

# THE BANK OF NOVA SCOTIA

## **Statement of Disclosure Policy and Practices and Mandate of Disclosure Committee**

Scotiabank is committed to providing timely, accurate, factual and balanced disclosure of all material information about the Bank and to providing fair and equal access to such information. The Bank will comply with legal and regulatory requirements related to the prompt disclosure of information. This Statement explains our disclosure policies and practices.

### **Primary Principles of Disclosure Policy**

- Material information will be publicly disclosed promptly by news-wire release. The only exceptions occur in restricted circumstances where regulation allows the maintenance of confidentiality for a period of time and regulatory filings on a confidential basis.
- Disclosure must include any information the omission of which would make the rest of the disclosure misleading. Unfavourable information will be disclosed as promptly as favourable information.
- As a matter of policy, if there is a debate as to whether information is material or not, the Bank will release the information.
- Precautions are to be taken against selective disclosure. Previously undisclosed material information will not be disclosed selectively to an individual or limited group. If previously undisclosed material information is inadvertently disclosed to an individual or limited group, such material information will be publicly disclosed promptly by news-wire release or other appropriate corrective action. Any such disclosure or other breaches of the Disclosure Policy will be reported to the Bank's General Counsel.
- If the Bank subsequently learns that a disclosure document contained a material error, the information will be promptly corrected by news-wire release or other appropriate corrective action.
- The corporate web site will be used to enhance dissemination of information, by posting information contemporaneously with the issuance of news-wire releases, regulatory filings of financial statements or other disclosure documents, and presentations by senior officers.
- Disclosure policy applies to all methods of communication to the public, inclusive of written, oral and electronic communications.
- It is a duty of senior Bank officers to inform the Disclosure Committee of material developments. Disclosure Committee members will also monitor material developments in the Bank's businesses and affairs.

- The only permitted disclosure of non-public information will be to parties with a signed confidentiality agreement with the Bank or parties subject to professional conduct obligations of confidentiality such as lawyers, accountants, rating agencies and regulators.
- The Bank will ensure directors, officers and all appropriate employees are aware of the Bank's disclosure policies and practices and the Bank believes that such policies and practices will provide a reference guide for such individuals.

### **Material Information**

Securities laws and the policies of securities regulators and stock exchanges require prompt disclosure of all material information through news media.

“Material information” means any information relating to the business and affairs of a company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Bank's securities. In addition, the United States considers material information to include any information a reasonable investor would consider important in making an investment decision, or that alters the total mix of information in the marketplace.

### **Determination of Materiality**

The General Counsel or her designate in consultation with at least one other member of the Disclosure Committee will monitor and consider developments within the Bank that may require public disclosure in accordance with the Mandate of the Disclosure Committee attached hereto. In situations where the determination of materiality is not clear, the General Counsel or her designate shall discuss the matter with the Disclosure Committee and, if needed, the Chief Executive Officer, as required to make an appropriate determination. In the event that a development is determined to be material, such members will ensure that the information is publicly released in accordance with this Statement.

### **Non-material Information**

The Bank makes many public announcements that do not meet the definition of materiality as discussed above. Many of these announcements relate to products and services that the Bank provides as well as views expressed by experts who work for the Bank, such as Scotiabank economists. Releases and announcements such as these are not subject to the provisions of this Statement.

### **Disclosure Committee**

The Disclosure Committee of the Bank consists of the Chief Administrative Officer (CAO), the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the Group Treasurer (GT), the General Counsel, the senior Investor Relations Officer (IRO) and the senior Public, Corporate & Government Affairs Officer (PCO), the Business line chief financial officers or any of their designates. The Disclosure Committee reports to the Chief Executive Officer (CEO). The Bank's external auditors and Chief Internal Auditor may be invited from time to time to attend Disclosure Committee meetings. Committee meetings shall be chaired by the General Counsel or her designate.

The Disclosure Committee shall have the mandate set forth in Schedule A, which includes evaluating and discussing certain events in order to determine the appropriateness and timing for public release of information. For the review of “core documents”, as such term is defined in the *Securities Act*

(Ontario), a meeting of the full Disclosure Committee will be held. Core documents shall include, but not be limited to, annual and interim financial statements and the related MD&A, management proxy circulars, annual information forms, prospectuses and take-over bid circulars. In the event that highly sensitive or confidential matters require consideration by the Committee with respect to a Core Document, a sub-committee may be formed to address such matters. This sub-committee would be comprised of the General Counsel, the CAO, the CFO, the GT and the CRO. For the review of other documents, including non-material press releases, at least two members of the Committee shall meet or otherwise conduct discussions for this purpose as circumstances dictate.

