

Rick Waugh

President & Chief Executive Officer

**Delivering Strong Performance in a
Challenging Environment**

Morgan Stanley Financial Conference
February 2-3, 2010

Why Invest in Scotiabank?

- **Strength of Canada & Canadian Financial System**
- **A unique and successful international model**
 - **Three diversified growth platforms – each provides sustainable diversified revenue growth**
- **Disciplined and best in class on cost control and risk management**
- **Solid track record of earnings and dividend growth**
- **Strong capital position and high ROE**

Above average returns, with below average risk

Strength of Canada & Canadian Financial System

- **Canada is attractive**

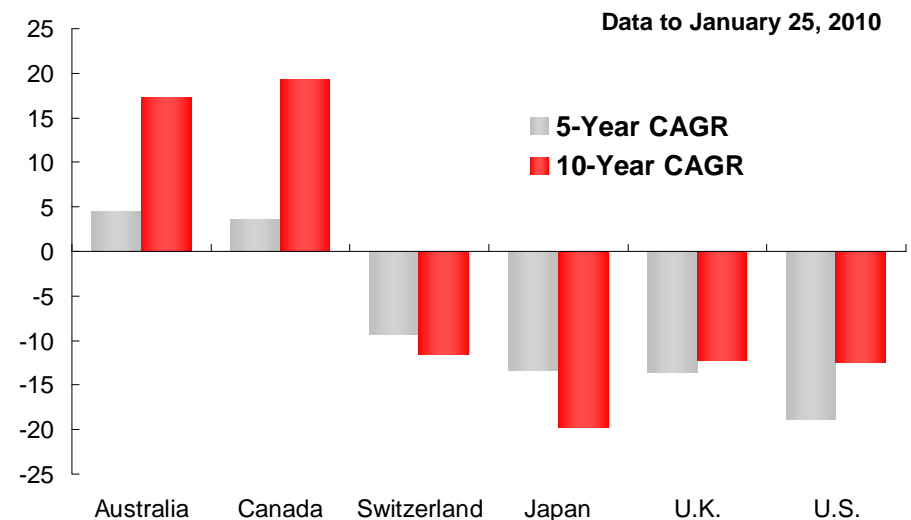
- Consistently meets or exceeds average G7 output trends
- Less leveraged – businesses, households
- Strong Canadian dollar

- **Strength of the Canadian financial system**

- Effective regulatory framework
- Conservative risk management practices
 - No sub-prime mortgages
 - Attractive mortgage market
 - Conservative underwriting
 - Relatively little securitization
- Canadian banks well-capitalized and profitable
 - Quantity & quality

Canadian Banking System ranked World's
Soundest by World Economic Forum
Global Competitiveness Report 2009-2010

Relative bank share price performance



Source: Bloomberg; Scotia Capital.

Three Diversified Growth Platforms

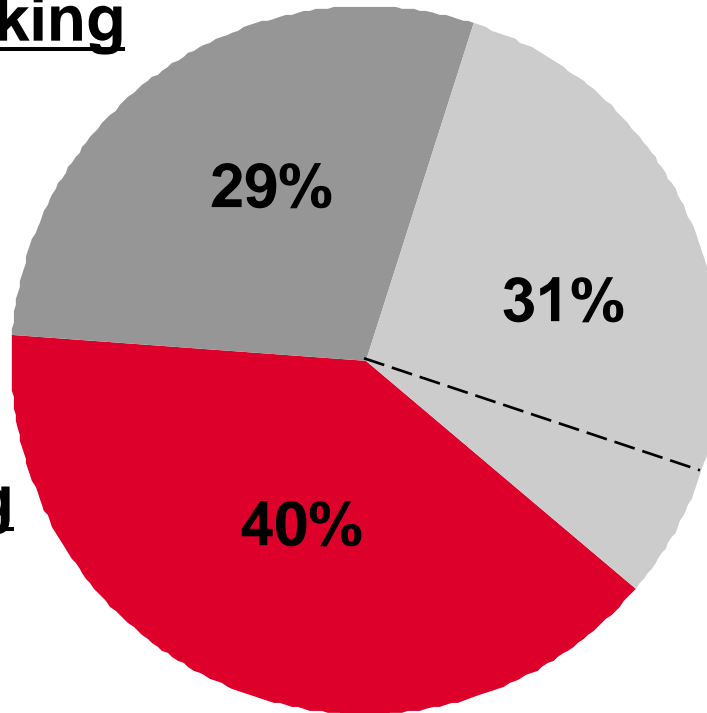
% of 2009 net income, excluding Other segment

