

a responsibility that means the world to us



REPORT ON CSR



Our customers



Employee satisfaction



The environment



The community

Inside the 2007 Report

- 1 A Message from the President and CEO
- 2 CSR at a glance
- 4 Corporate governance and ethics
- 6 Our customers
- 7 Addressing privacy issues
- 8 Responding to customer feedback
- 9 Access and accommodation
- 10 Providing basic banking services
- 10 Serving diverse communities
- 12 Small business
- 14 Employee satisfaction
- 15 Developing leadership capabilities
- 18 Learning and development programs
- 18 Offering competitive compensation
- 23 Listening to our employees
- 24 The environment
- 25 Direct environmental impacts
- 27 Measuring energy consumption
- 28 Indirect environmental impacts
- 32 The community
- 35 Our employees in the community
- 39 Glossary
- 40 Appendix
- 40 Scope of reporting
- 41 Voluntary codes of conduct and public commitments
- 42 Branches/Offices/ABMs openings, closings and consolidations
- 44 Debt financing
- 45 2007 taxes

On the cover: As part of our Scotiabank Bright Future program to support children's charities across the Caribbean and Latin America, Scotiabank Dominican Republic helps the Rosa Duarte Orphanage School provide a safe home and schooling for girls.

our expanding global presence

Scotiabank is one of North America's premier financial institutions, and Canada's most international bank. Through our team of approximately 60,000 employees, Scotiabank and its affiliates offer a broad range of products and services, including retail, commercial, corporate and investment banking to more than 12.5 million customers in some 50 countries around the world.



Caribbean

- Anguilla
- Antigua and Barbuda
- Aruba
- Bahamas
- Barbados
- British Virgin Islands
- Cayman Islands
- Dominica
- Dominican Republic
- Grenada
- Haiti
- Jamaica
- Netherlands Antilles
- Puerto Rico
- St. Kitts and Nevis
- St. Lucia
- St. Vincent & the Grenadines
- Trinidad and Tobago
- Turks and Caicos
- U.S. Virgin Islands

North America

- Canada
- Mexico
- United States

Central & South America

- Belize
- Brazil
- Chile
- Costa Rica
- El Salvador
- Guyana
- Panama
- Peru
- Venezuela

Asia/Pacific

- China
- Hong Kong SAR, PRC
- India
- Japan
- Korea (Republic of)
- Malaysia
- Singapore
- Taiwan
- Thailand
- Vietnam

Europe & Middle East

- Egypt
- Ireland
- United Arab Emirates
- United Kingdom

About this report

Our Corporate Social Responsibility (CSR) Report covers the Bank's economic, social and environmental impacts and performance in 2007 and is organized by stakeholder group – customers, employees and the community. Scotiabank supports the Global Reporting Initiative (GRI) and this report qualifies as G3 Application Level C. See the interactive version of this report to review our GRI reference table.

In addition, we have made a concerted effort to report on our international activities – including workplace, customer, environmental and community programs – to better reflect the global scope of our organization. We hope to continue to increase the quantity and quality of international reporting in future reports.

During 2007, we also continued to expand and evolve this report and improve our website content, which complements our printed edition. By providing more comprehensive information in an online format, we can provide greater detail without increasing paper consumption and improve information accessibility for our stakeholders.

* Scotiabank's 2007 Corporate Social Responsibility Report/Public Accountability Statement (PAS) is published in accordance with section 3 of Public Accountability Statements (Banks, Insurance Companies, Trust and Loan Companies) Regulations for the fiscal year November 1, 2006, to October 31, 2007.

Business Line Overview

Domestic Banking

Provides a comprehensive range of banking and investment services to more than 7 million retail, wealth management, small business and commercial customers across Canada.

International Banking

Encompasses Scotiabank's retail and commercial banking operations in more than 40 countries outside Canada – an international presence unmatched by our domestic competitors.

Scotia Capital

As the wholesale banking business of the Scotiabank Group, Scotia Capital offers financial products to corporate, government and institutional clients.

2007 Financial Highlights

For the years ended October 31	2007	2006	2005
Net income available to common shareholders (\$ millions)	3,994	3,549	3,184
Return on equity (%)	22.0	22.1	20.9
Productivity ratio (%) (TEB ⁽¹⁾)	53.7	55.3	56.3
Assets under management (\$ billions)	31.4	27.8	26.6
Total assets (\$ billions)	411.5	379.0	314.0
Tier 1 capital ratio (%)	9.3	10.2	11.1

Common share information

Earnings per share (diluted) (\$)	4.01	3.55	3.15
Dividends per share (\$)	1.74	1.50	1.32
Total annual shareholder return ⁽²⁾ (%)	12.2	18.4	12.1
10-year compound annual return ⁽²⁾ (%)	16.5	20.0	23.1
Share price (\$)			
High	54.73	49.80	44.22
Low	46.70	41.55	36.41
Close	53.48	49.30	42.99
P/E multiple (trailing four quarters)	13.2	13.7	13.5
Book value per common share (\$)	17.45	17.13	15.64

Expenses

Salaries & employee benefits (\$ millions)	3,983	3,768	3,488
Taxes (\$ billions)	2.0	1.7	1.6

(1) Non-GAAP measure. Refer to the non-GAAP measures on page 29 of the 2007 Annual Report.

(2) Assumes share price appreciation and reinvestment of quarterly dividends.

Return on equity

22.0%

2007 Objective: 20 to 23%

Earnings per share growth

13%

2007 Objective: 7 to 12%

Productivity ratio

53.7%

2007 Objective: below 58%

Tier 1 capital

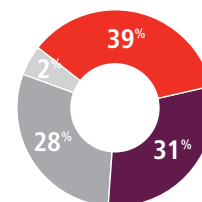
9.26%

2007 Objective:
Strong capital ratio

Total net income*

\$3,994 million

Total net income
by business lines*



■ Domestic – \$1,550 million
 ■ International – \$1,232 million
 ■ Scotia Capital – \$1,114 million
 ■ Other – \$98 million

*available to common shareholders

It's not just a responsibility – it's an opportunity

At Scotiabank, we have always managed our business in a way that benefits all of our stakeholders – including our shareholders, customers, employees and communities.

Corporate social responsibility is an opportunity for Scotiabank to strengthen these stakeholder relationships by paying closer attention to our social, economic, environmental and ethical responsibilities. CSR considerations inform our everyday business decisions – everything from how we choose our suppliers to how we evaluate the risks and opportunities associated with lending to our corporate banking customers.

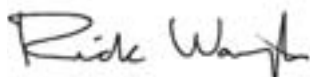
We continue to commit considerable resources to broadening our CSR focus and improving the non-financial aspects of our performance. Notably in 2007, we continued to make progress on environmental issues. For the first time, this year's report provides information on the energy consumption and greenhouse gas emissions of our domestic branch network. We have also included details about other environment-related initiatives; for example, Scotia Capital's growing expertise in the area of renewable energy financing, analysis, public policy and industry trends.

Our dedication to CSR helps us to increase customer and employee satisfaction, meet shareholder expectations and broaden community relationships. These benefits were plainly evident in 2007: for example, employee satisfaction remains high, at 87 per cent for the second consecutive year, and we expanded our award-winning Advancement of Women initiative to our international locations. We improved our customer service this year, and increased our customer loyalty index to a high of 53 per cent, as measured by customers' responses to four key questions. We did this in part by adding new branches and sales staff and enhancing our account packages for seniors and students. We contributed \$43 million to community causes worldwide, supported by the efforts of our employees, who spent more than 360,000 hours volunteering and fundraising through our internal community programs. We also launched the Scotiabank Bright Future Program in the Caribbean and Latin America, which will focus on enhancing the well-being of children in these locations.

This year's report provides enhanced information on the range of socially responsible activities in our international operations, which accounted for 31 per cent of the Bank's total net income in 2007. We have showcased some innovative, locally based initiatives or pilot projects, and will continue to enhance the quality and coverage of data from our international locations. We recognize that we must respect the uniqueness of each country where we operate and be prepared to adapt programs to satisfy local needs, cultures and preferences.

At the same time, the Bank has long believed in implementing consistent, universal values that set us apart in the eyes of our stakeholders – as demonstrated, for example, by our global total compensation principles, our leadership position in customer service, and our high standards in corporate governance and trust in our business practices, which form the foundation of our success.

We firmly believe that our commitment to CSR provides Scotiabank with a competitive edge. We look forward to continued progress, and welcome your feedback on our efforts.



Rick Waugh
President and Chief Executive Officer



Scotiabank's goal is to be the best Canadian-based international financial services company. Progress toward that goal gives us the means to create, improve and expand the products and services we offer to our customers, and to contribute to the economy more broadly by paying taxes and creating jobs – within our own company and indirectly among suppliers and customers.

CSR at a glance

2007 CSR Highlights

We made progress on a number of specific CSR-related initiatives during 2007. Here are some examples:

- Achieved 87 per cent score in our Employee Satisfaction Index;
- Received the 2007 Catalyst Award in recognition of our Advancement of Women strategy, and expanded the program internationally;
- Enhanced account plans for seniors and students to provide unlimited free debit transactions in branches or through alternative channels;
- Expanded our children's educational savings program to 17 countries;
- Increased the number of paperless recordkeeping accounts by 109 per cent;
- Provided financing and raised more than \$2 billion for the renewable energy sector;
- Began a five-year sponsorship of the Pembina Institute to support climate change studies;
- Contributed more than \$43 million to community causes in Canada and around the world; and
- Launched the Scotiabank Bright Future Program in all Caribbean and Latin American locations to support children's causes.

Our CSR philosophy is to integrate environmental, social and governance practices into our day-to-day business activities. We measure our success not only in terms of financial criteria, but also by our success in building customer satisfaction and employee engagement, and supporting the communities we serve. This way of thinking is evident in the Bank's balanced scorecard approach to management, which integrates CSR elements into our strategic planning and performance evaluation processes.

Stakeholder engagement

We seek to understand the views of a broad spectrum of stakeholders on CSR through internal and third-party surveys and through direct stakeholder discussions.

We maintain regular contact with a number of key stakeholders – such as government and non-government organizations, consumer advocacy groups,

customer focus groups and academics – to get their views on key CSR issues for the financial sector, such as access to banking and environmental issues related to our lending activities. External groups with which we met in 2007 include the World Wildlife Fund, the Yale Forestry Department, Forest Ethics, Rainforest Action Network and Environment Canada.

Public opinion and customer insights research

For the second year in a row, we partnered with Decima Research to gauge the views of Scotiabank customers and the public on how they perceive CSR, and Scotiabank's performance in this area. Among the key findings:

- More than two-thirds (68%) of Canadians take a company's CSR performance into consideration when they make everyday purchases.



Scotiabank is a long-standing member of the United Nations Environmental Program Financial Initiative (UNEP FI), and we participate in its North American Task Force (NATF). In 2007, the NATF published a study on green products in the North American market, and Scotiabank participated in a training day dedicated to this topic. The study is available at www.unepfi.org.



Scotiabank is a member of Canadian Business for Social Responsibility (CBSR). CBSR is a non-profit, business-led, national membership organization of Canadian companies that have made a commitment to operate in a socially, environmentally and financially responsible manner, recognizing the interests of their stakeholders, including investors, customers, employees, business partners, local communities, the environment and society at large.

CSR Advisory Committee Scotiabank's CSR Advisory Committee is a cross-functional team of senior executives from each of our business lines and several key corporate functions, including Real Estate, Compliance, Global Risk Management, Legal, and Human Resources. The team meets quarterly and has been in place since 2005. It provides advice and counsel on the strategic direction of the Bank's CSR objectives, implementation and results. The meetings are also a forum for training and learning on key CSR issues for the financial sector, such as climate change and microfinance.

- Over one quarter (26%) of consumers take a company's CSR into consideration when making an investment decision.
- 70% of employed Canadians would consider changing jobs if their employers did not operate in a socially responsible manner.
- About one in five Canadians (19%) would switch to another financial institution if it demonstrated a higher degree of excellence in its CSR commitments.

This year, Scotiabank extended its research globally. According to research and polling conducted by Globescan in 2007, the three areas where expectations of companies are highest are:

- Not harming the environment;
- Treating employees fairly; and
- Ensuring a responsible supply chain.

In addition, nearly half of people across the 24 countries surveyed expressed a "great deal" of personal concern about the environment. The study also revealed that the gap between expectations about a company's CSR performance and perceived performance is widening in developed countries, but is narrowing in developing countries.

Employee views

Information on our employees' views about CSR and the Bank's progress on CSR objectives is a key component of continuously improving the Bank's CSR strategy. To help us measure employee views, we engage a third-party organization to survey our employees. Canadian Business for Social Responsibility conducts this survey and, in 2007, 98% of employees indicated that they strongly agreed or agreed that Scotiabank is a socially responsible company.

CSR priorities for 2008

- Continue to evaluate and implement products and services that promote sustainability and help customers reduce their environmental impact.
- Adopt a paper purchasing policy that will set out a framework for conservation and choosing papers with recycled content and sustainable forestry sources.
- Launch a mutual fund product focused on environmental or social criteria.
- Continue to enhance our CSR reporting by adding international content and widening the scope of our public disclosure.
- Enhance climate risk assessment in the Bank's lending procedures and publicly report on progress.
- Further strengthen our due diligence policies to promote sustainable forestry practices in our lending activities to this sector.

Key Performance Indicators*

Indicator	2007 performance
Customer Loyalty Index	53%
Total donations & sponsorships (global)	\$43 million
Number of employee volunteer hours	360,000 hours
Locations serving Aboriginal customers	26
Business with Aboriginal communities	Active in 79 First Nations communities
Debt financing to businesses	over \$92 billion
Taxes (global)	\$2.0 billion
Non-executive employee base salaries	\$1.42 billion
Investment in employee training (global)	\$92 million
Employee satisfaction (global)	87%
Women in senior management	31.5%
Women in senior management (global)	22%
Visible minorities in senior management	10.2%
Aboriginal employees	1.1%
Employees with disabilities	4.0%
Paper consumption	5,409 tonnes
Business travel (air travel)	74,381,681 km
Scotia OnLine transactions	277 million

* Numbers refer to Canadian domestic operations unless specified otherwise



"Each year since 2003, the Consumers Council of Canada has completed a review and critique of Scotiabank's Corporate Social Responsibility report. The Council reviews the elements of each year's report against the eight-plus-one international consumer rights. A team of experts is assembled from our community to provide Scotiabank with our best advice. The Council is delighted that the comments and suggestions we have provided over the years have been largely addressed by Scotiabank. We are very pleased to be continuing this annual review."

Michael Lio, Executive Director

For more information on the Council, please visit www.consumerscouncil.com.

a responsibility to act with integrity

Integrity is one of our five core values – integrity, respect, commitment, insight and spirit – that define who we are and who we strive to be as a bank. It is the foundation and hallmark of our business, and the key to building strong, lasting relationships with our stakeholders.

Our goal is to be the best Canadian-based international financial services company. To reach that goal, we carefully balance the needs of all of our stakeholders, including our shareholders, customers, employees and communities. A key element of this approach is the “balanced scorecard,” which employees use to establish goals and strategies, and then to measure performance across four key areas: financial, people, customers and operational.

The scorecard approach ensures that the initiatives and activities we undertake align directly with our business goals, and enables each employee to see clearly how the work they do contributes to the Bank’s overall results. It also means that leaders and employees are appraised and rewarded based on the results they achieve across a broad spectrum of measurements.

Corporate governance

Scotiabank’s commitment to operating with integrity is rooted in a strong corporate governance structure and culture, based on the principles of accountability and openness. As the Bank has grown and expanded beyond Canada, we have worked to ensure that our

practices meet both international and Canadian standards and requirements.

Scotiabank’s corporate governance practices are regulated on a number of levels and by many different parties, including Canadian securities administrators, the New York Stock Exchange (NYSE), and various government regulations, including Canada’s Bank Act and the U.S. Sarbanes-Oxley Act of 2002.

We believe that a strong, effective, independent Board of Directors plays a crucial role in protecting the interests of shareholders and maximizing the value they receive from their investment in the Bank. Our corporate governance policies are designed to maintain the independence of our Board and its ability to effectively supervise management’s operation of the Bank for the long-term benefit of all our major stakeholders.

Responsibility for the Bank’s corporate governance structure and procedures rests with the Board of Directors and its Corporate Governance and Pension Committee, which is composed entirely of outside independent directors. The Bank’s corporate governance policies were developed in 2002, and have been reviewed, enhanced and re-approved each year since then to further strengthen the Bank’s governance structure.

Strong internal compliance procedures are part of the everyday structure and operations of the Bank. The Group Compliance department helps to ensure that new business initiatives and programs reflect current industry best practices and evolving market conditions.

Guidelines for Business Conduct and supporting policies

The Scotiabank Guidelines for Business Conduct are an important part of our commitment to integrity and ethical business practices, and are supported by various supplemental policies and procedures.

The guidelines are built around five key principles:

- Follow the law wherever the Bank does business.
- Avoid putting yourself or the Bank in a conflict of interest.
- Conduct yourself honestly and with integrity.
- Keep Bank transactions, communications and information accurate, confidential and secure, and Bank assets safe.
- Treat everyone fairly and equitably – whether customers, suppliers, employees or others who deal with the Bank.

The guidelines include a supplemental Financial Reporting Whistleblower Policy and Procedures. This policy empowers every Scotiabank Group director, officer and employee to report auditing or accounting concerns or suspected fraudulent activity. The policy also protects them from retaliation for all such reports made in good faith.

Reports can be made through the existing Chain of Communication process, or directly to the Bank’s Chief Auditor. Alternatively, reports can be submitted through a confidential,

Socially responsible investment

Scotiabank is included in a number of indices, based on our performance on environmental, social and corporate governance criteria.



Jantzi Social Index® is a market capitalization-weighted common stock index consisting of 60 Canadian companies that pass a set of broadly based social and environmental screens.



The Dow Jones Sustainability North America Index (DJSI North America) comprises the top companies from North America in terms of economic, environmental and social criteria, and provides a benchmark for sustainability-driven North American equity portfolios.

anonymous hotline or website, both of which are accessible 24 hours a day, seven days a week. Reports made through the hotline are submitted to the Chair of the Audit and Conduct Review Committee of the Board of Directors, or to the Bank's Chief Auditor (depending on the nature of the concern), for independent review, investigation and disposition.

Scotiabank promotes awareness of the guidelines through a variety of other mechanisms, including training programs on a variety of business conduct issues.

Copies of the Guidelines for Business Conduct and supplemental guidelines are available at www.scotiabank.com.

Risk management at Scotiabank

In varying degrees, risk is present in virtually all of Scotiabank's business activities – so effective risk management is fundamental to the Bank's success. We want to ensure that the outcomes of our risk-taking activities are predictable and consistent with the Bank's objectives and risk tolerance, and that there is an appropriate balance between risk and reward, in order to maximize shareholder returns.

The Bank has a comprehensive risk management framework in place – including policies and limits, guidelines, processes and standards, and measurement and reporting – to monitor, evaluate and manage the principal risks assumed in conducting its activities. These include credit, market, liquidity, operational, reputational and environmental risk.

The effectiveness of the framework – which is also applied to significant subsidiaries of the Bank – is enhanced by strong governance, which includes the active participation of the Board of Directors, senior executives and business

line management. Furthermore, Internal Audit independently monitors the effectiveness of our risk management policies, procedures and internal controls.

