  - International Retail provisions may grow due to acquisitions and growth in portfolios
  - Corporate and Commercial provisions likely to remain range bound



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# Strategy in action

## Canadian Banking 2012 Outlook

Anatol von Hahn

Group Head, Canadian Banking



### Canadian Banking: 2012 Outlook

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- **Retail & Small Business Banking:**
  - Loan and deposit growth steady
  - Auto business strong
  - Margin stabilizing
  - Focus on deposits, payments and wealth management
- **Commercial Banking:**
  - Continuing opportunities for asset and deposit growth
- **PCLs:**
  - Retail delinquencies and PCLs have leveled off
  - Commercial PCLs steady
- **Operating leverage positive for the year**



# Strategy in action

## International Banking 2012 Outlook

Brian Porter

Group Head, International Banking



### International Banking: 2012 Outlook

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- **Loan & deposit growth outlook remains positive for 2012**
- **Diversified footprint expected to generate balanced earnings growth**
- **Organic growth initiatives are yielding favourable results**
- **Expense management remains a high priority**
- **Loan loss ratio expected to remain stable**
- **Closed acquisition of Banco Colpatria this quarter; Bank of Guangzhou expected to close later this year**



# Strategy in action

## Global Wealth Management 2012 Outlook

Chris Hodgson  
Group Head, Global Wealth Management



### Global Wealth Management: 2012 Outlook

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- **Outlook is for good organic growth across the business**
- **Global Insurance outlook is strong**
- **Strong AUA/AUM base to drive Wealth revenue growth**
- **DundeeWealth integration creating significant value**
- **CI investment performing well**
- **Vigilant on expense management**



# Strategy in action

## Global Banking & Markets 2012 Outlook

Mike Durland

Group Head, Global Capital Markets  
& Co-CEO, Global Banking & Markets



### Global Banking & Markets: 2012 Outlook

- **Positive start to the year as market sentiment has improved**
- **Market challenges arising from European uncertainty are expected to create headwinds, but diversification of businesses is mitigating negative impact**
- **Implementation of significant new initiatives is substantially complete. Focus is now to grow core businesses and products**
- **Loan volumes should continue to rise**
- **Loan loss provisions expected to remain low**
- **Expense management initiatives are underway with an objective to maintain positive operating leverage**

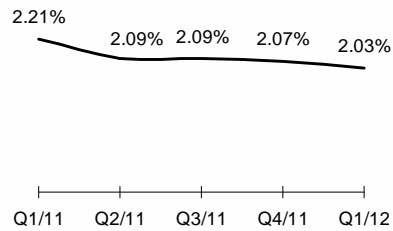


# Strategy in action

## Appendix



### Core Banking Margin (ex Trading)<sup>1</sup>



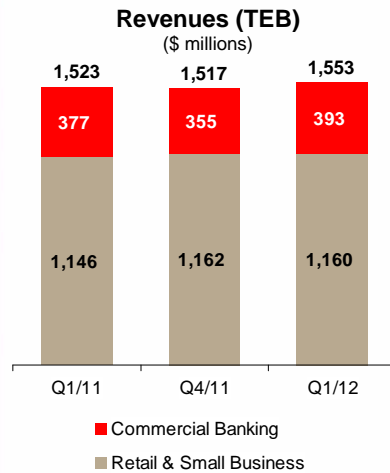
#### Q1 Margin impacted by

- Higher volumes of low spread deposits with banks
- Wider spreads in International Banking

(1) Represents Net Interest Income (TEB) as % of Average Total Assets excluding Average Total Assets relating to Scotiabank Global Banking and Markets Global Capital Markets business, consistent with the reclassification of net interest from trading operations to income from trading operations.