International Banking

- Primarily P&C
- 45+ countries

Canadian Banking

- Domestic P&C
- Wealth Management



Scotia Capital

Regional Corporate & Investment Banking (26%)

- Corporate Lending
- Fixed Income
- Equities
- Derivatives

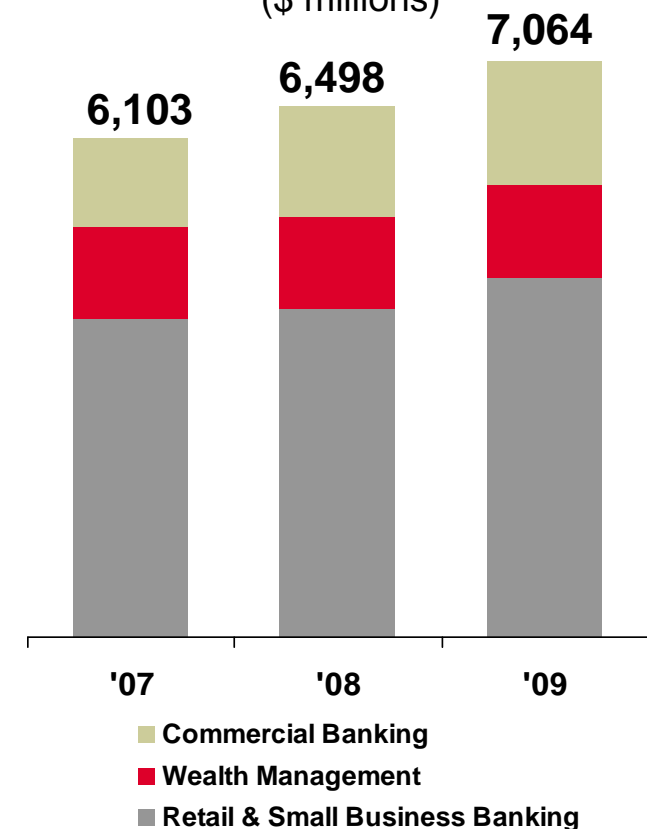
Global Products & Trading (5%)

- Foreign Exchange
- Precious Metals

Canadian Banking: High Quality Assets

Revenues

(\$ millions)



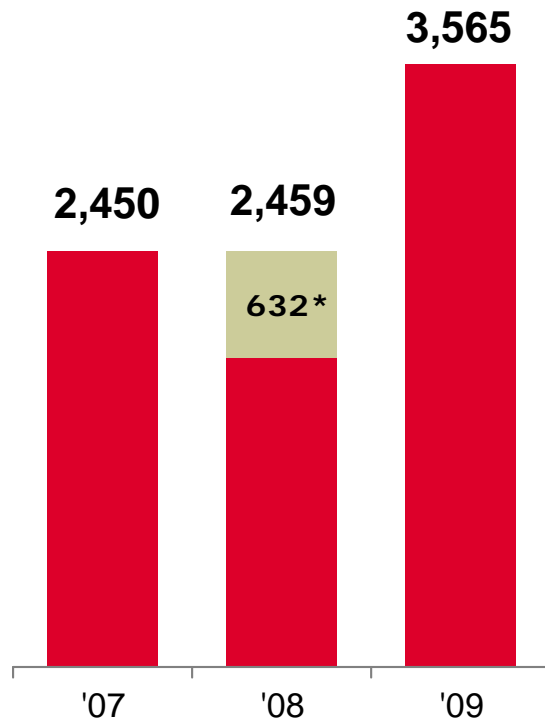
1,019 Branches
101 Wealth Management Offices
7.4MM Customers