Further information about the Bank's risk management policies and framework is included in the annual report, available at Scotiabank branches or www.scotiabank.com.

Public policy priorities

Scotiabank works with governments in Canada and abroad to achieve common interests such as the promotion of open borders and increased international trade and investment. Our CEO, Rick Waugh, is a member of the North American Competitiveness Council, a selection of private sector representatives that advise the Canadian, U.S. and Mexican governments on competitiveness issues.

In addition, we pursue our own policy objectives, and key initiatives underway in 2008 include input into the federal government's Competition Policy Review Panel, support for inter-governmental efforts to reduce the regulatory burden and regulatory duplication, and consultations with government on tax and financial sector policy. Scotiabank actively supports provincial and municipal government efforts to build Toronto into one of the world's top 10 financial services hubs.

Further information about the Bank's corporate governance and risk management policies and procedures can be found at www.scotiabank.com.

Board best practices

- Scotiabank's Board of Directors is led by a non-executive chairman.
- 14 of 15 of the Bank's current directors are independent, including the chairman.
- The representation of women on the Board stands at 26.6 per cent.
- The Bank developed a formal Corporate Governance Policy* in 2002, which has been enhanced and re-approved each year since. It is reviewed at least annually.
- Shareholders vote for individual directors. Directors receiving more votes "withheld" than "for" in an uncontested election are required to tender their resignation.
- All four of the Board's committees meet independence guidelines in terms of composition.
- The Board conducts an annual review of its performance and that of its committees.
- At each meeting of the Board and Board committees, time is specifically reserved for independent discussion without management present.
- An orientation program is in place for all new directors. They also receive a Corporate Governance Information book, which is updated annually and reissued to all directors. All directors participate in the Board's ongoing education sessions throughout the year.
- All directors, officers and employees of Scotiabank must acknowledge their adherence annually to the Scotiabank Guidelines for Business Conduct*. The Bank has also adopted a Financial Reporting Whistleblower Policy and Procedures*.
- Directors are expected to hold Bank common shares and/or Director Deferred Share Units with a value not less than \$450,000, a level that must be reached within five years.

* Available at www.scotiabank.com



The Ethical Funds Company offers a family of socially responsible mutual funds, with more than \$2.4 billion in assets under management, which are also distributed through qualified investment professionals, discount brokers, life insurers and other institutional partners.



FTSE4Good Index is a financial index series that is designed by the Financial Times Stock Exchange to identify and facilitate investment in companies that meet globally recognized corporate responsibility standards.

OUR CUSTOMERS

Key Achievements in 2007

- We enhanced our account packages for seniors and students to provide unlimited free debit transactions in-branch or through electronic channels.
- Our Scotiabank customer loyalty ranking improved from 50% in 2006, to 53% in 2007, as measured by customers' responses to four key questions.
- We opened 35 new branches in Canada and renovated 20 locations.
- Small business services were piloted in Mexico, the Bahamas and El Salvador.

a responsibility to meet customer needs

Scotiabank's core purpose is to help customers become financially better off by providing relevant solutions to their unique needs. This can only be achieved by building trust and loyalty through our actions and our product offerings, and by responding effectively to customer concerns.



Scotiabank's global network

	2007	2006	2005
Customers worldwide	More than 12.5 million	Approx. 12 million	Approx. 10 million
Branches/offices	2,331	2,191	1,959
ABMs	5,283	4,937	4,449

Supporting UN Guidelines

Scotiabank supports the United Nations Guidelines for Consumer Protection, including the right to:

- safety
- be heard
- consumer education
- basic needs
- choice
- be informed
- consumer redress
- privacy

We also adhere to a number of voluntary codes of conduct and public commitments designed to protect customers on issues ranging from privacy and credit and debit card fraud to complaint procedures relations with small and medium-sized businesses.

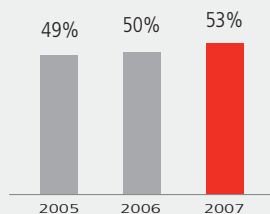
For the full text of the codes and commitments, please refer to www.scotiabank.com, and click on the Customer Care link found under Business Services About Scotiabank.

Scotiabank's Woodlawn-Westphal branch in Dartmouth, N.S., has helped meet the needs of small business customer Moore & Cormier Foundation Forming since 1975. Today, the family-run business is considered an industry leader, and has ventured into new service areas to meet the needs of its own customers, including sales of concrete forms and accessories. Small business owners Gary Moore Sr. (left) with his wife Rosemary and son Gary Moore Jr. work continually with suppliers, engineers and municipal officials to keep up with ever-changing technology. Like Scotiabank, Moore & Cormier is very active in the community and takes pride in supporting a number of worthwhile causes.

As part of our branch expansion program in Mexico, we are incorporating features to assist persons with disabilities. For example, we were recognized by Libre Acceso A.C., a non-governmental organization for persons with disabilities, for being the first bank in Mexico to open a branch that guarantees accessibility to customers and employees with disabilities. Eduardo Lomelin Delgado and Mayra Valeria Patiño Soto are cashiers at the innovative, accessible 222 Reforma branch in Mexico City, managed by Gabriela Gonzáles Sánchez (centre).



Scotiabank Customer Loyalty – Top Box*



* Our current loyalty score of 53% means that more than half of our Canadian customers express a high degree of loyalty to Scotiabank.

Protecting customers against fraud

Scotiabank has a responsibility to protect customers and their financial information.

- Given the rise in occurrences of identity theft, we have been promoting and communicating tips for safer banking to our customers to help them protect themselves against fraud. In Canada, we participated in the “Protect your PIN” campaign to increase customer awareness of PIN security and fraud prevention at ABMs. We have also undertaken a number of global initiatives to enhance our ABM equipment to deter skimming. Additional information and other helpful tips can be found at www.scotiabank.com and in our brochure *Keep your money safe, Protect your PIN*, available in branches.
- We collaborate with task forces within the financial industry and with law enforcement authorities at all levels of government to share information and address emerging security issues. Scotiabank is a member of the Fraud Prevention Forum, a coalition of companies, consumers, government agencies and other groups committed to fighting consumer and business fraud.

- Canada is moving to use chip cards, or smart cards, for debit and credit transactions. These cards will be embedded with a micro chip – really a small computer – that will process transactions and ensure that the information on the chip is secure. Chip cards have reduced fraud in a number of other countries where they are used, and will add another layer of security to our current system.

Anti-money laundering and anti-terrorist financing efforts

Scotiabank is committed to adhering to the highest level of safeguards against money laundering and terrorist financing to maintain a secure financial system that benefits the Bank, our customers and all Canadians.

- We operate a Global Anti-Money Laundering Compliance Unit within our Group Compliance department, under the direction of the Chief Anti-Money Laundering Officer. This team oversees the design, implementation and maintenance of the Bank’s Anti-Money Laundering/Anti-Terrorist Financing Program throughout the Bank and our subsidiaries.
- In 2007, Scotiabank continued to enhance its systems that assist in detecting and reporting suspicious activity to the Financial Transactions and Reports Analysis Centre of Canada.
 - Our automated monitoring system allows the Bank to methodically assess selected portfolios and customer transactions for money laundering or terrorist financing activity; and
 - Our automated customer risk management system scans domestic and select international operations for matches against various national and international

sanction lists and Politically Exposed Persons databases.

We also identify individuals and entities subject to government sanctions, including the United Nations and Canada Criminal Code.

Addressing privacy issues

Privacy is the cornerstone of customer trust, and Scotiabank has a privacy program designed to keep customers’ personal information accurate, confidential and secure. The Scotiabank Group Privacy Code deals with all aspects of privacy, such as obtaining customer consent; and limits on the collection, use and disclosure of personal information.

Scotiabank’s privacy brochure, *The Scotiabank Group & You: A Question of Privacy*, gives customers a quick list overview of privacy facts, similar to a nutrition label found on food products.

The brochure, our Privacy Agreement and Privacy Code are available in the Customer Care section of www.scotiabank.com (click on the Privacy link or the Customer Care link found under About Scotiabank) or in our branches.

- We recently launched the Scotiabank Group Personal Information Privacy Protection Policies and Guidelines. Developed to satisfy the rapidly evolving ways we access, use, store, transmit and dispose of customer and employee information, including increased use of electronic and mobile devices, the new document provides clear guidance to employees on these crucial issues.
- Scotiabank plays a leadership role in addressing industry-wide privacy issues. For example, we participated in the industry response to the required five-year review of the Personal Information Protection and Electronic Documents Act (PIPEDA), Canada’s federal privacy law.



FOCUS ON THE FINANCIAL NEEDS OF YOUNG ADULTS

To help better understand the financial needs and preferences of young adults – an often under-represented customer segment in the banking sector – Scotiabank launched the Scotiabank Change-Maker Challenge in late 2007, an online contest that invited young adults in four Caribbean countries to submit their ideas or solutions about banking innovation.

Change-Maker Champion Sharene Gaitor of Bahamas receives her prize from Wayne Powell, Executive Vice-President, Branch Banking, Jamaica.

- Scotiabank also contributed to the development of Privacy Breach Guidelines released by the Office of the Privacy Commissioner in 2007.

Financial literacy

As consumers assume greater individual responsibility for their financial well-being, while also gaining access to a growing range of product and service choices, financial literacy is the key to helping them chart solid financial futures. Banks have a crucial role to play by providing customers with financial education, including skills and information to help them make wise decisions. Examples of Scotiabank's financial education efforts, in Canada and globally, include:

- Branch employees deliver financial presentations to consumer groups, seniors and students within their communities. In 2007, more than 170 branches gave seminars on topics such as basic financial planning, home buying and educational savings, with an expanded focus on small business. Scotiabank also led 149 seminars attended by more than 4,469 students as part of the Canadian Bankers Association financial education program.
- In 2007, the Scotiabank Fraud Awareness Program, ABCs of Fraud, concluded 10 years of service. This nationwide fraud education and prevention program has made presentations and distributed videos about telephone, Internet and marketing fraud to community groups serving seniors, new immigrants and other vulnerable communities. During the

year, more than 151 volunteer speakers held over 300 presentations, reaching approximately 8,000 attendees. Over the past 10 years, more than 130,000 people have participated in the program.

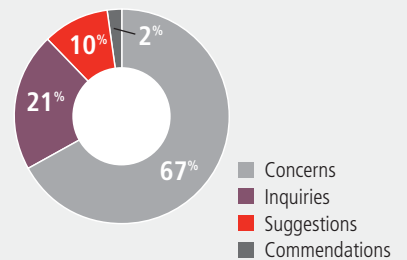
- Among our international efforts, Scotiabank de Costa Rica sponsored an in-class financial education program for almost 200,000 Grade 4 and 5 students. With the help of Scotiabank's US\$40,000 donation, the new program, launched in April by the Costa Rican Ministry of Education, will teach youth about savings, budgeting, pensions and the social security system during their math and social studies classes.

Responding to customer feedback

Customer satisfaction is one of the key drivers of Scotiabank's success, and we rely on a number of research and survey vehicles to gather customer feedback on our products and services. Areas for improvement identified from this feedback are translated into improvement targets and performance appraisals at the branch level, and form part of the balanced scorecard targets of senior management. Some examples of our measurement programs include:

- Through Your Customers' Eyes is a survey of randomly selected retail banking customers who are contacted to obtain information on customer loyalty and satisfaction.
- The Scotiabank Customer Loyalty Index is based on results from our Through Your Customers' Eyes survey, and is a key indicator of customer commitment (see page 7 for 2007 results).

Types of Team Voice messages received in 2007



- Team Voice allows employees to anonymously comment on policies, programs or issues that affect their ability to deliver high-quality service. In 2007, Team Voice received 6,955 messages.
- Outside of Canada, Scotiabank locations also measure customer satisfaction levels through a variety of survey methodologies. In 2007, we completed extensive planning work to implement consistent customer satisfaction measurement and response programs across our International Banking locations in the Caribbean and Latin America.



The Scotiabank Change-Maker Challenge was part of a Scotiabank regional pilot project aimed at developing relevant new products, tailored customer service and youth-oriented community sponsorships.

The contest asked entrants 18 to 30 years of age from Bahamas, Barbados, Jamaica, and Trinidad and Tobago to submit a short essay in response to the question, "If you were CEO of a leading financial institution, what fresh new banking service would you offer to your customers?"

"Young people deserve the chance to promote their ideas and be heard, and this contest is an exceptional opportunity to change the way Scotiabank does business," said Pat Minicucci, Senior Vice-President for the Caribbean region. Minicucci added that, by December 2007, more than 450 original ideas were submitted to be considered by a judging panel of regional business leaders and Scotiabank executives. In January, Sharene Gaitor of Bahamas was named the challenge champion, and awarded US\$10,000 for her proposal for a multi-phase mortgage program.

Addressing customer concerns

To respond to personal banking and small business customer concerns and complaints, Scotiabank follows a three-step internal process, as shown in the chart below. If a customer still feels his or her concern has not been satisfactorily addressed, he or she may contact the Ombudsman for Banking Services and Investments, an independent organization that investigates customer complaints about financial services providers. Internationally, Scotiabank locations follow similar complaint management processes, which vary according to local needs or regulatory requirements.

Customer complaint resolutions

	2005	2006	2007
Number of complaints received by Office of the President	7,384	6,897	8,172
Percentage of customers satisfied with the handling of their complaint	90%	88%	88%
Number of policy, process or product changes connected to customer complaints	97	101	95
Staff commendations	267	224	210

Access and accommodation

All Canadians share the right to obtain essential financial services in a manner that recognizes their particular needs and respects their dignity. Scotiabank is making significant efforts to accommodate the needs of persons with disabilities in the delivery and design of products, and in employment.

- New Scotiabank branches and facilities that have undergone major renovations meet the Canadian Standards Association's (CSA) accessibility guidelines. Most of our other branches will be upgraded over the next few years to meet these guidelines. During 2007, we opened 35 new branches in Canada, and we relocated or undertook major renovations or expansions on 20 domestic branches.
- Our ABM units give customers in wheelchairs better access to the card reader, keypad, screen and transaction receipt slot. Large, high-resolution, anti-glare colour screens and braille key pads have been installed, and all ABMs provide longer lapse times between transaction steps to give customers more time to perform transactions without being rushed.

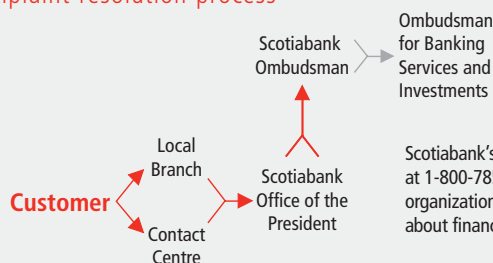
Additional ABM features, such as grab bars, help customers position and support themselves, and ABM lead-thru lights direct customers to the transaction they have chosen. We continue to work closely with a number of vendors to develop hardware and software solutions that fully comply with the CSA standards.

- Scotiabank's general and marketing information is available in alternate formats, including braille or large print, upon customer request, by calling 1-888-615-8991 or via www.scotiabank.com.

Plain-language communications

The Bank has a long-standing commitment to providing customers with easy-to-understand banking information which they can use to effectively compare and make the right choices for their financial needs. All of our retail products, materials and forms, including mortgage documents, are written in plain language.

Complaint resolution process



Scotiabank's Customer Ombudsman can be reached at 1-800-785-8772. The OBSI is an independent organization that investigates customer complaints about financial services providers.



FOCUS ON

CONNECTING WITH CUSTOMERS

Scotiabank offers two podcast series pertaining to consumer and small business finance. As an audio extension of Scotiabank's free online newsletter The Vault, The Money Clip podcast was delivered throughout 2007 to over 1 million Canadians. Scotiabank's Find the Money podcast, which guides listeners through the fundamentals of good financial management, was accessed by over 27,000 listeners and was selected by iTunes as one of the top 100 podcasts of the year. To access both podcasts, visit scotiabank.com/podcasts.

Providing basic banking services

Scotiabank is committed to ensuring that Canadians have access to basic banking services, including a basic transactional account, at a minimal cost. We provide clear training and guidelines to employees on this issue, and straightforward account information to customers, so they can easily understand how to open a personal deposit account and manage their banking needs.

- A list of acceptable identification needed to open an account, cash government cheques (up to \$1,500), and other information, is available in our branches, over the phone and on our website. More information is also available in the brochure *Day-to-Day Banking, Opening a Personal Deposit Account or Cashing a Federal Government Cheque at Scotiabank/Cheque Holding Policy*, available in our branches.
- To enhance customer service, Scotiabank and other members of the Canadian banking industry committed to reducing the maximum cheque hold period. Effective April 30, 2007, Scotiabank reduced the maximum cheque hold period from 10 to seven business days for Canadian dollar cheques encoded with magnetic ink character recognition that are not damaged or mutilated, and that are drawn on a financial institution's branch located in Canada and deposited to personal deposit accounts. Details are available in the brochure listed directly above.

- Scotiabank has been collaborating with members of the Canadian banking industry and the Canadian Payments Association to implement new electronic imaging technologies that will significantly reduce cheque processing times among financial institutions.
- Scotiabank's Basic Banking account is a low-cost banking option. The \$3.95 monthly fee covers 12 debit transactions, including up to four teller-assisted transactions. No minimum deposit or proof of employment is required.

Meeting youth needs

Scotiabank offers various specialized products and services designed for youth and students:

- The Student Banking Advantage™ plan provides discounted rates on regular banking fees and other benefits for full-time students of Canadian universities, colleges or other recognized post-secondary institutions. In 2007, we changed this package to offer unlimited free debit transactions on eligible accounts at no extra charge.
- The Getting There Savings Program® for youth is designed to help young people under age 19 learn banking basics. This no-fee plan offers up to 20 free debit transactions per month.
- In most of our international locations, we offer the Scotia Plus Achiever Account, which provides a no-fee, higher-interest account to young savers.
- In 2007, we launched our Scotiabank Educational Savings Plan in four additional countries. Now, our

customers in 17 Caribbean and Central American countries can save for their children's education. Parents or guardians simply complete an in-branch Education Savings Calculator and establish a preauthorized automatic contribution to the savings product of their choice. They can also receive discounted loan rates to cover additional educational costs. Scotiabank plans to extend the program to all Latin American locations in 2008.

Serving diverse communities

With more than 250,000 immigrants arriving in Canada every year, there is an increasing demand to provide essential services to multicultural communities. In fact, 2006 Statistics Canada census data indicate that one in five Canadians is foreign born and that, for 70 per cent of those individuals, English or French is not their mother tongue. Scotiabank actively recruits multilingual employees to help us satisfy the linguistic and cultural preferences of our customers. We also provide many of our services in a number of different languages. For example:

- Employees at TeleScotia telephone banking contact centres and

Scotia Plus®

For persons aged 59 or over, we offer the Scotia Plus® program. In 2007, we changed this package to a no-fee banking plan with unlimited free debit transactions plus other free or discounted services for Scotia Plus® eligible accounts.

Listening to what business owners tell us

During 2007, Scotiabank initiated a ground-breaking Small Business Usage and Attitudes Study with TNS Canadian Facts. This comprehensive survey of 1,190 small business owners examined key issues facing independent business operators, their goals and priorities. Among the key findings:

- Issues of growth, increasing income and reducing costs were the top goals of Canadian businesses, yet less than half of them (42%) have mapped out a formal business plan.
- More than three-quarters of customers recognized the importance of receiving business advice, but few had actually sought professional advice on taxation issues, business growth or cash flow management (51%, 16% and 14%, respectively).