Additions or changes to the disclosure policy will be implemented promptly when mandated by regulatory change. The disclosure policy will be reviewed by the Disclosure Committee, at least annually, for the purpose of considering effectiveness and updating procedures.

### **Communication regarding the Disclosure Policy**

The Disclosure Policy applies to the Bank's directors, officers and employees, and those authorized to speak on the Bank's behalf. New directors and relevant officers and employees, who given their position are required to have knowledge of the policy, will be provided with a copy and will be educated about its importance. The Disclosure Policy is available on the Bank's website, which is accessible by all Bank employees and the general public. At least annually, a reminder will be sent to all directors, officers and other relevant employees advising them of the Disclosure Policy.

### **Spokespersons**

The Bank designates a limited number of spokespersons responsible for communication with the media, investors and analysts. These spokespersons are the President and CEO, the Vice-Chairs, CFO, CRO, GT, IRO and the PCO. Individuals holding these offices may from time to time designate others to speak on behalf of the Bank or respond to specific inquiries from the investment community or media. The Bank's spokespersons are knowledgeable about the Bank's public disclosure, this policy, the investment community's views of the Bank, as well as applicable rules and regulations.

A number of persons who may communicate with the media on topics pertaining to the economy in general, or on limited topics pertaining to specific operating divisions and business lines. However, they are not authorized to engage in discussion about the Bank with analysts and the investment community or to comment on the Bank's financial results.

Employees who are not authorized spokespersons are not to respond to inquiries from the investment community or media unless specifically asked to do so by an authorized spokesperson. All such inquiries are to be referred to the IRO or the PCO.

The IRO or PCO are to be involved in scheduling and developing all communications for meetings with or other presentations to the investment community or media. They are also responsible for preparing senior management for meetings with financial analysts, investors or media. Wherever practicable, a member of the Investor Relations or Public, Corporate & Government Affairs staff, or another spokesperson will attend such presentations or meetings in addition to the speaker.

## **Timing and Procedure for Disclosure**

All news-wire releases, including but not limited to releases of material information, are managed by the Public, Corporate & Government Affairs department and as set out above, prior to their release must be reviewed by at least two Committee members.

If the information has been determined by the Disclosure Committee to be material, news releases will be disseminated through a news-wire service that provides national and simultaneous service to widespread news services, financial media, stock exchanges upon which the Bank's shares are listed, and to relevant regulatory bodies.

Timing of releases and circumstances requiring Market Surveillance pre-clearance of news-wire releases will be dealt with in accordance with the rules applicable to companies listed on the Toronto Stock Exchange and the New York Stock Exchange (and other stock exchanges relevant in the circumstances).

Following consultation with the General Counsel or her designate, material change reports will be filed when required in accordance with applicable securities regulation.

## **Scotiabank Web Site**

The Bank maintains an Internet web site, which includes information of interest to investors, including this Disclosure Policy. The Investor Relations department manages the Investor Relations section of the Scotiabank web site.

News-wire releases are posted to the corporate information section of the site after release through the news-wire service. It is recognized that posting on the web site alone is not sufficient dissemination in the case of material information.

The Scotiabank web site makes available (in live broadcast and for a subsequent period of continuing availability) audio broadcasts of the quarterly conference calls with analysts and the annual meeting of shareholders.

Information available on the web site includes the Annual Report, quarterly reports, supplemental quarterly financial information, management proxy circular, and annual meeting minutes. Other documents of interest are posted upon availability and materials related to presentations by senior officers are placed on the web site contemporaneously with events.

The Bank does not allow any web-based links to the sites of analysts commenting on the Bank.

## **Communications with Financial Analysts and Investors**

Investor Relations acts as liaison to provide financial analysts and investors with information about the Bank. If material information is to be announced or discussed at a shareholder or analyst meeting or media conference, it will be coordinated with a public announcement by news-wire release.

Senior officers conduct conference call meetings with members of the investment community each quarter, following public release of quarterly results. When the subject of other announcements makes it appropriate, the Bank will also hold conference call meetings with members of the investment

community. Any supplemental written material made available to analysts will concurrently be posted on our website. These conference call meetings are accessible to the public to listen to by telephone and through the Scotiabank web site. Advance notice and access instructions are posted on the web site and issued through news-wire release.

Authorized spokespersons may contact, respond to, meet with or address analysts, investors or journalists on an individual or small group basis from time to time. Material non-public information will not be disclosed at these meetings.

If material information is inadvertently disclosed in any such limited forum, a news-wire release will be issued or other appropriate corrective action will promptly be taken to disseminate such information.

### **Forward Looking Information**

Forward looking information may be provided in appropriate circumstances to enable evaluation of the Bank's operations and prospects for performance. Forward looking information may include performance targets, discussion of factors that may influence results, and market potential for new product or business line initiatives or corporate expansions.