- **Strong earnings growth**
 - 3-year CAGR: 13%
- **High quality assets**
 - 92% secured
 - Low-risk mortgage portfolio
 - 53% insured
 - LTV in mid 50's for uninsured book
 - Low-risk retail credit cards
 - 350 - 400 bps loss rate
- **Improved wealth management platform**
 - Organic growth
 - Strategic investments

Scotia Capital: Balanced Lending and Capital Markets Platforms

Revenues

(\$ millions)



* Write-downs

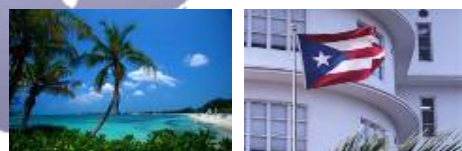
Corporate & Investment Banking

- **Investment grade lending focus**
 - No direct exposure to U.S. sub-prime
 - Minimal U.S. real estate
- **Niche focus with global industry capabilities**
 - Energy
 - Infrastructure
 - Mining
 - Shipping
- **NAFTA platform**

Global Capital Markets

- **Diversified, traditional customer-focused businesses – Regional & Global** (no proprietary trading)
 - Derivatives
 - Equity
 - Fixed income
 - Foreign exchange
 - Precious metals (ScotiaMocatta)

International Banking: Three Geographic Areas, Numerous Opportunities for Growth



Caribbean & Central America



Latin America



Asia/Pacific

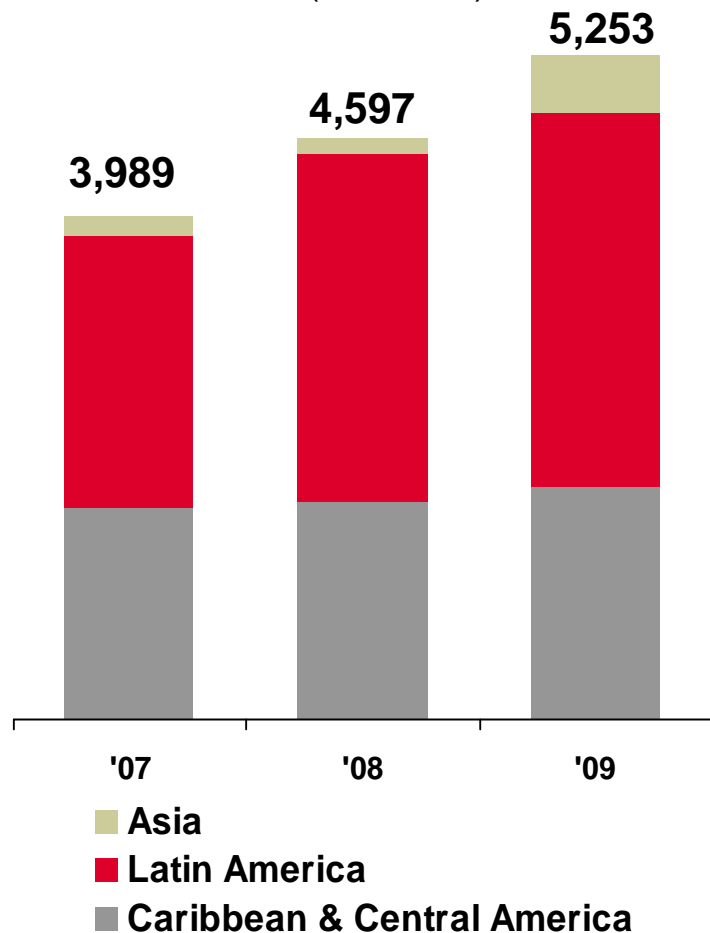
- **45+** Countries
- **2,800+** ABMs
- **1,500+** Branches
- **36,000+** Employees