## Canadian Banking: Stable Margin



### Year-over-Year

- **Retail & Small Business**
  - + Residential mortgage growth
  - + Higher transaction-based fees and card revenues
  - Lower margin
- **Commercial Banking**
  - + Higher margin and volume growth
  - Shift in automotive portfolio mix to higher quality, lower yielding loans

### Quarter-over-Quarter

- **Retail & Small Business**
  - + Growth in fixed rate mortgages
- **Commercial Banking**
  - + Higher margin
  - + Higher credit fees
  - Lower FX fees and card revenues

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## Canadian Banking: Volume Growth

Q1/12	Q4/11	Q/Q	Average Balances (\$ billions)	Q1/11	Y/Y
144.6	142.1	1.8%	Residential Mortgages	135.4	6.8%
38.4	38.1	0.8%	Personal Loans	36.8	4.3%
8.9	8.9	–	Credit Cards <sup>1</sup>	8.9	–
26.3	26.0	1.2%	Business Loans & Acceptances	24.4	7.8%
102.7	101.2	1.5%	Personal Deposits	99.8	2.9%
41.8	41.1	1.7%	Non-Personal Deposits	38.4	8.9%

(1) Includes ScotiaLine VISA

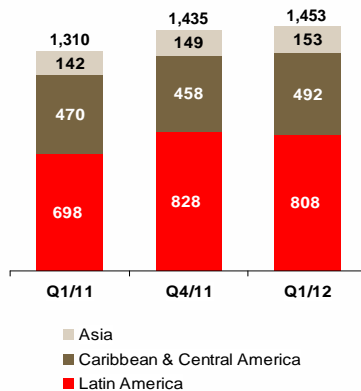


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## International Banking: Solid Growth

Revenues (TEB)  
(\$ millions)



### Year-over-Year

- **Latin America**
  - + Strong commercial and solid retail loan growth, particularly in Peru, Chile and Mexico
  - + Contribution of Uruguay acquisitions
  - + Higher margin
- **Caribbean & Central America**
  - + Good commercial loan growth
  - + Higher investment securities gains
- **Asia**
  - + Strong commercial loan growth and higher margins
  - Impacted by flooding in Thailand

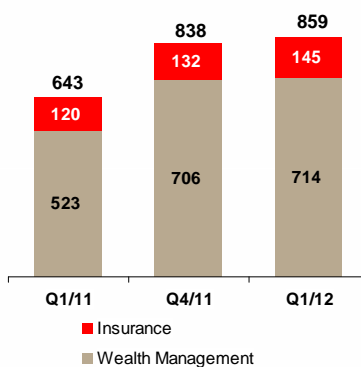
### Quarter-over-Quarter

- **Latin America**
  - + Strong broad-based commercial loan growth
  - Negative goodwill in Q4/11
  - Timing of certain fees in Q4/11 in Chile and Mexico
- **Caribbean & Central America**
  - + Solid commercial loan growth
  - + Increased margin
  - + Higher investment securities gains
- **Asia**
  - + Strong commercial volume growth and higher margins
  - Impacted by flooding in Thailand

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## Global Wealth Management: Steady Performance

Revenues (TEB)  
(\$ millions)



### Year-over-Year

- **Wealth Management**
  - + Impact of DundeeWealth acquisition
  - Lower brokerage commissions
- **Insurance**
  - + Strong sales globally

### Quarter-over-Quarter

- **Wealth Management**
  - Lower online brokerage revenues
- **Insurance**
  - + Strong growth in global insurance revenues, including reserve releases

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## Global Wealth Management: Key Metrics

(\$ billions)	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12
Assets Under Administration <sup>1</sup>	203	269	266	262	269
Assets Under Management <sup>1</sup>	56	106	105	103	106
Mutual Funds Market Share in Canada vs. Schedule 1 Banks <sup>2</sup>	9.3%	18.7%	18.7%	18.4%	18.4%

(1) Comparative amounts have been restated to reflect intercompany relationships

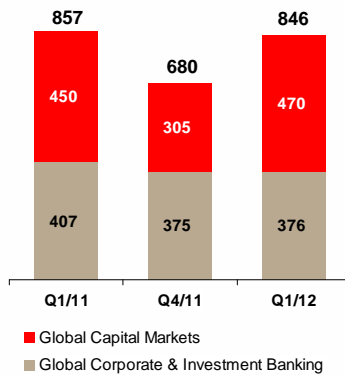
(2) Excludes Scotiabank's investment in CI Financial. As of Q2/11, includes DundeeWealth. Source: IFIC



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## Global Banking & Markets: Resilient Quarter

### Revenues (TEB) (\$ millions)



### Year-over-Year

- **Global Capital Markets**
  - + Higher trading revenues from fixed income
  - + Strong precious metals and FX
- **Global Corp. & Investment Banking**
  - Lower corporate banking revenues, primarily in the U.S.