To the extent that forward looking information is provided by the Bank in a disclosure document, news release or statement by a spokesperson, it will be accompanied by or reference will be made to (i) cautionary language to warn of the risk that material factors could cause actual results to differ materially from statements made in the forward-looking information, and (ii) a statement of material factors or assumptions that were applied in making such statement.

### **Earnings Guidance**

As a general rule, the Bank does not provide earnings guidance. Annually the Bank may provide targets on matters including return on equity, earnings per share, productivity, Tier 1 capital ratios and such other matters as the Disclosure Committee may approve. Any such targets provided will be announced by news-wire release. Any other guidance will only be based on information which the Bank has previously publicly disseminated.

### **Reviewing Analysts' Reports or Models**

Occasionally, the Bank may be requested to review financial analysts' draft reports or models. Spokespersons will limit their comments to correcting errors of fact and referring to previously released statements and information in the public domain. All analysts are treated equally regardless of their recommendation with respect to the Bank's securities.

### **Quiet Period**

In order to avoid any potential for, or the perception or appearance of selective disclosure, the Bank observes a "quiet period". The quiet period commences on the first day following the end of the reporting period until the release of results. During the quiet period, spokespersons will exercise extreme caution to avoid selective disclosure of any material, non-public information and will not communicate with analysts, investors or media with respect to any matters related to earnings and financial performance. In the event of a release during a quiet period, spokespersons are able to

discuss only information disclosed in the release, and will not discuss any matters not included in the release.

### **Responding to Market Rumours**

It is the Bank's general practice not to comment on market rumours or speculation, particularly where it is clear that it is not information from the Bank that is the source or basis of the market rumour. Investor Relations periodically monitors Internet chat rooms and other sites in order to identify statements being made about the Bank, with a view to anticipating the source of a market rumour. After consultation with two or more members of the Disclosure Committee, the Bank's spokesperson may respond, if a rumour is causing market volatility or if a stock exchange or securities regulator requests that the Bank make a statement.

### **Corrections to Previously Released Material Information**

Disclosure must be corrected promptly if the Bank subsequently learns of an error in previously made Bank disclosure and the correction would constitute material information. The CFO, General Counsel and PCO shall ensure that a news-wire release is issued promptly to correct the error and that appropriate notifications (if required) are made to the exchanges upon which the Bank's shares trade so that a halt to trading may be instituted if necessary.

### **Maintaining Confidentiality and Restrictions on Trading**

The policy of the Bank on appropriate conduct related to the disclosure of information applies to all directors, officers and employees of the Bank and material subsidiaries.

The policy also includes by reference portions of the Scotiabank Guidelines for Business Conduct and the Scotiabank Group Internet and Electronic Mail Code of Conduct, which mandate employee requirements with respect to maintaining confidentiality of information, prohibitions against trading on the basis of or tipping undisclosed material information, and restrictions on periods during which insiders may effect trades in Bank securities in the absence of such information.

An employee who violates the policy may face disciplinary action up to and including termination of his or her employment.

**Last reviewed and approved by the Board of Directors on January 22, 2008.**

## SCHEDULE A

### MANDATE FOR DISCLOSURE COMMITTEE

The Disclosure Committee (the “Committee”) shall have the responsibilities and duties as outlined below and will fulfill such responsibilities and duties in accordance with the attached Statement:

The Committee shall:

1. determine when events, developments, changes or other facts constitute material information or a material change in the affairs of the Bank. In making such determination, the Committee will assess the impact of any such event, development or change on (a) the assets, liabilities and earnings of the Bank on a consolidated annual basis and on a consolidated quarterly basis to the extent the item is non-recurring (with the presumption that any impact of 10% or more will be considered material unless the facts prove otherwise), (b) the reputation or overall operations of the Bank, (c) the strategic direction of the Bank, and (d) the market price or value of any of the Bank’s securities;
2. review annually disclosure practices and procedures for effectiveness and possible changes;
3. review annual timetable for preparation of Bank’s filings with specific review of dates for due diligence review procedures;
4. confirm individuals responsible for preparation of filings;
5. review risk factor and forward-looking statement language in reports and review for updating requirements;
6. confirm quarterly immediately before the filing of the quarterly and annual reports and any press releases containing financial information, earnings guidance or forward-looking statements that established procedures were followed to verify data in such reports and to confirm issues of evaluation of effectiveness of disclosure controls;
7. review policies and procedures for briefings with analysts, or institutional investors;
8. review analyst reports;
9. review institutional investor presentation; and
10. review policy on trading restrictions and “quiet periods”.