5.5 million customers

International Banking: Wise Choices of Emerging Markets

Revenues

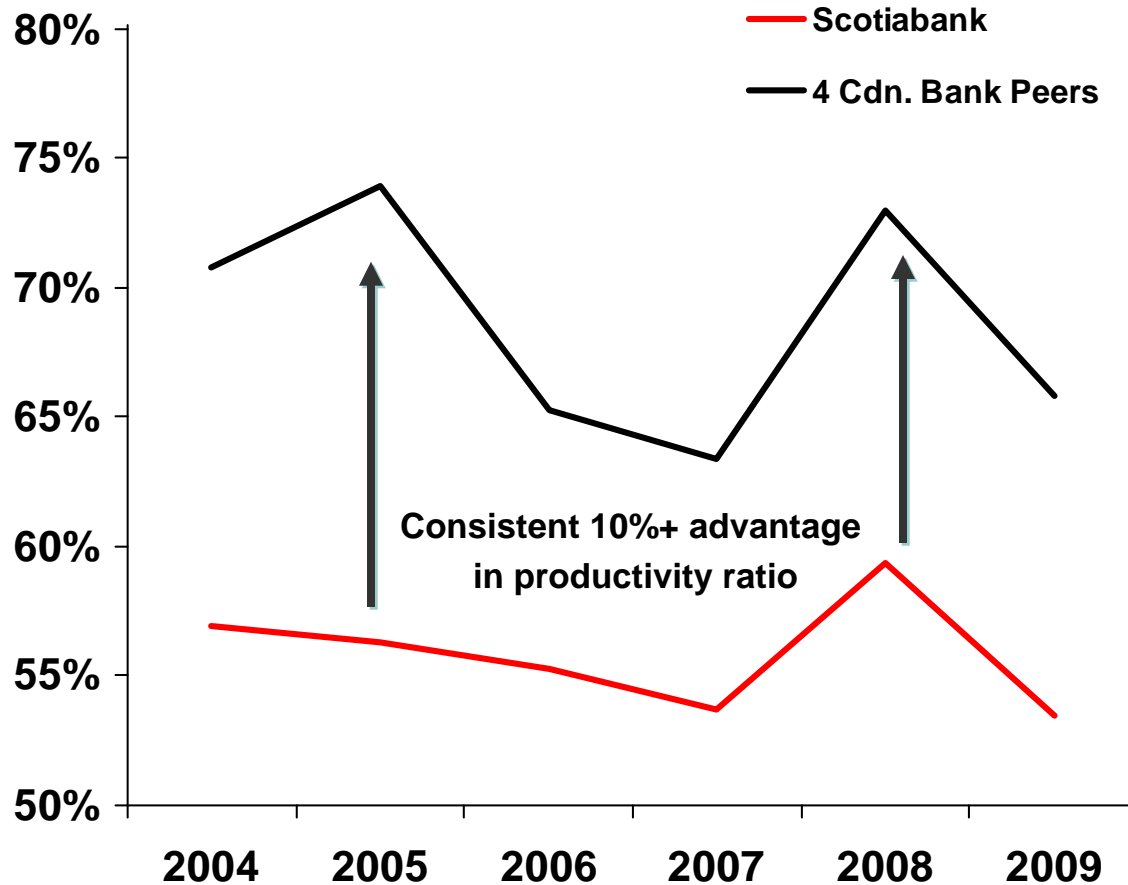
(\$ millions)



- **Dominant position in the Caribbean**
 - 100+ years in the region
 - Leading market share
 - Expanding wealth management, insurance
- **Attractive markets in Latin America**
 - High GDP growth, young populations, low banking penetration
 - Recent add-on acquisitions
 - Peru, Chile, Costa Rica, Panama
- **Asia: Option for Long-term**
 - 12 countries; traditional focus corporate/commercial and trade finance
 - Develop P&C business in niche markets
 - Focus on strategic investments
 - Thanachart (#8 in Thailand), Xi'an Bank (China)
 - Develop niche global trading