These survey findings are providing Scotiabank with information to address these issues and develop new tools and services to help small business owners.



- ScotiaMcLeod Direct Investing (SMDI) provide service in English, French, Mandarin and Cantonese.
- Multilingual customer materials have been developed that branches can customize and print for customers. In 2007, Scotiabank expanded the range of materials to include Portuguese, Punjabi, Korean and Filipino communities.
 - We use a variety of media and communication channels to reach diverse communities and meet their growing needs. One of our recent promotions helped members of Chinese communities to open new small business banking accounts.

Serving Aboriginal customers

Scotiabank's commitment to serving Aboriginal customers is evident in our long history of developing strong customer relationships and business partnerships with individuals and groups within Canada's Aboriginal communities. By offering lending, banking and investing services to First Nations bands, we are proud to contribute to increased economic activity and job creation in Aboriginal communities.

- We operate four on-reserve branches, plus a network of 22 Aboriginal banking centres.
- Scotiabank has provided more than 249 mortgage loans as part of the Department of Indian Affairs and Northern Development loan guarantee program. This amount includes funding for 116 social housing

- projects developed by 79 different First Nations bands, with the remaining funds granted to individuals for personal residences.
- Some Scotiabank branches have arranged special secured lending programs within individual Aboriginal communities, where financing is guaranteed by local band councils. For example, the branch in Rama, Ont., has maintained a longstanding partnership with the Chippewas of Mnjikaning First Nation to fund on-reserve housing.
- Other innovative lending programs include the unique First Nations business loans offered by our Standoff, Alta. branch, which are guaranteed by the band council so that loan applicants do not need to provide security to receive credit approval.
- In addition, various parts of Scotiabank Group collaborate to satisfy the diverse financial needs of First Nations communities. For example, we provide commercial banking, trust, cash management and retail banking services for the Kawacatoose First Nation. To help this Cree community chart its long-term economic independence, we provided financing in 2007 to help the band purchase investment property in Regina for commercial and residential development. While we expand our commercial and investment management ties to the band, our retail branches also provide extensive services to First Nation residents.

- Scotiabank branches serving these communities are encouraged to purchase products and services from Aboriginal-owned businesses. These branches also offer employment and training opportunities to local Aboriginal community members.
- During 2007, Scotiabank prepared to support those members of the Aboriginal community who are survivors of the former residential schools system across Canada and are scheduled to receive financial settlements from the federal government in 2008. Scotiabank made a significant financial contribution to the Canadian Executive Service Organization (CESO), so that this non-profit organization could provide voluntary financial planning workshops and advisory services to settlement recipients, estimated at 80,000 individuals.
- In addition, to help settlement recipients plan for and manage their funds prudently, safely and securely, Scotiabank branches will offer them no-fee, unlimited transaction chequing accounts for one year and a special five-year high-rate redeemable guaranteed investment certificate (GIC). Scotiabank's branch network is committed to helping recipients use their funds in the most effective manner towards their financial goals.



FOCUS ON

SUPPORTING ECONOMIC GROWTH IN JAMAICA

Through our international corporate and commercial banking services, we are helping agricultural producers, including independent farmers, participate in international trade and create local economic growth.

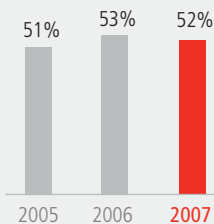
R. Karl James, General Manager of Jamaica Cane Products Sales Limited (left), tours the crops with Scotiabank's Richard McCorkindale, Director, International Corporate and Commercial Banking (centre), and Wayne Hewitt, Vice-President, Scotiabank Jamaica.

Small business

Small and medium enterprises (SMEs)* play a very important role in the Canadian economy – Statistics Canada reports that 97 per cent of all Canadian businesses are small enterprises. Scotiabank makes it a priority to respond to small business customers' unique challenges and opportunities. In addition to providing access to credit, we equip small business bankers with new tools and resources to help them deliver advice, information and services, including practical strategies and solutions customized for each customer's specific goals.

* Canadian businesses with revenues of less than \$5 million and borrowing requirements under \$500,000.

Small business customer loyalty (Top Box) (%)



Scotiabank's small business customer loyalty index is based on results from an internal survey, and is a key indicator of our customers' loyalty to Scotiabank.

Scotiabank Small Business Bankers

	2006	2007
Branch managers with small business experience	912	926 *
Dedicated small business account managers	585	612
Number of branches with dedicated small business account managers	374	406
Total number of small business bankers	1,497	1,538

* Out of 1,005 Canadian branches.

Small Business Resource Centre support in 2007

Customer questions submitted to Resource Centre website in 2007	10,240
Questions receiving an immediate response	96%
Number of calls received each month by centre telephone representatives	853

Enhancing our products and services

In an effort to meet the needs of small business owners, we continually update existing products and services and introduce new ones. In 2007:

- To help entrepreneurs with start-up businesses under two years old, Scotiabank launched the Running Start for business™ package, which provides discounts on banking services, complimentary accounting software and access to financial tools and online resource guides.

- We introduced the free, interactive *Scotia PlanWriter for business™* to help new and established small business owners through the process of writing, organizing and using a business plan. Available at www.scotiabank.com, this planner includes sample plans and external links to research on local markets, customer needs and industry trends.
- We offered the *Blueprint for business*, a financial diagnostic tool that creates a written report recommending strategies and solutions to help small business owners achieve their financial goals.

Small business and International Banking

Access to sound financial advice and credit remains a challenge for many small business operators in developing countries. Scotiabank recognizes this challenge and is committed to providing value-added service and customized credit solutions to help small business owners grow their businesses. We are working together with our clients to contribute to their success and to the overall well-being of the countries where we operate.

Last year, we launched comprehensive small business pilots in Latin America and in the Caribbean and, over the next year, we will apply this model across our international network.

In 2007, Scotia Group Jamaica Ltd. built upon its 20-year banking relationship with the co-operative Jamaica Cane Products Sales Ltd. (JCPS) by providing EURO\$30 million in pre-export financing to help them produce and refine the Jamaican sugar cane crop and sell it in European markets.

Scotiabank's support will allow JCPS to provide operating funds to its equity stakeholders, permitting the All Island Jamaica Cane Farmers Association to offer crop loan funding, insurance and supplies to small

cane farmers. JCPS is able to make instalment payments to independent farmers when the farmers deliver their harvest to the factories, rather than wait for eventual shipping and sale of the refined commodity to European buyers.

Scotiabank is also pursuing opportunities to create innovative community-focused lending programs in rural Peru to aid local farmers and agricultural production.

Scotiabank SME business code of conduct

Scotiabank has a small and medium enterprises (SME) business code of conduct to ensure we serve the small business community in a fair, clear and transparent way. The code is available at www.scotiabank.com and covers:

- Openness;
- Changing credit relationship circumstances;
- Accountability;
- Our commitment to serving clients and ensuring problems are satisfactorily resolved;
- Credit process; and
- Complaint handling.

Supporting Canada's agricultural sector

Scotiabank assists farm and agri-business clients with a full range of financial solutions, including loans, investment services and guidance on passing on family-owned farms and agri-businesses to the next generation.

- In 2007, Scotiabank formed an alliance with Viterra. This alliance expands on our history of bringing

innovative point-of-purchase input financing to crop and livestock producers. The Bank also offers input financing through independent dealers of Univar Canada, Agrico Canada, and through the member network of FarmPure Seeds.

- Through Scotia Farm Legacy Services®, Scotiabank works closely with farm clients to create and implement succession plans that reflect both personal and business financial goals. By consulting farm families and their business advisors, we help develop solutions that consider options for retirement income, assisting the next generation, investments, estate planning, tax management, income and asset protection, and leaving a legacy.

- We have provided input to governments via the Canadian Bankers Association, to assist them in designing and implementing risk management programs for farmers.
- We sponsor events and activities that support youth and rural communities, such as the Scotiabank Classic at the Royal Agricultural Winter Fair.

Going forward

We have set a number of objectives to improve customer services in upcoming years, and we plan to communicate our progress through our annual corporate social responsibility reports. We will:

- Increase levels of customer satisfaction and loyalty, as measured by our Through Your Customers' Eyes survey;
- Continue to set goals for the percentage of customers who are satisfied with the handling of their complaints through the Office of the President;
- Continue to build our capability to deliver expert small business advice through training and the delivery of practical new tools and resources;
- Expand our small business services to more international locations; and,
- Increase our focus on multicultural banking, developing new tailored services to reflect the diverse needs of our customers.

EMPLOYEE SATISFACTION

Key Achievements in 2007

- For the fourth year in a row, we were named in *The Globe and Mail Report on Business* list of Canada's 50 Best Employers.
- Our Employee Satisfaction Index remained stable at 87%, as measured by our internal ViewPoint survey.
- In Mexico, Grupo Scotiabank ranked 11th out of 100 companies by the Great Place to Work Institute of Mexico.
- We were named the top Canadian bank in *Training* magazine's 2007 Training Top 125.

a responsibility to support and encourage

We recognize that our employees are our greatest strength, and we remain focused on building our human capability which, in turn, supports the Bank's success.



To earn our place as an employer of choice in all the markets we serve, we are committed to creating and sustaining a workforce that reflects our communities, supports advancement and contributes to an inclusive environment where all employees are engaged, encouraged and recognized.

Number of employees in Canada*

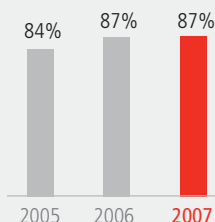
	Full-time	Part-time	Total
Alberta	2,504	1,273	3,777
British Columbia	2,238	1,288	3,526
Manitoba	537	263	800
New Brunswick	578	338	916
Newfoundland & Labrador	515	283	798
Nova Scotia	1,363	574	1,937
Northwest Territories	10	5	15
Ontario	18,822	5,022	23,844
Prince Edward Island	113	55	168
Quebec	1,650	487	2,137
Saskatchewan	460	299	759
Yukon Territories	13	10	23
Total	28,803	9,897	38,700
Total full-time equivalent			31,272

* As at October 31, 2007, there were 1,371 contract employees, representing 3.5% of the total Canadian workforce.

With changing demographics, including an aging workforce and evolving demands in a new global environment, the need to develop leaders has never been more important. That's why Scotiabank is focused on making leadership a competitive advantage and developing global leaders who foster greater collaboration, empowerment and innovation. Coaching and mentoring is just one way to develop our future leaders. Anil Mohan, Senior Manager, Management Information Systems, Strategic Support, Shared Services (left), receives coaching from Anca Vlad, Vice-President, Strategic Support, Shared Services.

Scotiabank was named among Canada's 50 Best Employers for the fourth year in a row by *The Globe and Mail Report on Business* magazine. By placing 19th on the list, up from 44th place in 2007, we were the highest-ranked bank. This award reaffirms our position as a global employer of choice, which enables Scotiabank to attract and retain high-performing employees.

Employee satisfaction index (%)



This index measures the level of our employees' satisfaction with their immediate work environment. See details on page 23.

Geographic breakdown by country

Country/Region	Full-time equivalent employees
Asia/Pacific	715
Bahamas	578
Barbados	209
Chile	1,567
Costa Rica	1,204
Dominican Republic	995
El Salvador	2,123
England & Ireland	205
Jamaica	1,762
Mexico	8,291
Panama	106
Peru	5,387
Puerto Rico	514
Trinidad & Tobago	769
United States	423
Other*	1,211
Total	26,059

* Includes representative offices and countries in the Caribbean and Latin America not listed above.

Developing leadership capabilities

To maintain the competitive strength of their leadership ranks, major employers such as Scotiabank must be prepared to face the challenges of Canada's declining working age population while also managing diverse staffing issues across their international operations. To help Scotiabank meet these challenges and

build the bank of the future, we have made leadership one of our main strategic objectives. Our leadership development programs target capabilities that are needed for today's and tomorrow's global leaders.

- Scotiabank prioritizes targeted on-the-job development to ensure leaders are prepared for current and emerging roles within the organization.
- The Human Investment Committee, composed of senior executive management, oversees this key priority as part of a global recruiting strategy to leverage the capabilities of our diverse employee talent pool.

Diversity at Scotiabank

With our base in Canada – one of the world's most multicultural nations – and significant operations around the world, Scotiabank Group understands that embracing diversity and harnessing the skills of the broadest spectrum of talent will generate more innovative thinking, better decision-making and stronger business results.

As such, enhancing the diversity of our workforce continues to be a strategic objective for Scotiabank. Across our organization, we strive to ensure that our workforce composition reflects the diversity of the communities in which we do business, with people of varied nationalities, race, colour, gender, values, abilities, family status, age, sexual orientation and religious beliefs.

Diversity at Scotiabank

	2005	2006	2007	Government benchmark
Visible minorities (Canada)	20.0%	20.2%	21.1%	16.3%
Visible minorities in senior management (Canada)	10.6%	11.6%	10.2%	8.2%
Women	72.5%	72.2%	71.3%	65.3%
Women in senior management (Canada)	28.4%	31%	31.5%	25.1%
Women in senior management (Global)	N/A	21.2%	22%	NA
Persons with disabilities (Canada)	4.2%	4.1%	4.0%	3.6%
Aboriginals (Canada)	1.2%	1.2%	1.1%*	1.5%

* We are in the process of developing an Aboriginal recruitment strategy to increase external hiring. Branches and regions currently set goals to improve Aboriginal representation through hiring activities, and regional managers receive semi-annual progress reports.

In collaboration with our employees, we embrace diversity by introducing and enhancing policies and programs that promote fairness, respect and an inclusive and accessible workplace.

- Scotiabank Group maintains an Employment Relationships Council to ensure that our policies and practices align with our commitment to diversity. This volunteer committee, which represents a cross-section of employees and leaders from various Canadian regions, job levels and business lines, meets quarterly and provides feedback on workplace issues, including progress and barriers to an inclusive workplace environment.
- We integrate diversity and employment equity initiatives into established business processes, including annual plans and budgets. A quarterly People Report and an annual Employee Satisfaction Survey measure progress towards diversity goals, such as workforce demographics, employee engagement and satisfaction.
- The Bank has a comprehensive Accommodation Policy to support employees with disabilities, religious requirements or other human rights concerns in identifying and implementing measures to ensure all employees have the necessary tools and processes to effectively do their jobs.

FOCUS ON

THE ADVANCEMENT OF WOMEN

Scotiabank earned high-profile recognition for its ongoing Advancement of Women (AoW) strategy when the Catalyst Award was announced in January 2007. This international award recognizes innovative approaches in business to address the recruitment, development and advancement challenges faced by women. Scotiabank was the first Canadian company to receive the award since 1999 because of the progress made in recent years.

AoW's seven key elements include:

- Senior management commitment to the program;
- Senior management accountability for hiring and advancing women at all levels;
- Providing women with formal opportunities to build networks;
- Sponsoring external initiatives that foster women's advancement;
- Broadening and deepening the talent pool to identify and develop future leaders;
- Clarifying the career advancement process by making policies and procedures more transparent; and
- Supporting mentoring relationships to aid women's career development.

Our AoW initiative went global in 2007. Last spring, it was formally launched to senior leaders from the various countries after a cross-functional field committee planned how to replicate AoW's seven strategic elements internationally. Guyana, Belize, Haiti, Cayman Islands and El Salvador are in the early stages of developing AoW strategies that will meet – and respect – their countries' individual needs. To begin the process, self-assessment guides were designed to help each country establish baseline metrics, conduct research on the internal and external environment, and create an implementation plan.

- Other Scotiabank locations have also advanced progressive gender equity programs and policies. For example, in Mexico, Grupo Scotiabank recently introduced its first Gender Equity and Non-Discrimination Policy. This policy aims to create an equal opportunity environment and ensure that professional performance is rewarded based on merit, and that discrimination and harassment of any kind is unacceptable. To raise awareness and understanding of the issue, more than 131 branch officers and managers completed gender equity and diversity training in 2007. In Peru, Scotiabank Peru is researching current workplace realities and needs of the Bank's 1,800 females, and will be implementing a plan in 2008. The Bank has also established a partnership with an international women's organization (OWIT), to gather information on best practices in developing women's networks and training.
- In addition, Scotiabankers in other countries have initiated local events inspired by the AoW initiative, often with the support of Women in International (WIN) committees. WIN champions liaise with one another to share ideas and success stories through quarterly conference calls. For example:
 - In Trinidad & Tobago, WIN organized three seminars for female employees addressing career, health and safety topics, in addition to external networking events for female professionals.
 - In Chile, a local committee has arranged seminars and workshops for female employees on topics ranging from career management to building leadership and communication skills. Women in management roles increased from 19 per cent in 2006 to 23 per cent in 2007.



Committed to the advancement of women in the Dominican Republic, a cross-functional group of female Scotiabankers has formed an AoW committee to introduce local pilot projects to support women's advancement. Standing at the front of the group, from left, are Scotiabankers Mary Jo Garrido, Marjorie Benoit and Sarah Heyaime.

Bringing persons with disabilities face to face with Scotiabank

In her role recruiting people with disabilities to work at Scotiabank, Kaye Leslie, Manager of Workforce Diversity, serves as an ambassador for the Bank's efforts to build an inclusive workplace. Leslie is a person with a visual impairment and is accompanied around the workplace by her guide dog Kirk (shown together to the right). Leslie can answer questions from prospective employees, based on her first-hand experience at Scotiabank over the past five years.

On top of planning recruiting events with partners at universities, colleges and associations, Leslie works with Karen Yepson, Assistant Manager, Diversity Initiatives, to host networking events that bring together skilled job-seekers with hiring managers. "Face to face gatherings are invaluable because they break down barriers and introduce Scotiabank managers to many highly-educated, talented and eager job candidates," says Leslie.

These types of encounters have also produced results. For example, Scotiabank's Integrated Support Services group has hired eight persons with disabilities in recent years as a result of departmental networking sessions. In addition, the Ability Edge internship program has successfully linked graduating students with Bank work terms of six to 12 months, including nine candidates placed in retail banking, finance and information technology roles during 2007.

Leslie feels strongly about the importance of Scotiabank's efforts to hire, retain and accommodate employees with disabilities. Despite the large size of the working age population with disabilities – there are more than 386 million working-age persons with disabilities worldwide, including one in seven Canadians – unemployment levels remain high among this segment of the workforce.

Leslie adds that, "Whenever I meet job-seekers with disabilities, I feel proud to tell them about my own experience, the various workplace accommodations we offer, and the wonderful supportive team of Scotiabankers who made the difference for me."



Diversity objectives and programs

Our diversity objectives cover, among others, the following designated groups:

- Visible minorities,
- Women,
- Persons with disabilities, and
- Aboriginals

Full details on the Bank's diversity objectives and achievements are set out in our Employment Equity Narrative Report (to view the report, visit www.scotiabank.com and click on "Careers," then select the Diversity at Scotiabank section). The following list outlines a small sample of recruitment practices, supportive policies and practices and sponsorships in relation to diversity:

Recruitment and awareness programs

- We train hiring managers in bias-free recruitment, interviewing and selection processes.
- In 2007, we launched a new online reference tool, *The Inclusive Workplace Guide: Disability Awareness*, to help employees improve their relationships and

interactions with each other and their customers.