### Quarter-over-Quarter

- **Global Capital Markets**
  - + Record revenue from ScotiaMocatta
- **Global Corp. & Investment Banking**
  - + Higher loan volumes
  - Lower margin



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## Economic Outlook in Key Markets

Real GDP (Annual % Change)				
Country	2000-10 Avg.	2011e	2012F	2013F
Mexico	2.1	3.9	3.0	3.7
Peru	5.5	6.8	5.5	5.6
Chile	3.8	6.2	3.9	5.5
Jamaica	0.8	1.5	1.2	1.5
Trinidad & Tobago	5.9	(1.4)	1.3	2.5
Costa Rica	4.1	4.2	3.8	4.0
Dominican Republic	5.4	4.6	4.8	5.0
Thailand	4.4	0.1	3.8	4.5
	2000-10 Avg.	2011F	2012F	2013F
Canada	2.2	2.5	2.0	2.1
U.S.	1.8	1.7	2.1	2.2



Source: Scotia Economics, as of March 6, 2012.

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## Unrealized Securities Gains

(\$ millions)	Q1/12	Q4/11
Emerging Market Debt	260	320
Other Debt	321	258
Equities	406	385
	<b>987</b>	<b>963</b>
Net Fair Value of Derivative Instruments and Other Hedge Amounts	(255)	(227)
<b>Total</b>	<b>732</b>	<b>736</b>



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## Stable PCL Ratios

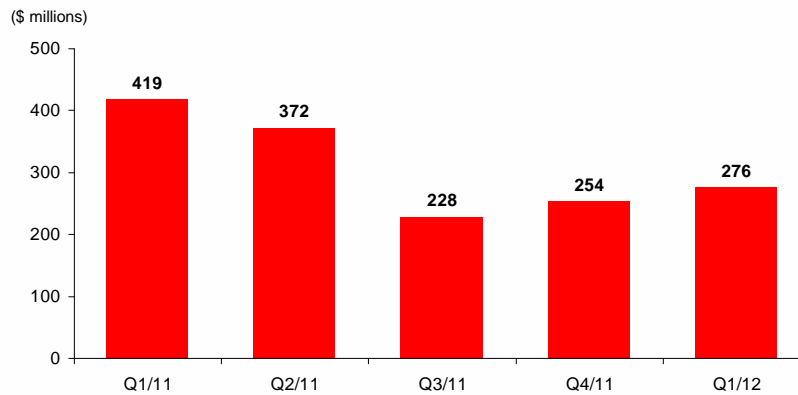
(Total PCL as % of average loans & BAs)

	Q1/11	Q2/11	Q3/11	Q4/11	Q1/12
<b>Canadian Banking</b>					
Retail	0.29	0.28	0.22	0.22	0.23
Commercial	0.50	0.36	0.66	0.45	0.36
<b>Total</b>	<b>0.32</b>	<b>0.29</b>	<b>0.27</b>	<b>0.25</b>	<b>0.25</b>
<b>International Banking</b>					
Retail	1.76	1.95	1.83	1.98	1.90
Commercial	(0.03)	(0.04)	0.09	0.25	0.00
<b>Total</b>	<b>0.69</b>	<b>0.70</b>	<b>0.73</b>	<b>0.87</b>	<b>0.65</b>
<b>Global Banking and Markets</b>					
Corporate Banking	(0.04)	0.15	0.12	0.21	0.06
<b>All Bank (Collective &amp; Individual)</b>	<b>0.36</b>	<b>0.36</b>	<b>0.35</b>	<b>0.38</b>	<b>0.32</b>