Deeply-Rooted Cost Culture

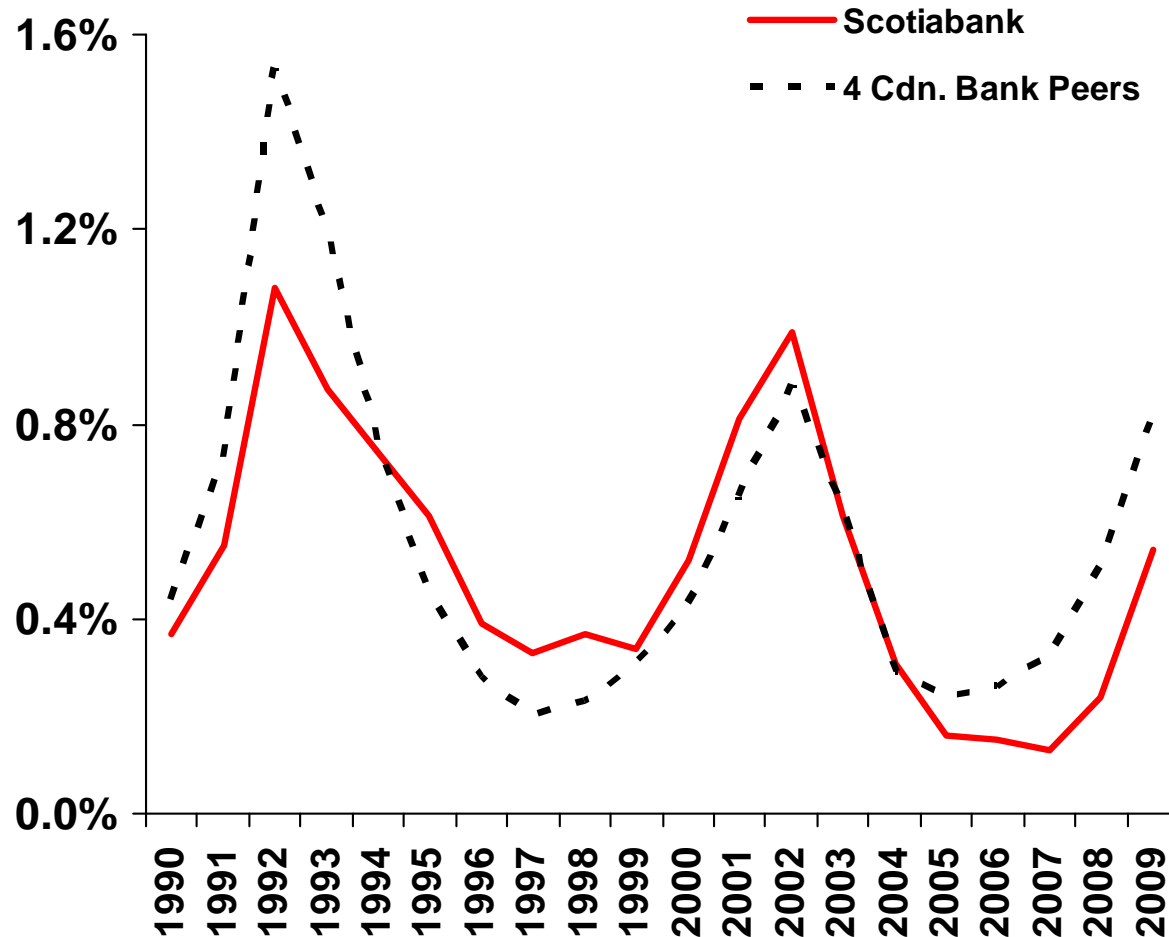
Industry-leading productivity ratio



- Consistent leader in productivity
- Continue investing in revenue growth initiatives

Disciplined Risk Management

Specific PCLs as % of Loans & BAs*



* Ratios for 2001 and 2002 exclude charges/credits relating to Argentina

Changes Since 2002:

- Conservative underwriting and risk appetite
- Investment grade client focus in Scotia Capital
- Exited the highly leveraged LBO market; no “covenant light”
- Lower single name limits; reduced industry concentration
- Embedded risk culture

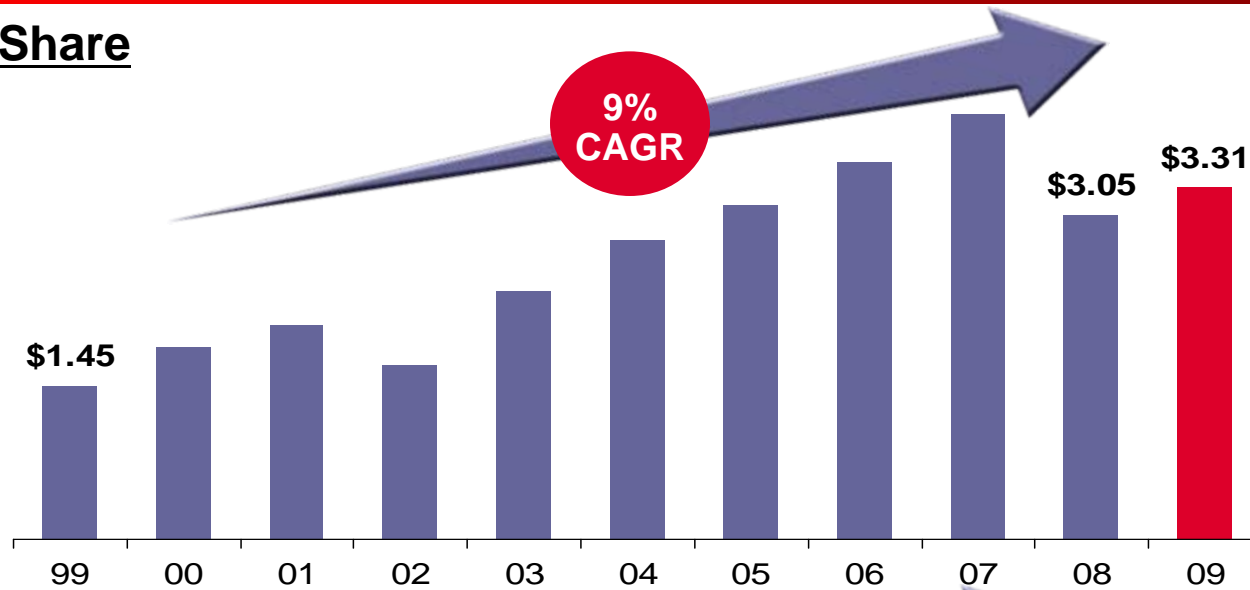
Disciplined Risk Management: Leading Coverage Ratios

	Earnings* to total PCL (2009)	Specific allowance to impaired loans (Q4/09)	Total allowance to loans & acceptances (Q4/09)
Scotiabank	3.7x	35%	1.0%
Royal	2.9x	23%	1.1%
TD	2.3x	24%	1.0%
BMO	2.3x	18%	1.1%
CIBC	2.0x	38%	1.2%