- We are in the process of developing an Aboriginal recruitment strategy to increase external hiring.
- Scotiabank representatives participate in many career events, such as the Career Edge's Ability Edge program, the Blueprint for the Future, a series of national career fairs for First Nations, Métis and Inuit high school students.

Workplace support and accommodation

- ScotiaWomen's Connection, which includes an intranet site and networking events, provides information and tools to support professional development and mentoring relationships.
- The Scotiabank Accommodation Fund is a centralized fund that supports job applicants and employees with disabilities to ensure they have the tools required to do their jobs, including assistive technologies, interpreters or other services.
- We have a flexible working arrangements policy that addresses individual needs related to such matters as

disabilities, religious requirements, and other personal needs.

- Scotiabank is a founding sponsor of the Aboriginal HR Council's Networks of Change program to develop training materials to improve Aboriginal inclusion in the workforce.

Partnerships and sponsorships

- Scotiabank supports the Canadian Women's Foundation, an organization that raises money and makes grants to help stop violence against women and build economic independence for women and children.
- We partner with a number of non-profit organizations that celebrate the contributions visible minorities make in the workforce and community, such as the Community MicroSkills Development Centre and Tropicana Community Services.
- Scotiabank was a gold sponsor of the 2007 Strategic Employment Solutions/March of Dimes Conference on Disability and Employment, which focused on addressing mental health issues in today's workplace.



Marilyn Matsuoka had a professional goal of a career in human resources – so she was thrilled when an opportunity arose close to home last year. As Manager, Staffing & Recruitment, Staffing and Planning, HR Shared Services, she now provides support to branches in Edmonton, Northern Alberta and Saskatchewan North districts from her home office in Wetaskiwin, Alta.

“My local branch does not have the extra space. I could have worked from an office in Edmonton (about 70 km away), but it would have been a long commute each day,” she says.

“It’s wonderful to be able to do a job I’m excited about, without having to move to a larger centre,” she says. “I find I’m able to maintain a much more reasonable work-life balance.”

Marilyn Matsuoka works from an office in her home in Wetaskiwin, Alta.

- Scotiabank’s Master of Business Administration Bridging Program each year introduces 15 future Aboriginal business leaders to MBA programs offered at the University of Saskatchewan’s College of Commerce. It also creates a \$10,000 scholarship each year for an Aboriginal graduate student in the MBA program.

Learning and development programs

Scotiabank encourages and supports employee learning and development, and uses a blend of classroom, e-learning, coaching, job shadowing and mini-training sessions in the branch, and continually looks for ways to leverage technology for learning.

- During 2007, we further enhanced and expanded My Learning Centre (MLC), our web-based learning management system that gives employees access to training information and courses from anywhere at anytime. We increased system access to many Executive Offices and International Banking departments and Grupo Scotiabank in Mexico is currently being converted to MLC.
- Scotiabank has again been recognized as a leading training company as well as the top Canadian bank in *Training* magazine’s 2007 Training Top 125, which recognizes exceptional learning and development programs incorporated by companies around the world. This is the fourth consecutive year Scotiabank has appeared on the list, consistently improving its placement

each year, and the first time the Bank has been identified as a leader among other Canadian financial institutions.

- We were honoured with a Canadian Society of Training and Development Award for Training Excellence in 2007 for Scotiabank’s Fundamentals of Coaching Excellence Learning Program, designed to help improve leadership skills among managers and supervisors in International Banking.

Offering competitive compensation

Scotiabank is committed to providing a competitive total compensation package in the form of base pay (salary), incentive pay (both long- and short-term incentives), a pension plan and benefits, which include health care, share ownership, group life, disability income protection, banking services, paid time off and an employee assistance program.

In 2007, Scotiabank provided approximately \$1.42 billion in base salaries to non-executive employees in Canada.

Incentive pay

The Scotiabank Group rewards performance through a variety of incentive pay programs, which allow all employees to share in the Scotiabank Group’s success as they achieve individual performance objectives and the organization attains specific business goals.

Employee share ownership

Another way that employees can share in the Bank’s success is through one of the seven competitive employee share ownership plans we offer globally. In 2007, 87.9 per cent of our Canadian employees participated in the plan, while internationally, 54.5 per cent of eligible employees took part in available plans.

Pension plans

We offer various market-competitive pension plans for our employees around the world. The largest is the Scotiabank Pension Plan – a fully funded, defined benefit plan with assets in excess of \$4 billion as at Nov. 1, 2007. More than

Investment in training at Scotiabank Group

	2007 (global)	2007 (Canada only)
Total training investment (\$ millions)	\$92	\$64
Training investment per employee (approximate)	\$1,582	\$2,060
Training days per employee (approximate)	2.9	2.2

Employee training usage at Scotiabank Group

	2007 (global)	2007 (Canada only)*
Online training via My Learning Centre (course completions)	599,628	473,124
External courses (course completions)	10,205	5,537

* Excludes international banking employees.

Flexible work arrangements at Scotiabank in 2007*

Type of flexible work arrangement	Number of participants
Flextime informal	1,236
Flextime formal	800
Compressed work week informal	216
Compressed work week formal	360
Job share informal	204
Job share formal	224
Telework informal	431
Telework formal	282
Total	3,753

Scotiabank Group has a flexible working arrangements policy that addresses individual needs related to such matters as disabilities, religious requirements, and other personal needs. These arrangements can include flextime, compressed work weeks, job sharing or telecommuting/working from home. In addition, from time to time, there may be a need for managers and employees to establish informal flexible work arrangements that satisfy Bank needs and individual circumstances.

* Reporting detail has increased in 2007, as a result of higher participation rates in the annual workforce census and improved documentation of both formal and informal flexible work arrangements among active employees and those on leave.

29,000 people in Canada – and another 15,000 around the world – were active members of a Scotiabank Group pension plan as at the end of fiscal 2007.

Employee benefits

Scotiabank offers a variety of employee benefits to meet the needs of our workforce including short- and long-term income protection, a maternity leave

supplement and a comprehensive Employee Assistance Program.

- Supporting the Bank's wellness initiatives in 2007, the Bank implemented a new pricing structure to more accurately reflect the cost differential in medical services between smokers and non-smokers, with the price of the various medical coverage options lower for non-smokers. This new

approach – combined with the various services available to help employees quit smoking – encourages healthy lifestyles.

Recognizing our employees

Scotiabank emphasizes employee reward and recognition programs in Canada through Scotia Applause, a multi-dimensional, web-based recognition program, which completed its sixth year in 2007. Designed to strengthen employees' focus on our corporate values and on delivering exceptional service, employees sent more than 514,000 online peer recognition certificates during 2007. More than 87 per cent of employees have participated in the program, and Scotia Applause won two international awards in 2007 from Recognition Professionals International and the Employer of Choice Marketing Awards, sponsored by working.com.

To recognize employees in our international division, we offer the Scotia Excellence Awards program (SEA) in more than 27 countries.

Incentive pay program

	2005	2006	2007
Canadian*			
Number of participating employees	27,200	27,600	28,200
Total payout (\$ millions)	105.4	112.3	128.0
International*			
Number of participating employees	6,600	6,650	8,120
Number of countries	32	32	32
Total payout (\$ millions)	11.0	10.9	12.5

*approximate

Performance-related incentive pay at Scotiabank*

(at October 31, 2007)

Performance-related incentive pay (\$ millions)	1,020	1,099	1,150
Performance-related pay as % of total compensation**	29%	29%	29%

* Includes all incentive pay awarded across the organization

** Total compensation includes base pay, incentive pay, pension and benefits.

Employee participation in Scotiabank Employee Share Ownership Plan

(at October 31, 2007)

Canada (Scotiabank Plan)	24,506	24,665	25,477
US/USVI	611	525	534
Puerto Rico	405	390	446
Jamaica	1,570	1,608	1,624
United Kingdom	147	135	133
Ireland	26	28	25
Global GESOP	2,985*	5,540**	5,930***
Total	30,250	32,891	34,169

* 19 locations ** 20 locations *** 21 locations





Scotiabank's award-winning recognition programs celebrate employee excellence globally. From left: Hisham Radwan from the Cairo branch in Egypt, Lincoln Freeman from Scotiabank U.S. Virgin Islands, and Migdalia Negrón from Scotiabank de Puerto Rico, were among 43 employees from around the world who attended the annual Scotia Excellence Awards in Toronto last fall.

Respecting human rights

Scotiabank Group is committed to the spirit and principles embodied in the *Canadian Human Rights Act* (CHRA), and extends that commitment to our operations outside of Canada. These principles reflect international standards in human rights practices with respect to both employees and customers, including the *Universal Declaration of Human Rights*, the *Declaration on the Fundamental Principles and Rights at Work* and the Human Rights Conventions of the International Labour Organization (ILO). Scotiabank Group has policies and has conducted training and education designed to ensure our employees fully understand their rights and obligations with respect to human rights and discrimination. We also consider the human rights performance of our suppliers.

- Employees are encouraged to address concerns relating to human rights issues with their managers through the Chain of Communication. These concerns are tracked and monitored through a centralized case management system from which trend reports are generated.
- Any new human rights policies or policy changes are subject to a rigorous review by stakeholders and filtered through the Employment Law Group of the Legal Department for review.
- Our Guidelines for Business Conduct describe the standards of behaviour required of all employees regarding the equitable treatment of all members of our workforce.

- Scotiabank supports the exclusion of child labour in its operations, as defined by the *ILO Convention No. 138*, as well as the prevention of forced and compulsory labour in its operations, consistent with the principles stated in *ILO Convention No. 29, Article 2*. In countries where child labour and forced labour are evident, Scotiabank's higher standards of operating serve as a model for industry in those locations.
- Awareness of policies and practices concerning all aspects of human rights has been instilled across the Bank through ongoing training.
- Our security employees are aware of, and respect, Bank policy on human rights, discrimination and harassment. During annual training and operational conferences held by and for our security team, aspects of employee rights are typically addressed formally in co-operation with the Bank's human rights experts.
- In the past two years, Scotiabank received 16 formal complaints of discrimination (nine in 2007), and all of these complaints have been investigated and dismissed. The Bank takes discrimination concerns very seriously, and has developed a working relationship with the Canadian Human Rights Commission, aimed at resolving concerns early. In addition, the Bank is staffed with experts in discrimination and conflict resolution, and employees and customers are able to access these experts when they have concerns. There has not been any case brought against the Bank, since the introduction of the *Human Rights Act* in 1978, that has been referred to tribunal.

Responding to employee concerns

Scotiabank takes all employee concerns very seriously, and we provide a number of avenues to address such issues:

- Scotiabank Group's Chain of Communication encourages resolutions through direct contact between an employee and his/her manager or supervisor. In situations where problems cannot be resolved, an employee is directed to the next level of management for discussion and, hopefully, resolution.
- If an employee is uncomfortable with this approach, he/she can contact Employee Relations, a department that provides advice and assistance on performance and conduct management, conflict resolution, employment and human rights issues, settlement and termination.
- In compliance with the *Canada Labour Code*, the Bank does not tolerate any retaliatory action against employees for bringing a complaint or concern to the Bank's attention. Through the Guidelines for Business Conduct, employees are expressly prohibited from retaliating against any other employee who has raised concerns or complaints in good faith.



The Staff Ombuds Office

The Staff Ombuds Office supports Scotiabank in its commitment to treating all employees fairly and to maintaining an inclusive work environment that supports the personal productivity, individual goals, dignity and respect of all employees.

Staff Ombuds Office

As a complement to the formal Chain of Communication process, the Staff Ombuds Office (SOO) provides confidential assistance to employees when they are unsure about raising an issue through the formal channels, need support dealing with an issue or want an impartial perspective. The SOO helps employees to identify options for dealing with their concerns.

- The Staff Ombudsman reports directly to the President and CEO, and operates independently, without affiliation to line management or Human Resources.
- All members of the team belong to the International Ombudsman Association, and they adhere to its Code of Ethics and Standards.
- During 2007, the Staff Ombuds Office served approximately 1,000 employees through telephone and in-person interaction, as well as presentations and information sessions.

Managing union relations

Scotiabank has relationships with unionized employees in a number of locations around the world. Our approach to managing these relationships is through collective bargaining and collective agreement administration that is based on a respectful relationship and open communication.

- The Bank respects the right of our employees to join a trade union for purposes of collective bargaining.
- As an employer, we also have an interest in ensuring that employees can exercise such rights free of intimidation, misinformation or

undue influence, either from the employer or a trade union. This approach is followed in all locations where we operate.

Unionized employees

Country	Approximate # of unionized employees*
Antigua	60
Barbados	240
Canada**	9
Chile	2,500***
Jamaica	1,700
Korea	9
Mexico	2,727
Peru	43
Singapore	10
Trinidad	13
Total	7,311

* Includes full and part-time employees

** Deep River, Ontario

*** Growth in number from 650 in 2006 reflects acquisition of Banco del Desarrollo

Organizational change

Two-way communication between Scotiabank and our employees is an essential part of how we do business and how we execute change initiatives that affect employees, including operational restructuring, outsourcing of services, strategic alliances and joint ventures, acquisitions or strategic divestitures.

- As part of our growth strategy, whenever we negotiate acquisitions, other transactions, or manage an internal reorganization, meeting the needs of employees is one of the Bank's highest priorities, and any changes affecting the terms and conditions of employment are discussed with unions, as applicable and appropriate.

- Where provided either by law or collective agreement, the Bank complies with any minimum notice periods. Such periods can vary by country or jurisdiction. Where it is appropriate, but the period is not specified, the Bank provides reasonable notice under the circumstances.
- In Canada, if an employee is unable to find a position elsewhere in the Bank after a restructuring, he/she is provided with a severance package in compliance with the *Canada Labour Code* and common law principles.

Total voluntary* turnover of high-performing employees** (Canada)

	2005	2006	2007
	2.8%	3.6%	2.8%

* Voluntary denotes those who have left due to resignation, voluntary settlement or contract expiration.

** High-performing are those who have received performance ratings of either "exceptional" or "superior" – the highest rating categories.

International employee turnover rates (%)*

Sample country	Total
Chile	11
Jamaica	5.8
Trinidad	11.4

* Number of terminations/total average base population in 2007. This is the first year of reporting on international data.



Like Scotiabankers everywhere, employees from Cusco, Peru, believe in the value of strong relationships.

Scotiabank Peru aims to be among best employers

Successful integration of two distinct organizations is often complex, but it is vital to realizing the full potential of the new entity. This is the case with Scotiabank's acquisition and merger of Peru's Banco Wiese Sudameris and Banco Sudamericano, now called Scotiabank Peru.

Significant advances were made during the past year to support our combined workforce at what is now the third-largest Peruvian bank. For example, we launched a new local remuneration program, a leadership resource planning program and Fundamentals of Coaching Excellence training for managers. We also created a health and safety committee to improve the work environment, as well as employee wellness campaigns to promote health among employees and their families. In addition, the Bank introduced a cultural transformation program to enhance local management and communication approaches.

A recent survey reported an employee satisfaction index rating of 75 per cent, and this benchmark will help us target continued improvements and measure our progress in the years ahead.

Employee health, safety and wellness programs

Scotiabank makes the health, safety and security of our employees a priority through policies and programs, and adherence to regulations that shape workplace behaviours, including preventative initiatives that raise awareness, and a supportive environment to aid recovery.

- In June 2007, Scotiabank released a revised Occupational Health & Safety (OHS) Program based on the principles of OHSAS 18001, an ISO standard. In addition, an upgraded OHS training program was launched in September.
- OHS committees exist in locations with more than 300 people. This includes 11,276 employees at 13 worksites across Canada (approximately 35% of our Canadian workforce). Employees at all remaining sites are represented by a health and safety representative. Ten of our global workplaces have collective agreements in place that address health and safety, in consultation with union representatives, which are consistent with the Bank's comprehensive health and safety policies.
- Through a combination of workplace health and safety committees, health and safety representatives, a corporate health and safety policy committee (committees include management and employee representatives), and a number of support functions throughout the Bank

(e.g., Security, ScotiaHealth, Operations and Employee Relations), we engage employees in all aspects of health and safety, from prevention to issue resolution. Employees can raise concerns through the committee/representative system, or can escalate them through regular channels.

Scotiabank also offers these two programs as part of its promotion and commitment to employee wellness:

- Scotiabank Group's Employee Assistance Program (EAP) provides conventional professional counselling services and specialized services designed to support employees' wellness objectives, such as nutritional counselling, naturopathic services, smoking cessation, work/life solutions, and mental health management.
- The WorkAbility program is a voluntary counselling support service offered through the Scotiabank EAP, which primarily focuses on emotional and mental health. It is designed to help employees on short- or long-term income protection leave return to healthy and productive living. In addition, WorkAbility can help those employees who are at work but who may be struggling with stress, anxiety or depression to the point that it is affecting their work/life activities and interests.

AIDS: a global health issue

Scotiabank accommodates the needs of employees without bias. Medical benefits for current employees with HIV/AIDS are provided in accordance with local legislation and practices. Other benefits – such as short- and long-term income protection, as well as support services and Employee Assistance Program resources, where available – are also accessible, subject to the plan terms.

For example, Grupo Scotiabank in Mexico provides medical support to all HIV-infected employees who voluntarily declare their condition, and the Bank provides comprehensive medical treatment while respecting the employee's confidentiality to avoid any resulting negative work or personal impact on the individual. Services provided include specialized medical attention, hospitalization, dental care, counseling or other support.

To further address the issue, Scotiabank's International Banking offices in the Caribbean Region continued their annual employee-led awareness campaigns and fundraising events for groups that battle the deadly disease. See page 36 for details.

Recent examples of restructuring practices*

Year	Transaction/Partner	Employee impact
2007	Acquisition of Travelers Leasing Corporation, a leading Canadian auto financing company	Scotiabank successfully integrated all 150 employees located in Vancouver and other major Canadian cities with no job loss as a direct result of this transaction.
2007	Acquisition of Thanachart Bank, Thailand	This agreement to purchase 24.9% of Thailand's eighth-largest bank required the closing of an existing Scotiabank branch in Bangkok to meet regulatory requirements. All 30 affected employees were offered and placed in equivalent full-time permanent positions.
2006	Acquisition of National Bank of Greece (Canada), and integration of its 10 branches in Quebec and Ontario	All branch employees were assigned to Scotiabank positions, and 30% of non-branch employees were offered positions within the Scotiabank Group. The remainder received severance packages consistent with Scotiabank standards.
2006	Acquisition of Banco Wiese Sudameris in Peru and integration with Banco Sudamericano, creating third-largest bank in Peru, with 140 branches and 66 express branches	We successfully integrated a workforce of 3,462 employees, plus an external sales force of nearly 1,400 employees. Consistent with Scotiabank's commitment to preserving employment, the job loss as a direct result of the acquisition was below 2% of the total workforce, with affected employees receiving severance packages in line with Scotiabank standards.

* Includes examples of completed or approved transactions that have implemented integration planning activities to date.

Scotiabank workplace accidents*

	2004	2005	2006**
Major accidents – Resulting in lost work time beyond the day of injury	99	123	138
Minor accidents – Requiring medical attention, but not involving lost work time beyond the day of injury	61	58	64
Other – Additional workplace incidents, as defined by the Canada Labour Code Part II	181	166	227
Total number of lost days due to injury	1,014.5	2,278.5	1,602

* Represents reported accidents in Canada during the calendar year
** Represents data up to 2006, the most recent information available.