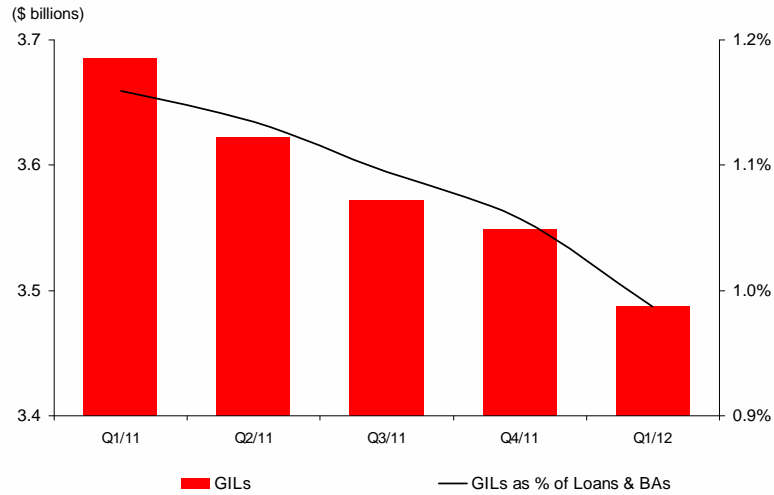
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## Stable Trend in Net Impaired Loan Formations



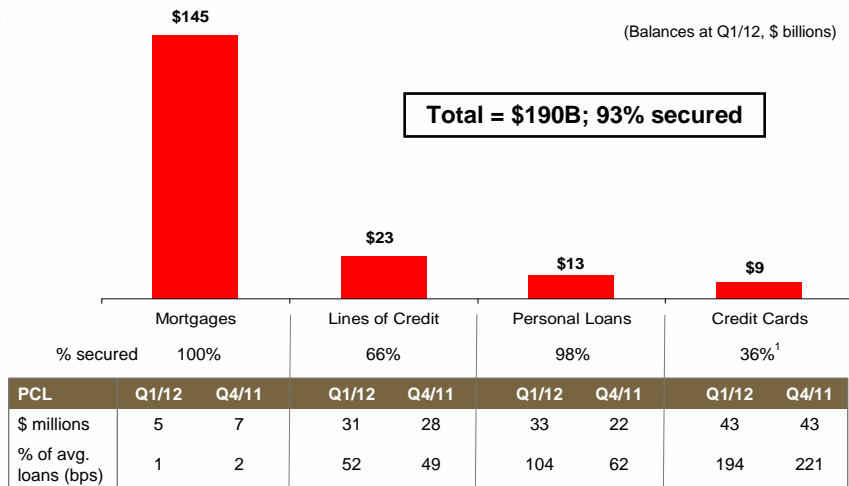
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## Improving Trend in Gross Impaired Loans



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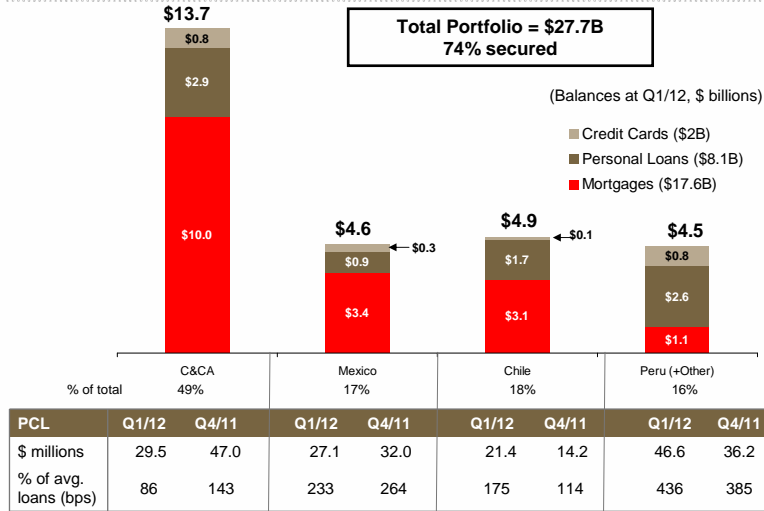
## Canadian Banking: Retail Loans and Provisions