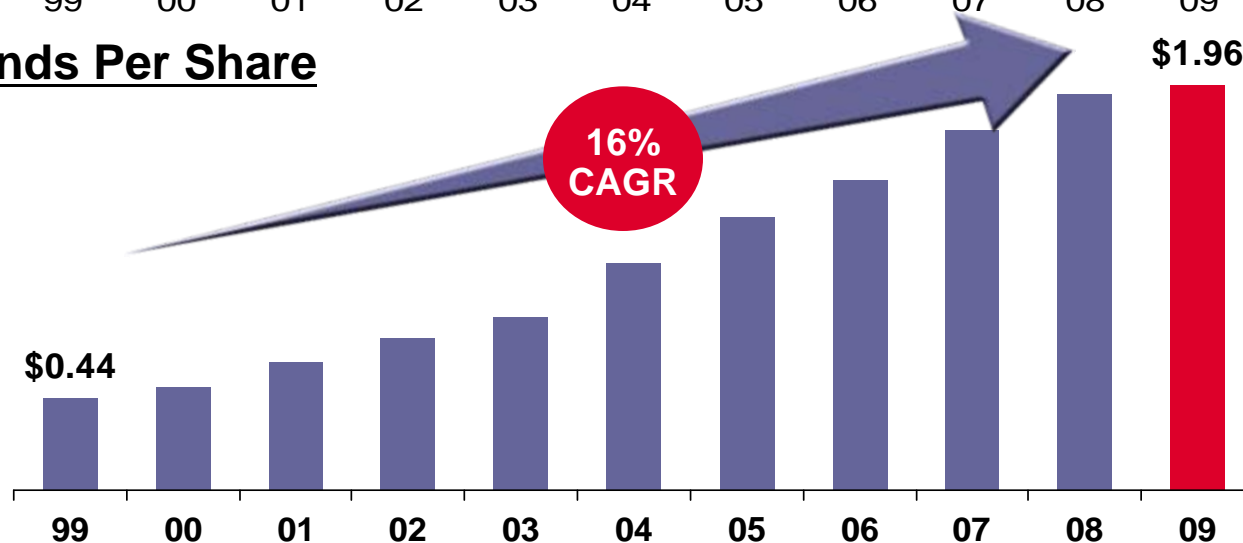
*Pre-tax, pre-provision earnings. With the exception of Royal, where we excluded the \$1B goodwill impairment charge, all ratios were calculated using reported pre-tax, pre-provision earnings