Listening to our employees

Scotiabank believes in open, continuous and two-way communication with our employees through structured formal channels, as well as informal feedback methods.

ViewPoint survey

Each year, all employees across Scotiabank Group are asked to complete the ViewPoint employee survey to help track important workplace issues. Employees have the opportunity to express their level of satisfaction with such elements as the quality of their manager, recognition and communication. Survey results influence changes in practices and policies on a corporate level and resolve workplace issues within individual branches, departments or teams.

In 2007, 79 per cent of the Scotiabank Group workforce took part in the ViewPoint survey. Among the key survey findings: our Employee Satisfaction Index, a measure of the overall level of employee satisfaction with their immediate work environment, remained stable at 87 per cent (see page 15 for more details). Also, our Diversity Index, which measures employee perceptions of workplace fairness, respect, and manager sensitivity to work/life demands, rose to 89 per cent in 2007. By tracking ViewPoint surveys completed in each country where we operate, we can monitor local employee satisfaction levels and ensure that workplace programs are effective in each location (see below for sample results from several international locations).

Country-specific ViewPoint employee survey results (%)

	Employee Satisfaction Index*	Diversity Index*
Jamaica	83	83
Mexico	89	90
Peru	75	80
Trinidad	86	87

* See definitions above

Ideas in Action

We encourage employees to share their ideas on ways to support our business success through the Ideas in Action program. In May 2007, the program marked 40 years of rewarding employees for their initiative and ingenuity, making it one of the longest-running suggestion programs in Canada. In fiscal 2006-2007, we received 2,955 employee submissions and the ideas that were implemented generated \$125,225 in savings to the Bank. Since automated recordkeeping began in 1990, some 54,000 submissions have been logged and an estimated \$10 million in savings generated.

Going forward

We have set a number of objectives to improve the employee experience at Scotiabank, and we plan to communicate our progress through our CSR report. We will:

- Focus on making leadership a competitive advantage by developing and implementing various global programs, processes and tools;
- Identify and implement universal principles, shared standards and systems so that we provide a consistent employee experience wherever we operate;
- Continue to enhance the capability of our workforce by growing the skills of our existing employees; and
- Enhance the diversity of our workforce and the accessibility of our work environment.

THE ENVIRONMENT

Key Achievements in 2007

- We rolled out a new energy consumption tracking system across Canada.
- Equator Principles Guidelines were developed to supplement our existing policy.
- Six new “green” branches were opened in Ontario and Quebec.
- We doubled the number of paperless recordkeeping accounts.

a responsibility we all share

Scotiabank is a major international financial institution, and our day-to-day operations have a number of direct and indirect impacts on the environment. We have launched internal initiatives aimed at reducing consumption, and we routinely factor environmental considerations into our strategic decision-making process and consult regularly with stakeholders on environmental issues.



Supporting reforestation in Mexico Approximately 300 employees of Grupo Scotiabank donated their time to help restore severely deforested wilderness areas. The employees and their families spent the morning in the 700-hectare Ecological Park near Mexico City, planting more than 1,000 seedlings in a two-hectare area. The group was proud of their contribution to restore the forest, aid local biodiversity and diminish the effects of climate change. In the past 10 years, Mexico has suffered among the highest levels of deforestation in the world, and areas such as the Ecological Park are among the few remaining reserves of natural vegetation in the Valley of Mexico river basin.

Our direct impacts include our consumption of paper products and other supplies, for both customer communications and administration purposes; our energy usage to heat and light facilities around the world; and the environmental footprint made by our extensive real estate holdings, including the construction and sustainable operation of our branch network and offices.

Indirectly, we are involved in environmental issues through our lending, project finance and investment practices in the countries where we operate. We are also committed to supporting environmental causes and collaborating with stakeholders on key environmental issues.

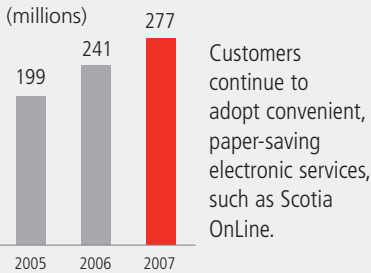
Environmental policy and management structures

Scotiabank has an environmental policy in place covering our direct and indirect environmental impacts (available at www.scotiabank.com). Various groups across the Bank provide a diverse pool of expertise on environmental issues ranging from energy efficiency to the development of products and services that promote environmental stewardship among our customers and employees.



In 2007, we provided practical, green tips to consumers through our free digital financial newsletter, *MyVault News*. During the year, *MyVault's* 1.5 million subscribers received helpful articles on topics ranging from making their workplace or household more eco-friendly to planning green home renovations.

Scotia OnLine transactions



Direct environmental impacts

Paper

Paper consumption is a major component of Scotiabank's environmental footprint because of our extensive customer communications, administrative and documentation processes. In addition to reducing our environmental footprint, we recognize that careful management and reduction of our paper consumption can help reduce our operating costs.

- In 2006, the Bank created a working group mandated with the task of creating an environmental paper policy. The policy will give direction on paper conservation efforts and on improving the environmental qualities of the Bank's paper choices, such as recycled content and forestry certification. The policy will be reviewed by an external group of stakeholders and will be launched in 2008.

Forest Stewardship Council (FSC) certified paper is used in the production of many Scotiabank publications, including our annual report, customer wall calendars and corporate newsletters, helping to reduce our consumption of trees, waste, water and energy. Our focus is on finding environmentally sensitive solutions for our highest-volume documents that meet the Bank's production, quality and cost criteria.



Scotiabank domestic paper consumption (tonnes)

Paper classification	2006	2007	FSC****	Post-Consumer Recycled Content
Business forms*	3,175	3,056	2/5 highest volume items	Variable
Bond copy paper	1,897	1,979	0%**	Variable
Marketing direct mail	214	270	100%	Variable
Annual reports	81***	81	100%	50%
Letterhead	13	14	100%	0%***
Business cards	9	9	100%	0%**
Total weight	5,389	5,409		
Consumption per employee	0.18	0.17		

* Scotiabank uses more than 4,500 different kinds of business forms, but a majority fall into five categories: regular format, high speed printer/ABM rolls, snap sets (carbonless), envelopes and companion booklets. In 2007, we moved two of these categories – envelopes and account companion booklets – to FSC paper. Scotiabank has initiated a pilot project with our supplier to test FSC paper in high-speed printer rolls.
 ** Increase planned for 2008.
 *** Revised 2006 volume of annual reports from 61.4 to adjust for the inclusion of annual reports sent out as part of proxy packages.
 **** See FSC definition on this page.

2007 paperless banking initiatives

Online banking

A number of new features and a promotional marketing campaign led to a 109 per cent increase in the number of paper-free, eco-friendly accounts. New features include:

- 18 months of online transaction history
- Ability to view cheque images, and receive and pay bills online.

Scotiabank also introduced paperless recordkeeping for all Canadian staff. During 2007, our employees switched more than 18,000 banking accounts to this eco-friendly option, and we now have more than 57,500 paperless employee accounts.

Paperless investor options

ScotiaMcLeod and ScotiaMcLeod Direct Investing customers currently access information and transaction documents via Scotia OnLine. In 2007, clients gained online access to 30 months of transaction history – increased from 45 days. Planned for 2008 is electronic delivery of trade confirmations, together with a new Document Centre. This secure electronic filing cabinet features robust search functionality intended to increase the speed and precision with which documents can be retrieved for viewing, electronic filing or printing.

Internal processes

- To improve the paper-intensive lending adjudication process, a paperless pilot project was launched in 50 Alberta branches. They are now submitting retail customer and small business borrowing applications using "fax to image," which reduces paper consumption by almost 95 per cent.
- Scotiabank continued to implement its Image Retrieval and Information System (IRIS) in Canadian branches,



SCOTIABANK PIONEERS RECYCLING IN COSTA RICA

In 2007, Scotiabank de Costa Rica launched a recycling program, despite the challenges of being among the first major organizations to embark on such a program in the country. Recycling programs are not yet common in the Central American nation, due to a lack of waste-sorting facilities, a shortage of suppliers to transport recyclables, and few industrial partners to process the materials for re-use.

so that employees can access many reports and documents in electronic format. After implementing phase 1 in early 2007, which eliminated more than 80 paper reports, we are now piloting the next phase of the new system at the Toronto Central Accounting Unit. We are fine-tuning processes before rolling out the function across the country. We have already saved millions of printed pages as a result of the phase 1 implementation.

International paperless initiatives

Internationally, Scotiabank is introducing new technologies that not only create administrative efficiencies but also deliver environmental benefits. For example:

- Through collaboration with the Canadian project team implementing the IRIS image retrieval and information system described above, International Banking is preparing to convert routine branch documents to paperless digital formats. This initiative not only lowers paper consumption but also reduces copying, faxing, storing and transporting print materials. The pilots to date involve Dominican Republic's

branches and Scotiabank Jamaica Life Insurance Co. Expansion of document imaging technology is planned for Trinidad & Tobago in 2008, with future implementation anticipated across the Caribbean network.

- Across our International Banking operations, a project to provide all locations outside Canada with online access to more than 260 key sales and operational reports has reduced the volume of printed paper reports by 50 per cent since 2003.

Recycling

Across the organization, we participate in waste reduction programs to reduce, reuse and recycle wherever possible.

- In 2007, as part of our national toner cartridge recycling program, we used and recycled 10,616 re-manufactured cartridges for printers and fax machines.
- Our Canadian branches and offices take part in locally available recycling programs. We provide paper, glass and waste recycling stations in our Toronto Executive Offices, helping the Scotia Plaza complex achieve an 82 per cent annual waste diversion rate in 2007, including approximately

149 metric tonnes of cardboard and 606 metric tonnes of organic waste. From Bank-occupied floors alone, we recycled approximately 759 metric tonnes during 2007.

- Scotiabank is a member of both Stewardship Ontario and Eco Entreprises Quebec, provincial non-profit organizations through which major companies pay 50 per cent of provincial Blue Box recycling programs.
- In 2007, our Asset Management Services area redirected more than 8,047 pieces of equipment for environmental disposal or re-use, including 1,960 desktops or laptops, 1,773 monitors and 4,314 printers. A number of computers and printers were donated to non-profit groups such as the Royal Canadian Legion, Safe Communities Foundation and Zareinu Educational Centre.
- During 2007, we continued the tradition of donating surplus office supplies to community groups. We provided more than 50 boxes of excess binders, CD and video tape covers to Toronto area school boards and daycare centres.

Greenhouse Gas Emissions

Source	CO2 emissions* (metric tonnes)
Direct CO2 emissions produced from combustion of fuels	32,699
Indirect CO2 produced from electricity purchases	42,776
Indirect CO2 emissions produced from employee air travel	20,290
Total CO2 footprint	95,765

* Calculated in accordance with the Greenhouse Gas Protocol of the World Resources Institute and the World Business Council for Sustainable Development (www.ghgprotocol.org), including emissions factors for electricity purchases, natural gas and fuel (Canada).

2007: Energy Consumption

Type of energy	Consumption unit	Total consumption	Consumption per sq. metre	Branches /Owned office buildings
Electricity	Megawatt hours	204,700	0.25	895 / 23
Natural gas	Cubic metres	16,458,300	29.0	608 / 21
Fuel oil / Propane	Litres	340,000	5.4	46 / -

Notes:

1. The above information was collected from the best available data and methodologies, which includes information captured from invoices processed for payment from various utility vendors. Given the scope of the system implementation undertaken, we expect to continue refining systems and processes going forward. This data has not been verified by a third party.
2. The scope of our reporting is based on 895 owned and leased branches and 23 owned office buildings across Canada representing 818,665 square metres. This area varies depending on utility type.



Thanks to the persistence of Xinia Valverde, Scotiabank's local social responsibility officer, the Bank was able to locate a supplier to collect recycled materials, and began recycling plain and coloured paper, newsprint, cardboard, plastic bottles and tin cans last summer to mark World Environmental Day on June 5.

Staff in seven test branches and the San José office responded to an internal campaign to recycle paper, plastic, aluminum cans and utilize two-sided printing. Now many employees are bringing recyclable materials from their homes to include in the workplace program.

The program was expanded in September to cover all 42 national branches and, by Nov. 1, employees had collected more than 28 metric tonnes of materials in just five months, including 24,784 kilograms of paper – which saved approximately 425 trees. Proceeds collected from the recycled goods manufacturers will be donated to a children's shelter. The Bank has also funded an initiative to help reforest a 60-hectare urban park in San José. These programs are helping Scotiabank earn a reputation as the first green bank in Costa Rica.

- To reduce the quantities of wireless devices that often end up in landfill sites, Scotiabank participates in the Think FOOD/Phones-for-Food project. Through this program, funds are raised for local foodbanks by recycling used cellphones and printer cartridges. During 2007, Scotiabank donated 112 mobile phones and 367 BlackBerry devices.

Measuring energy consumption

Scotiabank maintains an ongoing commitment to operating in an energy-efficient manner to preserve our planet's finite energy resources.

- In 2006, we successfully completed an energy management pilot project for select branches in southwestern Ontario. Based on our experience with this pilot, in 2007, the Bank rolled out an energy consumption tracking system across Canada, leveraging our invoice payment processes, for both branch and non-branch locations. This consumption information will help us better identify and assess opportunities for improved energy efficiency and conservation. See chart on page 26.

Real estate practices

Scotiabank's Real Estate Department develops real estate solutions for the Bank and its customers with due consideration to environmental matters. The group adheres to an Environmental Compliance Policy that respects principles of sustainable development. Several of the Real Estate Department's efforts involve ensuring that our facilities minimize their energy consumption.

Our energy-saving innovations include:

Ballasts and light bulbs

- Lighting retrofit in more than 275 branches across Canada, where we upgraded ballasts and light bulbs, switching from old "T-12" technology to more energy-efficient "T-8" incandescent lighting.
- Additional upgrade of ballasts and light bulbs in major owned corporate premises to "T-8" incandescent lighting, to be completed in 2008.

These two projects will lower greenhouse gas emissions by 4,367 tonnes per year and reduce energy consumption by 2,434 kilowatts, which equals enough power for 800 average Canadian homes for a year.

External signage

For our external signage in both domestic and international locations, we include significantly more efficient LED lighting for new individual letter signs. We are also installing timers and light sensors on selected exterior signs.

Roofing

We include white-coloured roofs in our new domestic and international branch design specifications. These roofs reflect heat during the warm months of the year which, in turn, reduces our air conditioning consumption.

HVAC

We continue to maintain the heating, ventilation and air conditioning systems in our branch network through a national contract with a third-party supplier, to ensure that all of these systems across our network operate as efficiently as possible.

Employee awareness

- Our branch administrative manuals for both domestic and international locations contain instructions and information to help employees reduce environmental impacts in the workplace.

Sustainable real estate development

In 2007, we opened six new "green" branches, including four in Ontario and two in Quebec.

- Three of the four new Ontario "green" branches participated in the "Green Globes" benchmarking program. As part of this internationally recognized environmental program, these branches were audited by an independent third-party assessor, and will be certified as Green Globes facilities, indicating excellent progress in achieving eco-efficiency results through current best energy and environmental design practices. The fourth new Ontario "green" branch incorporated features and innovations from previously constructed "green" branches.
- The two new Quebec "green" branches also incorporated successful features and innovations from previously constructed "green" branches.
- Over the next year, we will analyze the effectiveness and benefits of our six new "green" branches and look to replicate, in other locations, the benefits that we have achieved when opening new locations or renovating existing ones.
- To encourage car-free commuting, we continue to install bicycle racks in front of most new branches and, wherever practical, in front of newly renovated branches.



SETTING ENVIRONMENTAL GOALS IN MEXICO

In 2007, Grupo Scotiabank in Mexico increased its commitment to environmental responsibility, setting goals and introducing new operational initiatives.

For example, the Bank aims to reduce office paper demand by 10 per cent and use 100 per cent recycled paper to print institutional communications. In the first six months of 2007 alone, it used recycled paper to produce campaign posters, newsletters, flyers and pamphlets, equalling 3.8 tonnes of eco-friendly paper which saved 91 trees. It also transferred many print communications to electronic format (see *5MinutosScotia* electronic bulletin at left) and began recycling programs, which target a five per cent reduction in the Bank's materials consumption.

The Bank also supported staff volunteer activities such as tree-plantings (see page 24) and sponsored a cycle-a-thon event which encouraged 200 Scotiabankers to commute by bicycle. In 2008, a third-party environmental audit will help the Bank measure its progress and establish more environmental projects.

The supply chain

As a purchaser of products and services, ranging from printed forms and marketing materials to computers and photocopiers, building materials, furniture and carpet, we incorporate environmental considerations into our purchasing processes.

Some examples in 2007 include:

Janitorial services

Contracts specify that our suppliers must use environmentally friendly cleaning products and equipment (including hepafilter vacuums and microfibre cloths) for servicing our domestic branch network.

Carpeting

- In 2007, we purchased and installed 46,546 square yards of environmentally friendly carpet throughout various Scotiabank facilities. As a result, 593 short tonnes of certified carbon dioxide credits have been permanently retired, which represents the total life-cycle impact of this purchase.

This environmentally friendly carpet is now the standard carpet that we use for our branches and office premises around the world

Chairs

New chairs purchased for both our domestic and international locations are composed of up to 44 per cent recycled materials, and each chair is 99 per cent recyclable by weight.

Supplier selection

In 2007, we reviewed the CSR criteria included in our standard supplier request for proposal documents (RFPs), advising suppliers that adherence to CSR principles is a factor in the Bank's sourcing process.

Scotiabank RFPs can require applicants to describe their CSR and environmental management system policies and practices, relevant CSR or environmental accreditations, programs to deliver energy-efficient products and services, recycling and disposal methods and employment practices that support diversity.

Indirect environmental impacts

Addressing environmental risk in our lending activities

Scotiabank has an environmental lending policy in place, which seeks to identify and mitigate environmental risks in the Bank's commercial and corporate lending activities.

- As part of the overall credit assessment process and initial due diligence, Scotiabank requires lending officers to ascertain each borrower's compliance with applicable environmental regulations and to consider, review and document current and potential environmental risks associated with their business operations.
- Since changes in environmental legislation or a deterioration in the borrower's environmental management practices may result in an environmental problem, lending officers are instructed to monitor environmental risks on an ongoing basis.

Renewables and clean tech financing

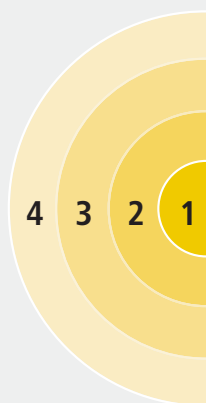
Scotia Capital, which represents the global corporate and investment banking and capital markets businesses of the Scotiabank Group, provides advisory services and financing in relation to a number of projects and companies that help reduce the impact on the environment.