(1) Includes \$6 billion of Scotialine VISA  
Note: Excludes Wealth Management balances of ~\$4 billion

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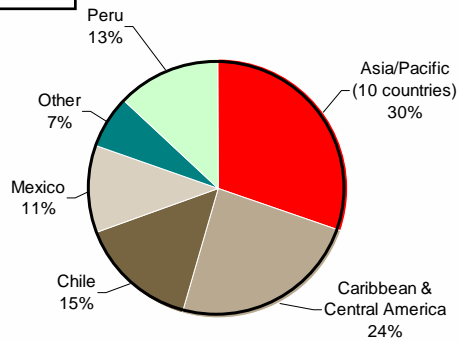
## International Retail Loans and Provisions



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## International Commercial Lending Portfolio

Q1/12 = \$44 billion

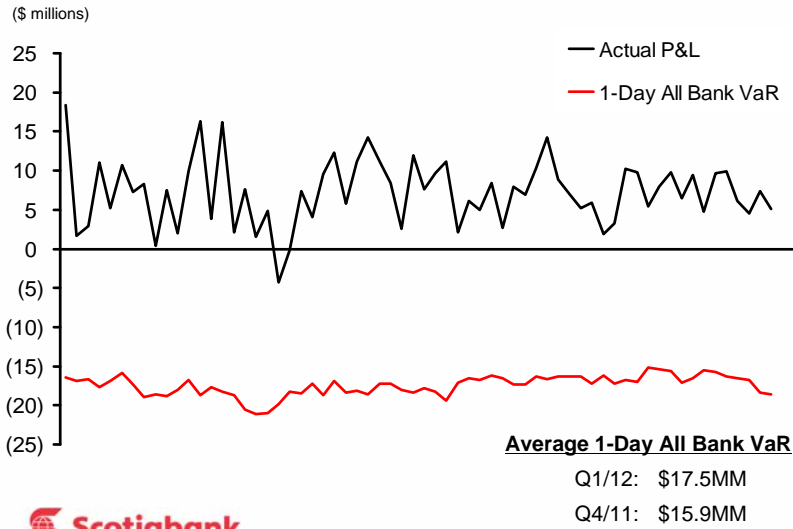


- Well secured
- Portfolios in Asia/Pacific, Mexico, Chile, Peru and Central America performing well
- Closely managing Caribbean hospitality portfolio



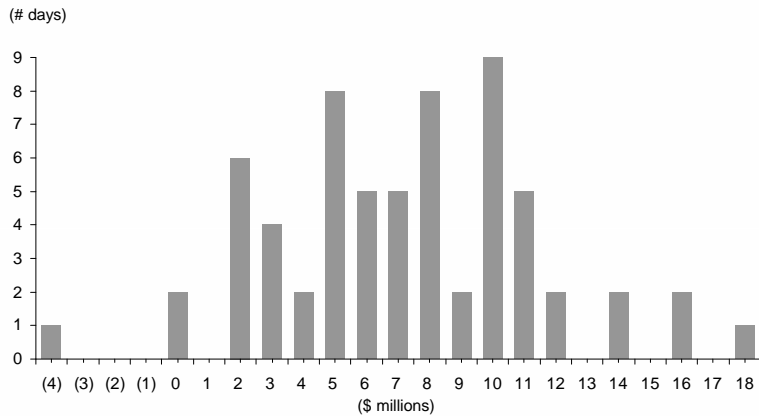
44

## Q1 2012 Trading Results and One-Day All Bank VaR



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## Q1 2012 Trading Revenue Distribution



- 97% of days had positive results in Q1/12



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