Solid Track Record of Growth

Earnings Per Share

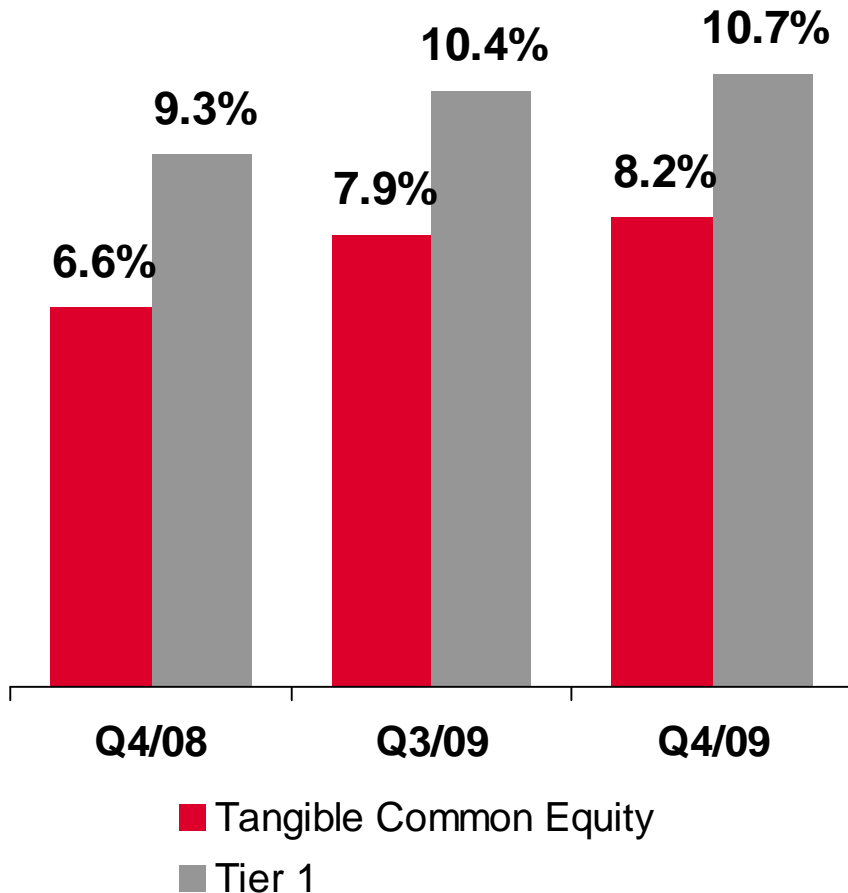


Annual Dividends Per Share



Strong Capital Position

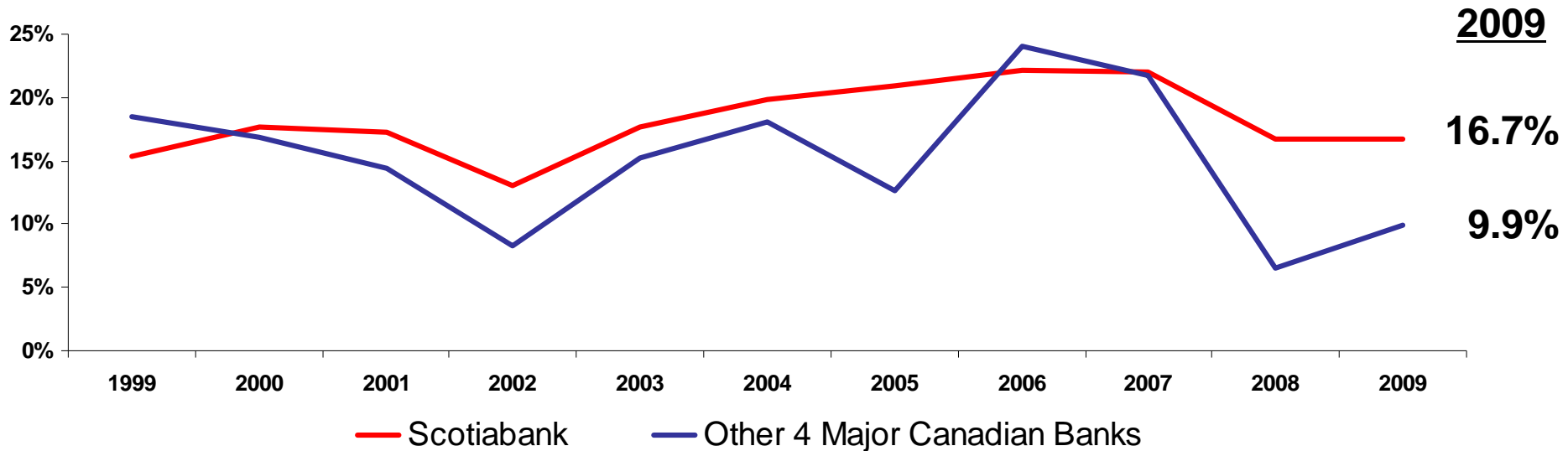
Capital Ratios



- **Strong ratios by global standards**
 - Avoided dilutive public offering of common equity
 - No government “bail out”
- **High quality capital**
 - e.g. terms of Canadian preferred shares qualify as core Tier 1
- **Investing in businesses**
 - Organic
 - Strategic investments
 - Disciplined criteria
- **Consistent dividends**

ROE Consistently at Top of Peer Group

Return on Equity (reported)



2009

U.S.		Europe	
Wells Fargo	9.9%	BBVA	16.0%
JPMorgan	6.0	Deutsche	14.6*
Bank of America	n/m	Santander	14.0*
Citibank	n/m	BNP Paribas	11.0*

* YTD Q3/09

2010 Outlook

- **Cautiously optimistic**

- Economic and regulatory environment
- Confident of continuing our growth:
 - Revenues and net interest margins expected to expand
 - Provisions to remain elevated, but expect downward trend in second half
 - Expect positive operating leverage
 - Will continue with add-on acquisitions consistent with existing strategy
 - Can manage through regulatory reform

- **Targets for 2010**

- EPS growth 7-12%
- ROE 16-20%
- Productivity Ratio <58%
- Capital Maintain strong ratios

Q&A

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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 62 of the Bank’s 2009 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