This year, Scotia Capital increased its commitment to the financing of renewable energy projects, including making sizeable investments in several wind, hydro and other environmental projects. During 2007, we provided financing and raised more than \$2 billion for the renewables sector. Some examples of our renewable energies and clean tech financing activities include:

- Joint lead placement agent role on a private placement for FPL Energy's White Pine Hydro assets. FPL Energy is a leading clean energy provider, with natural gas, wind, solar, hydroelectric and nuclear power plants in operation across the U.S.
- Managing agent role and a US\$25.5 million commitment to FPL Energy's Lone Star Wind financing in Texas.
- Lead arranger role on Fortistar's US\$97.5 million landfill gas acquisition financing.
- Tier 1 role and a US\$73.25 million commitment to Noble Environmental Power wind farm financing, plus an additional US\$15 million participation in Noble's wind turbine equipment financing.
- US\$50 million commitment to AES Corporation's Changuinola hydro project in Panama.
- Co-lead arranger & syndication agent on a C\$55 million financing for EnGlobe Corp.'s acquisition of Biogénie, a company that specializes in contaminated site assessment and remediation. EnGlobe is a leading integrated environmental services company specializing in the management of organic-based waste streams and contaminated soils with an emphasis on beneficial re-use.



Scotiabank has provided some \$12.5 million in funding to the Doña Julia Hydroelectric project in Costa Rica to help this facility expand the use of renewable energy technologies and reduce the country's reliance on fossil fuels. This innovative, 16 megawatt plant produces an estimated 83-88 gigawatt hours of electricity per year and will offset an estimated 210,000 tonnes of CO² emissions over its 15-year lifetime (1999-2014). The project has been accredited as a "Joint Implementation Project" under the Kyoto Protocol.



Climate change

Spheres of actions and responsibility

Global warming is one of the most important issues facing our planet. In 2007, concern about climate change reached new heights in many countries. Scotiabank is committed to playing our role in reducing harmful greenhouse gas (GHG) emissions, in our own operations and through our spheres of influence. In particular, we are committed to better addressing material climate change risk in our risk management processes, and being proactive on climate-related opportunities.

The following diagram sets out potential spheres of action and responsibility regarding climate change for the financial sector, and helps Scotiabank assess where we can have a positive impact. Information on specific Scotiabank policies and practices in these areas are found throughout the Environment section of this report.

1. **Employees and internal operations:** Global financial institutions have large employee and branch networks and, as a result, can make a positive impact on reducing GHG emissions by promoting energy efficiency throughout their operations; for example, by encouraging behaviour among employees that will help reduce individual carbon footprints, both at work and at home, and measuring energy consumption and GHG emissions to help better identify opportunities for improved efficiencies.
2. **Suppliers:** In purchasing products for their operations, banks can choose those with lower carbon footprints whenever possible; for example, choosing energy-efficient photocopiers or fax machines, or carpeting with a low-carbon footprint.
3. **Customers:** Climate change presents both risks and opportunities among a bank's customer base. From a risk perspective, banks can assess material climate change risks in lending activities. From an opportunities perspective, they can assist those companies that are having a positive impact on the environment. Examples include lending to the renewable energies and clean technologies sectors, providing carbon- and energy-related services, such as emissions trading and weather derivatives, and offering retail products such as climate-friendly mutual funds.
4. **Communities:** Dialogue with external stakeholders allows financial institutions to obtain valuable feedback on climate change policies and programs, as well as share their expertise – in areas such as risk management, reporting and supply chain management – within the industry and among multiple stakeholder groups focused on climate change. Banks can also provide financial support to the growing number of important charities and think tanks dedicated to addressing climate change.



Sharing their capital markets expertise, Travis Chernichen, Global Energy Solutions (left); Sharon Telem, Fixed Income Origination; and Jeremy Lucas, Global Energy Solutions, help serve a broad range of clients.

- Co-lead arranger & co-syndication agent on a C\$405 million financing for GreenField Ethanol Inc. The financing was structured to provide the company with project financing for two new ethanol plants in Ontario, and funds to expand their recently constructed plant in Quebec, as well as to refinance existing senior debt financing. GreenField is the largest producer and distributor of ethanol in Canada, a greenhouse gas-reducing vehicle fuel blend made from corn, wheat or other grains.

Expertise in energy risk management

A market leader for many years, Scotia Capital has recently observed an increased interest in energy hedging among clients as a result of rising oil prices, finite fossil fuel supplies, government policies and incentives and public climate change concern. In response to this momentum, Scotia Capital recently expanded its risk management team to include an energy derivatives group.

- Based in Toronto, the Global Energy Solutions (GES) team has an international scope and provides complete risk management capabilities to Scotia Capital's power, infrastructure, and oil and gas clients, as well as heavy users of energy.
- With an increased emphasis on green initiatives, companies across North America have started to voluntarily implement pollution-reduction programs. These programs often involve the use of products such as carbon emission credits or green energy credits. GES has the ability to assist with the trading of carbon emission credits or green energy credits and work with clients to structure a program that accomplishes their desired carbon reduction goals.

Dedicated expertise in renewable energy research

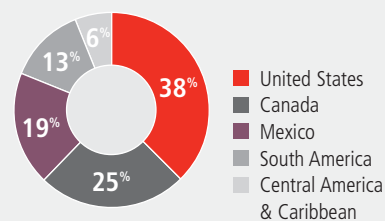
Renewable energy sources, and the provision of financial products and services that help this sector grow, are important components of addressing the issue of climate change. Scotia Capital is helping promote the renewable energy sector and attract investor interest by offering extensive expertise to institutional clients in the area of renewable energy, including industry trends, public policy and economic analysis of the sector.

The Institutional Equity Research group, which recently added a dedicated alternative and renewable energy analyst position, prepares special reports on industry issues and provides analytical coverage of Canadian public companies in the sector. Through site visits and meetings with company management and energy experts, the research team aims to identify attractive investment opportunities in these companies.

Meeting global standards for international project finance

In September 2006, Scotiabank adopted the revised Equator Principles, a set of internationally recognized, voluntary project finance guidelines that establish social and environmental standards in the banking industry. The new principles have a wider scope than those adopted by the Bank in 2005, and apply to project financing where capital costs exceed US\$10 million, instead of US\$50 million. They also reflect recent revisions to the International Finance Corporation's (IFC) performance standards, upon which the Equator Principles are partly based.

2007 Equator Principles Assessments



2007 Equator Principles Assessments

Project Category	Number of Assessments
A	2
B	6
C	8
Total	16

- In adopting these principles, Scotiabank agrees to provide loans only to those projects where borrowers can demonstrate their ability and willingness to comply with comprehensive processes aimed at ensuring that projects are developed in a socially responsible manner and according to sound environmental management practices.
- To ensure it is able to meet its commitments, in 2007 the Bank worked with internationally recognized Equator Principles consultants to produce a comprehensive set of guidelines, which provide banking and credit officers with tools to assist in meeting Equator Principles requirements.

Memberships and stakeholder engagement

To support co-operation on environmental issues, Scotiabank participated in a number of domestic and international environmental initiatives throughout the year:

- We are a long-standing member of the United Nations Environmental Program Finance Initiative (UNEP FI), and we participate in its North American Task Force (NATF), which commits signatories to incorporate environmentally sound practices into their internal operations, risk assessment and management practices, and to develop environmentally sound products and services. In 2007, the NATF completed a study and training day on the development of “green” financial products for the financial sector in the North American context. The study is available at www.unepfi.org.
- We are a member of Environment Canada’s network on linking environmental performance to financial value, made up of financial institutions, governments, academics and other groups. In 2007, the network commissioned a report on the relevance of Canadian financial institutions’ activities to the sustainability of Canada’s boreal region.
- We take part in the Canadian Bankers Association’s Environmental Issues Specialist Group to discuss and participate in an industry approach to addressing issues relating to the environment.
- Scotiabank is a signatory and contributor to the Carbon Disclosure Project (CDP), an initiative on behalf of international institutional investors to collect information on climate change and its impact on the world’s largest companies. To review Scotiabank’s submission, please visit www.cdproject.net.
- In 2007, we met with a number of environmental non-government organizations to obtain their insights and to work towards making our business transparent with respect to environmental issues.

Supporting environmental causes

Scotiabank also supports environmental initiatives by not-for-profit organizations. For example, in 2007:

- We began a five-year platinum-level sponsorship of the Pembina Institute to implement Greenlearning.ca, an online learning and research centre designed for teachers and students in Grades 1 through 12, focusing on the issue of climate change.
- We committed to a new five-year gift to the Tides Canada Foundation, a unique national public foundation which supports innovative projects in the areas of environmental sustainability and progressive social change. Our \$100,000 contribution will help create a permanent conservation endowment fund that will help preserve British Columbia’s Great Bear Rainforest and also benefit First Nations communities.
- We continued our annual support to the World Wildlife Fund, providing a \$15,000 donation directed to their Endangered Species Recovery Fund. This project supports the research and education efforts of scientists and conservation specialists who are working to recover some of the more than 500 Canadian species currently listed as being “at risk.”

Greenlearning.ca

e-cards

Scotiabank’s sponsorship of Greenlearning.ca allows youth to design and exchange online cards to promote the environment, such as this card designed by Amy Z. of Henry Kelsey Public School.



- In Peru, Scotiabank has been a supporter of the innovative Children’s Lands (Tierra de Niños) since 2005. This international non-profit organization promotes environmental stewardship by teaching children to care for plots of land of one square metre or more. Currently 4,000 Peruvian children oversee more than 300 hectares of land in 10 states. In 2007, Scotiabank donated US\$20,000 and the Bank has pledged US\$50,000 more to help the project involve 20,000 children in restoring 4,000 hectares by 2010.

Going forward

Scotiabank has set several environmental objectives and is committed to communicating our progress through our annual corporate social responsibility report. We will:

- Adopt an environmental paper policy that will set out a framework for conservation and choosing papers with recycled content and sustainable forestry sources.
- Launch a mutual fund product with an environmental screen.
- Enhance climate risk assessment in the Bank’s lending procedures and publicly report on the process.
- Further strengthen our due diligence policies to promote sustainable forestry practices in our lending activities to this sector.
- Track domestic water consumption.

THE COMMUNITY

Key Achievements in 2007

- More than 1,900 fundraising activities received over \$5.8 million from the Team Scotia Community Program.
- Employees spent more than 360,000 hours volunteering and fundraising through our formal community programs.
- We launched the Scotiabank Bright Future Program in support of children's causes in the Caribbean and Latin America.
- We received the Corporate Support Spirit Award for raising \$6.6 million for United Way of Greater Toronto charities.

a responsibility to make a difference

In 2007, Scotiabank contributed more than \$43 million to community causes around the globe to support organizations and unique projects that make a difference in many lives at the local level.



In Canada, we are among the country's largest philanthropic organizations. We are proud to maintain our status on the Canadian Centre for Philanthropy's listing of Imagine Caring Companies that donate at least one per cent of domestic pre-tax profits to domestic charities and non-profit groups.

Our employees share in and drive this commitment by expending considerable effort in support of local causes. We are very proud of their dedication and the tremendous contributions they make in our communities.

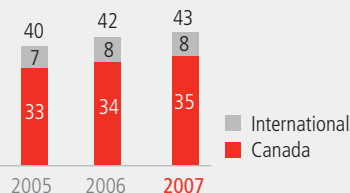
How our contributions are allocated

The majority of our community contributions (approximately \$28 million) are centrally administered by our corporate donations and sponsorships group, and these funds are directed to focus areas in which we believe we can have a meaningful, direct impact on local communities: education, health, social services, and arts and culture. In addition, roughly \$7 million was spent by our branches and departments to support a wide range of community initiatives.

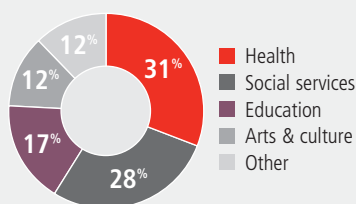
Below are some examples of major donations made within our four focus areas. For a more complete listing of

In response to high HIV/AIDS infection rates in the Caribbean, Scotiabank Dominican Republic is a strategic partner with the IDEV – Dominican Institute of Virologic Studies, operated by Dr. Ellen Koenig (right) and Dr. Carlos Adon. Scotiabank helps fund their research and medical services, and Bank employees volunteer with patients and make monthly donations.

Scotiabank donations and sponsorships (\$ millions)



Corporately administered community giving in 2007 (%)



our centrally administered donations, please see our online CSR report at www.scotiabank.com.

Education

We concentrate our educational donations as much as possible on direct student support, including scholarships, or programs and facilities that will improve student access to learning. For example:

- To help students acquire the skills, tools and information they need to become leaders in a global economy, we introduced the Scotiabank Leadership Awards at the Richard Ivey School of Business at the University of Western Ontario. The Bank's contribution will create two annual scholarships for MBA and undergraduate business students.
- In Quebec, Scotiabank is strengthening Laval University's focus on international and entrepreneurial learning by establishing the Scotiabank Scholarships for International Mobility. Funds will assist students who choose topics of study in South and Central America and the Caribbean.
- Students in Atlantic Canada will benefit from a number of scholarships provided by Scotiabank, including full-time and continuing studies programs at the Nova Scotia College of Art and Design, as well as business administration programs at the New Brunswick Community College.
- With support from Scotiabank, JUMP Math has been able to expand its programs to 2,500 new students across Canada through the National

Book Fund. Founded in 1998, JUMP Math improves math skills in children by encouraging an understanding and interest in math among students, educators and teachers.

- To help Canada's Aboriginal communities develop the next generation of business and community leaders, we offer the Scotiabank Master of Business Administration (MBA) Bridging Initiative to introduce First Nations students to the MBA programs offered at the University of Saskatchewan. In addition to providing a \$250,000 gift to establish the program – which welcomed the first 12 candidates in May – the Bank also created a \$10,000 Scotiabank Aboriginal Business Education Award, which will be presented annually to one student pursuing studies in the MBA program.

Health

We focus on health-related donations in areas that will have a direct, positive impact on patient care, community access to medical services or research, and health awareness programs that will have a lasting, long-term benefit. For example:

- The 2007 Scotiabank Vancouver Half Marathon provided six area healthcare-related charities with a new way to raise funds for their individual causes. The event drew in excess of 4,600 participants and raised more than \$200,000 for health causes ranging from the Rick Hansen Foundation to B.C. Children's Hospital and the Arthritis Society.
- With more than 6,000 Ontarians suffering from cardiac arrest each

year, Scotiabank contributed to the Heart and Stroke Foundation of Ontario's efforts to introduce 1,000 automated external defibrillators (AED) across the province. By working with local paramedic services to place the equipment in locations where large numbers of the public gather, we aim to greatly improve survival rates.

- In partnership with the Hospitals of Regina Foundation, we presented a new, fully equipped emergency response vehicle to benefit emergency medical services (EMS) throughout southern Saskatchewan. This addition to the regional EMS fleet will enable paramedics to provide timely assistance at the scene of major medical emergencies.

Social services

Our social services donations are directed to a range of national and community-based organizations that provide vital health, counselling, housing and skills development, to groups ranging from seniors and youth, to immigrants and the homeless. Here are a few examples:

- To help families living in parts of Vancouver with limited childcare resources, Scotiabank pledged support to the YMCA Nanook House project. Through the new Nanook Early Childhood and Family Centre, area families will be able to access childcare for toddlers and preschoolers, as well as meal programs, parent and child drop-in services, support groups and parenting workshops led by trained specialists.



FOCUS ON

CREATING A BRIGHT FUTURE FOR CHILDREN

To bring added focus and strength to our international charitable giving programs, in 2007, we rolled out our new Scotiabank Bright Future Program in all of our Caribbean and Latin American locations. Through this new giving program, Scotiabank will concentrate much of our social investments in charitable groups or community projects that enhance the well-being of children, particularly in the areas of education, health and wellness or the eradication of youth poverty.

Bright Future community projects are chosen by our local management teams who are most familiar with the community needs. In-country donation budgets

Scotiabank's Sarah Hobbs (at back, from left), Cecil Arnold and Filomena Castillo launched the new Scotiabank Belize Youth Program with some of the 64 young grant recipients. The Bank's Cdn\$100,000 contribution is intended to help raise the country's primary school completion rates.

- As part of the new Abilities Centre, a recreational and arts facility for persons of all abilities in Whitby, Ont., Scotiabank is sponsoring an adult social and recreational program to provide life skills training for individu-

als of ages 18 through 30 years, complementing existing child and teen development programs.

- Scotiabank has been a long-term supporter of the Canadian Foundation for Physically Disabled

Persons' Rolling Rampage, an annual 10-kilometre wheelchair road race that raises awareness for athletes with disabilities and funds local organizations for the physically disabled.

- Recognizing that families of individuals suffering from addictions are often forgotten during the treatment process, Scotiabank supports the Renascent Foundation's Family Focus campaign, so that family members can have barrier-free access to programming and receive their own relevant treatment or support.

Identifying best investment practices for private foundations

Scotiabank's Scotia Private Client Group is recognized as an industry leader in advising private charitable foundations and providing investment management, estate and trust and financial planning counsel. In 2007, the group shared its considerable expertise in philanthropic planning by publishing comprehensive research on prudent governance and investment practices for Canada's growing private foundation sector.

Today, private foundations play a critical role in Canada's social fabric, since they generate annual grants to charities in excess of \$1 billion. And their societal contribution will grow as part of the upcoming generational wealth transfer, with some 4,200 private foundations expected to dispense grants to thousands of non-profit causes, including many early-stage and lower-profile community activities.

"We began this research because we recognized the need to identify best practices and guidelines to help grow and develop effective Canadian private foundations," noted Malcolm Burrows, Head, Philanthropic Advisory Services, Scotia Private Client Group. "For example, we found that these foundations often emphasize their grant-making endeavours, while not placing enough focus on preserving and enhancing their capital through solid governance and investment practices."

By surveying a cross-section of Canadian private foundations in late 2006, the Scotia Private Client Group study outlined numerous best practices for foundations regarding investment policies, asset allocation, investment committee structure, risk management and operations. The study also examined the issues of principle-based investing to help trustees and foundation directors improve their ability to incorporate socially responsible or mission-based investing into their asset allocation strategies.

"With our considerable experience, we have the ability to share our governance and investment practice knowledge to help philanthropists achieve their legacy goals and effectively make a lasting impact on Canadian society," observed Burrows.

Arts and culture

Through our donations to arts and cultural groups, we aim to provide access and enjoyment to all segments of society, including residents of smaller communities and young people, while also encouraging the development of new artistic talents at the grass roots level. For example:

- In celebration of Scotiabank's 175th anniversary, and paying special tribute to the role of immigration in Canada's development, the Bank unveiled the Scotiabank Research Centre (SRC) at the newly restored Pier 21 museum in Halifax, Nova Scotia. Our \$500,000 donation will help Canada's immigration museum collect, archive and share the stories of thousands of individuals who

are based on the one per cent of domestic pre-tax profits guideline that Scotiabank practices in Canada, as part of the Imagine Caring Company program.

In 2007, non-profit organizations benefiting from our Scotiabank Bright Future program addressed a wide range of community needs, such as the Rosa Duarte Orphanage School in Dominican Republic that provides full-time shelter and education to orphaned and abused girls. To address low primary school completion rates in Belize, the new Scotiabank Belize Youth Program awarded 64 primary school students with grants to pay for tuition and school books for one year. The Bank's Cdn\$100,000 contribution was supplemented by additional fundraising by local employees.

Hands-on involvement by Scotiabank employees is an important component of the Bright Future program and the Bank provides funding support to employees who fundraise or volunteer their time for local children's charities. As part of our Scotia Employee Volunteer Program and Team Scotia Community Programs, international employees can earn funds for their chosen local children's charity.

In 2008, we will also launch the Scotiabank Bright Future Philanthropy Award to recognize international employees who volunteer the most hours, raise the most donations or promote the Bank's community involvement. Up to four employees or employee teams will receive a \$6,000 donation to their chosen charity and additional support to celebrate their achievements.



immigrated to Canada and have become part of the country's history and heritage.

- Also marking our 175th year of business, Scotiabank commissioned a major new fine artwork by Canadian painter John Hartman for the Art Gallery of Nova Scotia (AGNS). Entitled "Halifax," the 16.5 foot oil on linen triptych provides a panoramic historical tribute to Scotiabank's city of origin and an impressive addition to the public gallery's permanent collection. In addition to the artwork gift, Scotiabank sponsored "Cities: John Hartman," an international touring exhibition of 18 new works by one of Canada's leading contemporary painters.
- Quebec-based artist Michel de Broin was awarded the 2007 Sobey Art Award, presented by Scotiabank. Recognized as Canada's premier art award for contemporary artists, it provides \$50,000 to a nominated artist under 40 years of age who has exhibited their work in the past 18 months.
- Scotiabank is helping create a new, first-class arts complex in Saskatoon's downtown core by supporting the Persephone Theatre. In addition to live theatre and performing arts for all ages, the centre will host a youth tour for thousands of students from across the province.

Our employees in the community

The employees of Scotiabank help extend our spirit of community giving even further by volunteering their time, skills and money, raised individually and through teamwork, to support community causes that are important to them. We support the volunteer work of our employees by offering two formal employee community programs:

- Team Scotia Community Program (TSCP): The Bank matches up to \$5,000 raised by teams of two or more Scotiabank employees through their local charitable fundraising activities. In 2007, more than 1,900 fundraising activities received over \$5.8 million from TSCP.
- Scotiabank Employee Volunteer Program (SEVP): The Bank donates up to \$1,000 to qualifying community-based organizations in which individual employees or Scotiabank retirees have actively volunteered for at least 50 hours per year. Combining our two employee-based programs, in 2007, employees spent more than 360,000 hours volunteering and fundraising for local organizations.

Here are a few examples of employee activities in the community:

- In Quesnel, B.C., branch staff walked, ran and strolled around a track for 12 hours to raise funds for the

Canadian Cancer Society's Relay of Life. To thank his team for raising \$2,500 for cancer research, information and advocacy programs, Branch Manager Brian Harrison agreed to shave his head for the cause.

- Brave Calgary-based Scotiabankers endured the pain of a public leg waxing at the First Annual Scotiabank Challenge Male Leg Wax-Off for Multiple Sclerosis (MS). Fifteen participants raised pledges of at least \$150 per leg for the privilege of being treated by an aesthetician in front of spectators. Their suffering raised \$10,276 for the MS Society, which was matched by the Bank.
- To improve the lives of women and children at risk of violence in their community, Scotiabankers in Huntsville, Ont. held fundraising events, silent auctions and raffles to raise \$20,000 for the Chrysalis Women's Shelter, an emergency and transitional housing facility that helps women escape violence and achieve their personal goals.
- Real Estate Lending and Commercial Banking employees in Montreal rallied together to support the East Foundation, an east-end Montreal children's charity. Staff raised \$20,000 through raffle and foundation gala ticket sales to help the non-profit group provide therapeutic and recreational activities for physically and mentally disabled children.



Joining together to address HIV/AIDS in the Caribbean

With the World Health Organization estimating that 39.5 million people worldwide are living with HIV/AIDS, Scotiabank and its employees in the Caribbean are committed to addressing this growing health threat. The regionally based, employee-led campaign began in 2005 as the result of a challenge issued by Scotiabank President & CEO Rick Waugh to confront the growing social and economic issue through prevention and educational initiatives.

Since then, Scotiabank teams in at least eight Caribbean countries have created year-round initiatives to raise awareness, help finance agencies that support HIV/AIDS patients and reduce the stigma and discrimination against afflicted members of the community and workforce. Scotiabank partners with governments, unions, trade organizations and educational institutions to target the issue, including an array of events to mark United Nations' World AIDS Day on Dec. 1.

William Clarke, President and CEO, Scotiabank Jamaica (second from left) helps present awards to students at Scotiabank National Primary Schools HIV/AIDS Debate Competition.

- Ten Scotiabank branches in St. John's Nfld., joined together with the Community Food Sharing Association to organize an annual holiday food drive. Over a two-week span, they collected 14,000 lbs. of food from staff and customers, in addition to a \$5,000 donation by Scotiabank to food banks across the province.
 - In Grand Falls, N.B., Scotiabank senior personal banking officer Kim Pelletier was recognized by the SEVP program for his year-round support for the Richelieu International Club, a group that aids families and children in need. Kim spent an average of two hours per week canvassing door-to-door and distributing food boxes to 264 local families during the Christmas season.
 - Scotiabankers in El Salvador spent the International Day of the Volunteer collecting donations in local shopping malls for the Salvadoran Red Cross. Funds were raised through the Bank's "Help support our volunteer heroes" campaign.
 - Staff at Scotiabank's Shanghai branch banded together to help a seven-year-old boy from Mongolia suffering from leukemia, who could only receive intermittent treatment due to lack of funds. By collecting more than Cdn\$700, and encouraging additional donations from the community, the boy can now access regular treatments.
 - Fifty Scotiabankers in the Cayman Islands laced up their running shoes to participate in the Jan. 14 Stride Against Cancer Walk/Run fundraiser for the Cancer Society. The Bank team – clad in red T-shirts – was the largest group among the 1,400 participants.
- ### Serving a broad range of international causes
- As in Canada, Scotiabank extends its community spirit in some 50 countries where we operate and, in 2007, we contributed more than \$8 million to causes that mirror our community-giving focus in Canada, including health, education and social services.
- Here are a few examples of our international contributions:
- In the aftermath of a devastating earthquake, which cut off Peruvian coastal communities from food, water and adequate shelter, last August Scotiabank announced a US\$150,000 donation to the Canadian Red Cross to help send urgently needed supplies to thousands of homeless families.
 - When hurricane Dean also ravaged the Caribbean and Central American nations last August, Scotiabank provided a Cdn\$530,000 donation to relief agencies in each affected country to provide emergency supplies to residents and help re-establish essential services.
 - After the Tabasco region of southern Mexico was struck by severe flooding that inundated at least 70 per cent of the low-lying state, Scotiabank contributed Cdn\$50,000 to international Red Cross relief efforts. Employees also contributed to a special fund to

For example:

- In Jamaica, the Scotiabank National Primary Schools HIV/AIDS debating competition builds awareness among young children, to promote healthy lifestyles and reduce discrimination relating to the disease. With the Bank's support, the winning debate team members receive scholarships valued at approximately Cdn\$70,000, while the first runners-up receive funds to help finance tuition, books and school supplies.
- In Barbados, Scotiabank launched the national In Fo' Life program in partnership with the Ministry of Education, Youth Affairs and Sports to reach primary and secondary students through drama, dance and presentations by persons living with HIV/AIDS.
- In conjunction with UNICEF and several non-profit development agencies, Scotiabank Guyana held a fundraising gala in Georgetown, raising more than US\$5,000 to help local children affected by the disease.

- Scotiabank St. Maarten hosted the "Stronger Together" red ribbon campaign, soliciting employee and customer donations and signatures of support on in-branch banners. By attracting the interest of local businesses, government and schools, they raised US\$45,000 for the St. Maarten AIDS Foundation. Scotiabank and the foundation were awarded an Outstanding Community Service Award by the St. Maarten Hospitality and Trade Association.

In both Canada and various Caribbean countries, Scotiabank is a member of the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria. By partnering with this organization, we hope to increase collaboration with other corporate leaders, share best practices and develop new initiatives that support prevention, care and treatment programs in many parts of the world.

support affected co-workers in Mexico. In addition, Scotiabank branches in Canada collected customer and public donations to the Red Cross Mexican Relief Fund.

- In 2007, Scotiabank de Costa Rica became a major sponsor of a program to deliver copies of newspapers to public high schools targeted by the Ministry of Public Education for English-language education. For example, Scotiabank provides 280 newspapers each week to San José's Moravia high school and sends Bank employee volunteers to teach classes and chat with students.

Supporting microfinance

Scotiabank and our employees are involved in innovative microfinance initiatives that leverage our core business and lending expertise to create new economic opportunities for local entrepreneurs, especially women and underprivileged farmers or entrepreneurs. Such self-sustaining programs provide access to credit to people who have ideas, energy and initiative to turn a small loan into economic independence for themselves and their families.

- In Kingston, Jamaica, we operate Micro-Enterprise Financing Limited (MEFL) in collaboration with the Canadian International Development Agency and the Kingston Restoration

A leading United Way supporter

Each year, Scotiabank employees pull together to support United Way drives across Canada. This long-standing tradition inspires Scotiabankers to plan and participate in a wide variety of creative workplace events and activities, from bake sales and team races to talent shows.

In 2007, Scotiabank presented \$6.6 million in combined employee and corporate gifts to the United Way of Greater Toronto, helping the Bank earn the annual Corporate Support Spirit Award.

To support a wide variety of United Way programs, ranging from youth outreach to employment skills training for immigrants, we sponsored the seventh annual Scotiabank Rat Race for United Way, a 5 kilometre rush-hour run through downtown Toronto. The event drew more than 1,200 participants and raised \$264,000, including \$63,000 pledged by 350 Scotiabank employees.



Enthusiastic Scotiabank runners helped the Bank win awards for largest corporate team and highest team fundraising awards.



Among the many Scotiabankers who share their expertise within their local communities, Alban Lo, Senior Manager, Trade Finance, was recently recognized as one of the 100 Most Influential Chinese-Canadians in British Columbia by *The Vancouver Sun*. Selected for his significant contributions to both global trade sector and his work to enrich the lives of area residents, Lo is a board member of the United Chinese Canadian Enrichment Services Society, one of the largest immigrant and social service agencies in British Columbia.

Company. First incorporated in 2002, with Cdn\$2 million in loan capital from Scotiabank, MEFL offers low-income micro-entrepreneurs access to loans with little or no collateral, savings accounts and training in business development, money management and life skills. Originally established to aid Kingston's poorest neighbourhoods, MEFL has expanded to serve struggling rural clients and farmers. In 2007, MEFL expanded its team to 15 active loan officers and provided more than 2,013 entrepreneurial and agricultural loans. They also offer an educational assistance loan product to help mature students pay for books, computers or school fees. With an average loan size of Cdn\$853 MEFL achieved a 93 per cent loan repayment rate during the year. MEFL officials also note that 69 per cent of borrowers are females and that their loans are indirectly supporting 3,145 dependent children of clients.

Scotiabank's microfinance success in Jamaica*

- 2,013 active clients
- 69% of loans to female borrowers
- Total value of loans disbursed: Cdn\$2.94 million
- Average loan size: Cdn\$853
- Repayment rate: 93%

* as at September 30, 2007

- With Scotiabank's purchase of Banco del Desarrollo in Chile in 2007, we have acquired its innovative micro-finance subsidiary, which has 19 years of experience serving self-employed trades people and micro-businesses – groups that often cannot access traditional banking services. Among the services offered, the Banco del Desarrollo subsidiary manages the

“Solidarity Development Program (SDP),” which provides financing to groups of single mothers in marginalized neighbourhoods to support basic income-generation initiatives and housing acquisition. There are currently almost 4,000 of these operations with loan amounts typically under \$500.

Additionally, Banco del Desarrollo's microfinance unit successfully engages in a series of socially oriented lending programs directed towards community development projects, such as rural drinking water co-operatives and support to low-income family farming, fishing, commerce and transport enterprises. At present, the microfinance subsidiary of Banco del Desarrollo works with over 100,000 clients with small-scale productive ventures.

- We continue to investigate viable opportunities to expand our micro-finance programs and develop local partnerships in other locations in the Caribbean or Latin America.

Scotia Capital pledge brings education, water and hope to Africa

Scotia Capital and its employees have made a significant difference in the lives of villagers in rural Tanzania by providing more than \$700,000 over the past seven years through Plan Canada.

It first began when members of the Global Trading Group collected loose change to sponsor 72 children from the village of Lipangalala in the Ifakara region of Tanzania. Their support grew when Scotia Capital made a three-year \$270,000 pledge to the Education for All project in July 2000. This project resulted in the renovation of four schools, purchase of books and school supplies and training of 100 primary teachers, which directly benefited 7,000 children.

As a follow-up to this success, in 2005, Scotia Capital pledged another three-year \$270,000 donation to Plan Canada's Water for Life Project. Inspired by the fact that 80 per cent of all diseases in developing countries are caused by unclean drinking water and inadequate sanitation, the project aimed to provide simple, sustainable solutions for children and families who struggle each day to collect clean water.

By June 2007, the Water for Life Project had resulted in the construction of seven new wells with hand pumps and 335 new latrines, the repair of 16 existing water access points and training of 14 water committees. Remaining funds were directed to new hand-washing facilities in the four schools supported by the Bank.

And Scotia Capital employees are proud of an important indicator of their success: An estimated 21,000 citizens of Lipangalala and neighbouring communities are benefiting from the new water sources, and the area did not experience a single outbreak of cholera during 2007.

Going forward

Scotiabank has set a number of objectives to enhance our community involvement, and we will continue to report our progress through our annual corporate social responsibility report. We will:

- Maintain our status as an Imagine Caring Company by continuing to donate 1% of domestic pre-tax profits to charities and non-profit groups;
- Provide financial support for employee volunteering among our global workforce through the Scotia Employee Volunteer Program and Team Scotia Community Program; and
- Roll out and operationalize our Bright Future Program.

glossary

BALANCED SCORECARD: an analysis technique designed to translate an organization's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organization's performance in terms of achieving them. The approach combines financial and non-financial objectives, including financial, operational, customer and employee perspectives. Scotiabank has incorporated this methodology in its performance management approach for employees.

BANK ACT: federal legislation governing how banks operate in Canada.

CANADA LABOUR CODE: an act of Canadian Parliament regulating labour in Canada, including standards for fair and equitable working conditions and occupational health and safety for several industries, including chartered banks.

CANADIAN HUMAN RIGHTS ACT: a law designed to ensure equal opportunity for individuals and to prevent discriminatory practices based on a set of prohibited grounds, such as gender, disability or religion.

CARBON DISCLOSURE PROJECT: an initiative for institutional investor collaboration on climate change, which aims to inform investors of the significant risks and opportunities presented by climate change to the FT500 companies, and to inform company management of the serious concerns of their shareholders regarding the impact of climate change on company value.

CARBON FOOTPRINT: is a measure of the total amount of carbon dioxide emissions that is directly and indirectly caused by an activity or is accumulated over the life stages of a product. It is intended to help individuals and organizations to conceptualize their impact in contributing to global warming.

CLEAN DEVELOPMENT MECHANISM (CDM): a mechanism provided by Article 12 of the Kyoto Protocol, designed to assist developing countries in achieving sustainable development by permitting industrialized countries to finance projects for reducing greenhouse gas emissions in developing countries, and to receive credit for doing so.

CUSTOMER LOYALTY INDEX: a key indicator of customer commitment to Scotiabank, based on results from the Bank's internal Through Your Customers' Eyes™ customer satisfaction survey of more than 105,000 randomly selected retail banking customers each year.

EMPLOYEE SATISFACTION INDEX: measures the level of Scotiabank employees' satisfaction with their immediate work environment, based on results from the Bank's annual ViewPoint opinion survey of its global workforce.

EMPLOYMENT RELATIONSHIPS PLAN: Scotiabank's plan to integrate diversity and employment equity initiatives into established business processes, including annual plans, budgets and a quarterly People Report to measure progress in each Scotiabank business line.

EQUATOR PRINCIPLES: a set of internationally recognized, voluntary project finance guidelines that set social and environmental standards for the finance sector. They are based on World Bank and International Finance Corporation standards, and have been signed by more than 40 financial institutions around the world.

FINANCIAL CONSUMER AGENCY OF CANADA (FCAC): the Canadian regulatory agency that provides consumer education and oversees financial institutions to ensure they comply with federal consumer protection laws.

GLOBAL REPORTING INITIATIVE (GRI): an independent, not-for-profit institution that develops globally applicable sustainability reporting guidelines for voluntary use by organizations to report on the economic, environmental and social dimensions of their activities, products and services.

GREENHOUSE GAS EMISSIONS (GHG): Greenhouse gases are gaseous components of the atmosphere, created in part by human activities such as the burning of fossil fuels, which contribute to the greenhouse effect and global warming, a trend by which the earth's air and ocean temperatures have increased in recent decades.

IDENTITY THEFT: involves securing pieces of an individual's personal information or identification and using the information to impersonate the individual, often to commit forgery or fraud for financial gain.

INTERNATIONAL FINANCE CORPORATION (IFC): the private sector arm of the World Bank that promotes private sector investment in developing countries. The environmental and social requirements set out in the Equator Principles are largely based on their policies.

JOINT IMPLEMENTATION (JI): a mechanism provided by Article 6 of the Kyoto Protocol, whereby a country included in Annex I of the UNFCCC and the Kyoto Protocol may acquire Emission Reduction Units when it helps to finance projects that reduce net emissions in another industrialized country (including countries with economies in transition).

KYOTO PROTOCOL: an international agreement, signed in Kyoto, Japan, in 1997, and ratified by 160 countries, including Canada. It specifies emission obligations for the *Annex B* countries and defines the three so-called Kyoto mechanisms: JI, CDM and emissions trading. It entered into force on February 16, 2005.

PUBLIC ACCOUNTABILITY STATEMENT (PAS): a document required by law in Canada, whereby Canadian banks and other major financial institutions must report on their contributions to Canadian society and the economy.

RENEWABLE ENERGY: energy provided by natural processes that are replenished constantly, such as wind, tidal, solar, wave, geothermal, biomass, hydro and run-of-river, as well as biofuels, such as ethanol or biodiesel, by which commodities/agricultural products are converted into energy sources for transportation. Climate change concerns and diminishing fossil fuel supplies have led to increased government regulation, incentives and commercialization of renewable energy sources.

SARBANES-OXLEY ACT: U.S. legislation passed in 2002 to strengthen corporate governance by establishing standards for all companies that trade on U.S. stock exchanges and public accounting firms.

SUSTAINABILITY: sustainable development was defined by the Brundtland Commission Report to the United Nations as development that meets the needs of the present without compromising the ability of future generations to meet their needs.

UNITED NATIONS ENVIRONMENTAL PROGRAM FINANCE INITIATIVE (UNEP FI): a global partnership between the United Nations Environmental Program and the private financial sector whereby more than 160 financial institutions work together to identify and adopt best environmental and sustainability practices within their operations. www.unepfi.org

appendix

The following information is required by the Public Accountability Statement Regulations pursuant to the Bank Act. Other information required by the regulations is incorporated into the core of this report.

Scope of reporting

This report includes information for the following affiliates of the Bank in Canada: Scotia Capital Inc., The Mortgage Insurance Company of Canada, National Trust Company, Scotia Mortgage Corporation, Scotia General Insurance Company, Maple Trust Company, Dundee Bank of Canada, MontroServices Corporation, Montreal Trust Company of Canada, Scotia Life Insurance Company, The Bank of Nova Scotia Trust Company, RoyNat Inc., RoyNat Capital Inc., and Scotia Merchant Capital Corporation.

Principal Subsidiaries⁽¹⁾

As at October 31, 2007

	Principal office
Canadian	
BNS Capital Trust	Toronto, Ontario
BNSII Group	Toronto, Ontario
Montreal Trust Company of Canada	Montreal, Quebec
MontroServices Corporation	Montreal, Quebec
Scotia Merchant Capital Corporation	Toronto, Ontario
BNS Investments Inc.	Toronto, Ontario
Dundee Bank of Canada	Toronto, Ontario
Maple Trust Company	Toronto, Ontario
National Trustco Inc.	Toronto, Ontario
The Bank of Nova Scotia Trust Company	Toronto, Ontario
National Trust Company	Toronto, Ontario
RoyNat Inc.	Toronto, Ontario
Scotia Capital Inc.	Toronto, Ontario
Scotia Cassels Investment Counsel Limited	Toronto, Ontario
Scotia Life Insurance Company	Toronto, Ontario
Scotia Mortgage Corporation	Toronto, Ontario
Scotia Securities Inc.	Toronto, Ontario
Scotiabank Capital Trust ⁽²⁾	Toronto, Ontario
Scotiabank Subordinated Notes Trust ⁽²⁾	Toronto, Ontario
Travelers Leasing Corporation	Burnaby, British Columbia
TradeFreedom Securities Inc.	Montreal, Quebec
International	
The Bank of Nova Scotia Berhad	Kuala Lumpur, Malaysia
The Bank of Nova Scotia International Limited	Nassau, Bahamas
BNS International (Barbados) Limited	Warrens, Barbados
Grupo BNS de Costa Rica, S.A.	San Jose, Costa Rica
The Bank of Nova Scotia Asia Limited	Singapore
The Bank of Nova Scotia Trust Company (Bahamas) Limited	Nassau, Bahamas
Scotiabank & Trust (Cayman) Limited	Grand Cayman, Cayman Islands
Scotia Insurance (Barbados) Limited	Warrens, Barbados
Scotiabank (Bahamas) Limited	Nassau, Bahamas
Scotiabank (British Virgin Islands) Limited	Road Town, Tortola, B.V.I.
Scotiabank (Hong Kong) Limited	Hong Kong, China
Scotiabank (Ireland) Limited	Dublin, Ireland
Scotia Group Jamaica Limited (71.8%)	Kingston, Jamaica
The Bank of Nova Scotia Jamaica Limited	Kingston, Jamaica
Dehring, Bunting & Golding Limited (55.3%)	Kingston, Jamaica
Grupo Financiero Scotiabank Inverlat, S.A. de C.V. (97.3%)	Mexico, D.F., Mexico
Nova Scotia Inversiones Limitada	Santiago, Chile
Scotiabank Sud Americano, S.A. (98.8%)	Santiago, Chile
Scotia Capital (USA) Inc.	New York, New York
Scotia Holdings (US) Inc.	Houston, Texas
The Bank of Nova Scotia Trust Company of New York	New York, New York
Scotiabanc Inc.	Houston, Texas
Scotia International Limited	Nassau, Bahamas
Scotiabank Anguilla Limited	The Valley, Anguilla
Scotiabank de Puerto Rico	Hato Rey, Puerto Rico
Scotiabank El Salvador, S.A. (99.4%)	San Salvador, El Salvador
Scotiabank Europe plc	London, England
Scotiabank Peru S.A.A. (77.8%)	Lima, Peru
Scotiabank Trinidad & Tobago Limited (50.9%)	Port of Spain, Trinidad

(1) The Bank owns 100% of the outstanding voting shares of each subsidiary unless otherwise noted. The listing includes major operating subsidiaries only.

(2) In terms of current accounting standards, this entity is not consolidated, as the Bank is not the primary beneficiary.

Voluntary codes of conduct and public commitments*

Scotiabank is committed to a number of voluntary codes of conduct and public commitments designed to protect consumer interests. These include:

- Canadian Code of Practice for Consumer Debit Card Services
- Guidelines for Transfers of Registered Plans
- CBA Code of Conduct for Authorized Insurance Activities
- Principles of Consumer Protection for Electronic Commerce: A Canadian Framework
- Model Code of Conduct for Bank Relations with Small and Medium-sized Businesses
- Plain Language Mortgage Documents – CBA Commitment
- Undertaking on Unsolicited Services
- Low-Fee Retail Deposit Account, Memorandum of Understanding
- VISA Zero Liability Policy and VISA E-Promise
- Undertaking: Index-Linked Deposits Interest Disclosure Regulations
- Online Payments
- Reduced cheque hold periods

* For a copy of the full text of the codes and commitments, refer to www.scotiabank.com, Customer Care page. Visit the websites of the Financial Consumer Agency of Canada (www.fcac-acfc.gc.ca) and the Canadian Bankers Association (www.cba.ca) for more detailed information on consumer protection.

Branches/Offices/ABMs

Scotiabank's strong customer focus and commitment to improving sales and service includes maintaining a strong branch network as part of its overall delivery strategy. The Bank currently has 1,005 branches, 99 wealth management branches and 2,852 ABMs in Canada. In 2007, as part of our expansion plans, we opened 35 new branches. All branches closed or consolidated this year were relocated within the community.

Whenever we find it necessary to close or consolidate branches, we comply with federal legislation by providing:

Branches opened

British Columbia	2618 McMillan Rd., Abbotsford 8972 University High St., Burnaby 45800 Promontory Rd., Chilliwack 6189 200th St., Langley** 5710 Teredo St., Sechelt 5699 176th St., Surrey** 9838 Fourth St., Sidney†
Alberta	913 1st Ave. N.E., Calgary 873 85th St. S.W., Calgary 3804 17 St. N.W., Edmonton 2466 Guardian Rd. N.W., Edmonton 11110 Ellerslie Rd. S.W., Edmonton 14103 23rd Ave., Edmonton 10915 104A Ave., Grande Prairie 2950 22nd St., Red Deer 615 St. Albert Rd., St. Albert 665 Baseline Rd., Sherwood Park 800 Pine Rd., Strathmore 908 Hewlett Park Landing, Sylvan Lake
Saskatchewan	2410 22nd St. W., Saskatoon**
Manitoba	200 Portage Ave., Winnipeg†
Ontario	160 Yellow Avens Blvd., Brampton 340 Colborne St. W., Brantford 270 Dundas St. S., Cambridge** 76 Dundas St. E., Dundas 950 Paisley Rd., Guelph 700 March Rd., Kanata 5795 Malden Rd., LaSalle 880 Main St. E., Milton 3025 Woodroffe Ave., Nepean 250 Centennial Rd., Orangeville 1580 Elgin Mills Rd. E., Richmond Hill 2250 Rymal Rd. E., Stoney Creek 1 St. Clair Ave. E., Suite 800, Toronto† 3080 Highway 69 N., Val Caron 14 Fischer-Hallman Rd. N., Waterloo** 601 Victoria St. W., Whitby
Quebec	2505, rue d'Annemasse., Boisbriand 7240 boul. Lepage, Brossard** 210 chemin d'Aylmer, Gatineau 258 montée Masson., Mascouche 352 rue Chabanel W., Montréal** 3070 boul. de la Gare., Vaudreuil-Dorion
New Brunswick	600 Pinewood Rd., Riverview
Nova Scotia	3084 Highway 2, Fall River 255 Main St., Antigonish†
Newfoundland	49 Roe Ave., Gander**

* New branch as a result of consolidation

** New branch as a result of relocation

† New ScotiaMcLeod/Wealth locations

- employees, customers and the community at large with a minimum of four months' advance notice, and
- at least six months' notice in rural areas, where there are no other deposit-taking institutions within a 10-km radius of the branch being closed.

In these situations, we work closely with our customers and the community to ensure a smooth transition and to continue to find ways to meet their needs. The important thing is to balance solutions that are right for the individual community and our customers.

Branches closed

British Columbia	8925 120th St., Delta† 19705 Fraser Hwy., Langley** 20555 56th Ave., Langley† 7378 120th St., Surrey† 3189 King George Hwy., Surrey† 13790 72nd Ave., Surrey† 13551 102nd Ave., Surrey† 2301 Guildford Town Centre, Surrey† 13401-108th Ave., Surrey† 16033-108th Ave., Surrey† 8888 152nd St., Surrey† 5782 175th St., Surrey† 5782 175th St., Surrey** 650 W. Georgia St., Vancouver† 15190 North Bluff Rd., White Rock†
Alberta	132 Main St., Airdrie† 2525 Woodview Dr. S.W., Calgary† 8706 Macleod Trail S., Calgary† 8120 Beddington Blvd. N.W., Calgary† 6449 Crowchild Trail S.W., Calgary† 1303 Centre St. N., Calgary† 2220 68 St. N.E., Calgary† 1401 17 Ave. S.W., Calgary† 5149 Country Hills Blvd., Calgary† 4110 Brentwood Rd. N.W., Calgary† 260 61 Ave. S.W., Calgary† 240 - 8th Ave. S.W., Calgary† 202 5th Ave., Cochrane† 702 3 Ave. S., Lethbridge† 83 Carry Dr. S.E., Medicine Hat† 5A Elisabeth St., Okotoks† 4824 53 St., Taber†
Saskatchewan	1980 11 Ave., Regina† 280 Central Ave. N., Swift Current† 2410 22nd St. W., Saskatoon** 277 Broadway St. E., Yorkton†
Ontario	115 Christopher Dr., Cambridge** 450 Erb St. W., Waterloo**
Quebec	7800 boul. Taschereau, Brossard** 3064 boul. St-Charles, Kirkland† 555 rue Chabanel W., Montréal** 1170 place du Frère André, Montréal 7885 boul. Decarie, Montréal† 2305 chemin Rockland, Montréal† 437 rue St-Jacques W., Montréal† 1900 ave. McGill College, Montréal† 5272 chemin Queen Mary, Montréal† 6815 Trans-Canada Hwy., Pointe-Claire† 900 boul. René-Levesque E., Quebec City† 2380 chemin Lucerne, Ville Mont-Royal† 3828 boul. de la Côte-Vertu, Ville St-Laurent†
Newfoundland	68 Elizabeth Dr., Gander**

* Closure as a result of consolidation

** Closure as a result of relocation

† In 2007, we closed a number of ScotiaMcLeod sub-branches (located within Scotiabank retail branches) as a result of a reorganization of our ScotiaMcLeod sales force. This did not involve physical premises closure.

ABM installations and de-installations

ABMs Installed*

British Columbia

2618 McMillan Rd. (2), Abbotsford
3700 Willingdon Ave. (2), Burnaby
8972 University High St., Burnaby
45800 Promontory Rd. (3), Chilliwack
3051 Lougheed Hwy, Coquitlam
1950 K.L.O. Rd., Kelowna
19705 Fraser Hwy., Langley
5710 Teredo St. (2), Sechelt
9620 120th St., Surrey
1591 56th St., Tsawwassen
1503 West 41st Ave., Vancouver

Alberta

703 42nd Ave. S.E., Calgary
913 1st Ave. N.E. (2), Calgary
7000 873 85th St., S.W. (3), Calgary
6455 Macleod Trail S.W., Calgary
9650 Harvest Hills Blvd., Calgary
3518 118 Ave., Edmonton
9903 51st Ave., Edmonton
3804 17 St. N.W. (3), Edmonton
14103 23rd Ave. (2), Edmonton
11110 Eilerslie Rd S.W. (3), Edmonton
2466 Guardian Rd. N.W. (3), Edmonton
8900 114 St., Edmonton
8882 170 St., Edmonton
10915 104A Ave., (2), Grande Prairie
5205 Discovery Way, Leduc
2950 22nd St. (2), Red Deer
665 Baseline Rd. (3), Sherwood Park
200 King St., Spruce Grove
615 St Albert Rd. (3), St. Albert
800 Pine Rd. (3), Strathmore
90B Hewlett Park Landing, Sylvan Lake
3760 Kepler St., Whitecourt

Saskatchewan

1102 101st St., North Battleford
2410 22nd St. W., Saskatoon

Manitoba

235 Marion St., Winnipeg

Ontario

21C Essa Rd., Barrie
490 Great Lakes Dr., Brampton
340 Colborne St. W. (3), Brantford
115 Christopher Dr., Cambridge
76 Dundas St. E. (3), Dundas
950 Paisley Rd. (3), Guelph
700 March Rd. (2), Kanata
5795 Malden Rd. (3), La Salle
254 Erie St. S., Leamington
17 Lindsay St. S., Lindsay
1170 Oxford St. W., London
8510 Woodbine Ave., Markham
880 Main St. E. (3), Milton
1715 Bloor St. E., Mississauga
3025 Woodroffe Ave. (3), Nepean
16635 Yonge St., Newmarket
6777 Morrison St., Niagara
50 Terminal Rd., North Bay
3210 Weston Rd., North York
250 Centennial Rd. (2), Orangeville
1125 Colonel By Dr., Ottawa
5884 Rama Rd., Rama
8658 Yonge St., Richmond Hill
1580 Elgin Mills Rd. E. (3), Richmond Hill
888 Birchmount Ave., Scarborough
2250 Rymal Rd. E. (3), Stoney Creek
203 Front St., Sturgeon Falls
565 Algonquin Blvd. E., Timmins
33 Queen St. E., Toronto
2 Church St., Toronto
63 Gould St., Toronto
55 Gould St., Toronto
259 Richmond St. W. (2), Toronto
3080 Hwy 69 N. (2), Val Caron
2650 Rutherford Rd., Vaughan
450 Erb St. W., Waterloo
601 Victoria St. W. (3), Whitby
3889 Dougall Ave., Windsor

Quebec

2505 rue d'Annemasse (3), Boisbriand
7800 boul. Taschereau, Brossard
179 boul. Jean Leman, Candiac
180 chemin Lépine, Gatineau
210 chemin d'Aylmer (2), Gatineau
650 16^e ave., Lachine
2209 boul. Lapierre, Lasalle
480 boul. Labelle, Laval
444 boul. Curé Labelle, Laval
258 montée Masson (3), Mascouche
7675 boul. St-Michel, Montreal
1255 montée Masson, Terrebonne
3070 boul. de la Gare (3),
Vaudeuil-Dorion
3980 Côte-de-Liesse, Ville Mont-Royal
1855 ave. O'Brian, Ville St-Laurent

New Brunswick

1015 Regent St., Fredericton
600 Pinewood Rd. (2), Riverview

Nova Scotia

61 Water St., Digby
3084 Hwy 2 (2), Fall River
1505 Barrington St., Halifax
3480 Dutch Village Rd., Halifax

Newfoundland and Labrador

68 Elizabeth Dr., Gander
335 Main Rd., Goulds
176 Caribou Rd., Port aux Basques
70 West St., St. Anthony
4 Riverside Dr., St. Lawrence

ABMs De-Installed*

British Columbia

2573 Runnel Dr., Coquitlam
1291 Cliveden Ave., Delta
1850 K.L.O. Rd., Kelowna
19705 Fraser Hwy., Langley
4869 Continental Way, Prince George
9620 120th St., Surrey
1157 Burrard St., Vancouver

Alberta

1260 Cassils Rd. E., Brooks
4216 72nd Ave. SE., Calgary
117 64th Ave. NE., Calgary
5205 Discovery Way, Leduc
170 Jerry Potts Blvd., Lethbridge
302 20 Ave., Nisku

Manitoba

609 Regent Ave. W., Winnipeg

Ontario

509 Bayfield St., Barrie
150 Sidney St., Belleville
654 Notre Dame St., Embrun
2950 Bank St., Gloucester
969 Upper Ottawa St., Hamilton
1400 Britannia Rd., Mississauga
3210 Weston Rd., North York
2480 Walkley Rd., Ottawa
754 Bank St., Ottawa
2 Bridge St., Point Edward
5884 Rama Rd., Rama
600 University Ave., Toronto
450 Erb St. W., Waterloo

Quebec

1181 Gilles Villeneuve, Berthierville
473 boul. Greber, Gatineau
214 Cité des Jeunes, Hull
7576 Centrale, Lasalle
1315 boul. de la Concorde W.,
Laval-des-Rapides
2801 Jacques Cartier E., Longueuil
7355 boul. St-Michel, Montréal
1 Rang St-André, Napierville
22 boul. Sauvé, St-Eustache
569 rue Principale, Ste-Hélène de Bagot
19 Blainville W., Ste-Thérèse
4675, rue Jean-Talon E., St-Léonard
222G, chemin du Lac Millette,
St-Sauveur-des-Monts

Nova Scotia

1919 Upper Water St., Halifax

Newfoundland and Labrador

68 Elizabeth Dr., Gander
St. Lawrence, St. Lawrence

Saskatchewan

2410 22nd St. W., Saskatoon

* The above list includes a number of locations where ABMs were installed, de-installed or consolidated.

Debt financing

Scotiabank is committed to meeting the needs of Canadian businesses, including small and medium enterprises. The following charts indicate – by province and for Canada as a whole – the amount of business credit authorized and outstanding, as at Oct. 31, 2007, and the number of customers to whom it was authorized.

Authorization Levels of:	\$0 - \$24,999			\$25,000 - \$99,999			\$100,000 - \$249,999			\$250,000 - \$499,999		
	Authorized \$ thousands	Outstanding \$ thousands	Customers	Authorized \$ thousands	Outstanding \$ thousands	Customers	Authorized \$ thousands	Outstanding \$ thousands	Customers	Authorized \$ thousands	Outstanding \$ thousands	Customers
British Columbia and Yukon*	56,691	18,570	10,604	196,849	90,248	4,077	261,126	155,752	1,738	226,399	148,212	667
Alberta & NWT**	60,543	20,876	10,665	210,937	103,352	4,381	302,542	178,308	1,998	280,666	167,889	844
Saskatchewan	23,368	11,787	2,777	96,631	57,193	1,934	104,535	70,037	715	45,795	33,163	143
Manitoba	165,293	29,956	16,685	902,316	274,513	17,987	267,984	138,193	2,148	120,129	63,320	374
Ontario	231,126	88,941	43,286	856,808	462,682	17,487	1,109,804	695,646	7,351	903,832	585,694	2,738
Quebec	25,405	9,803	4,448	117,268	62,944	2,369	196,150	128,956	1,265	162,399	111,964	474
New Brunswick	15,390	6,415	2,398	61,639	35,240	1,258	58,792	37,482	391	23,682	15,783	77
Nova Scotia	26,205	11,267	3,998	109,740	66,281	2,188	150,996	99,769	973	175,128	109,423	512
P.E.I.	4,664	2,147	575	21,266	12,931	418	23,448	16,145	159	12,300	8,936	39
Newfoundland	17,484	6,892	2,631	69,287	37,060	1,437	63,902	40,882	437	24,131	15,694	79
Canada	626,169	206,654	98,067	2,642,741	1,202,444	53,536	2,539,279	1,561,170	17,175	1,974,461	1,260,078	5,947

Authorization Levels of:	\$500,000 - \$999,999			\$1,000,000 - \$4,999,999		
	Authorized \$ thousands	Outstanding \$ thousands	Customers	Authorized \$ thousands	Outstanding \$ thousands	Customers
British Columbia and Yukon*	229,823	146,180	344	652,581	418,621	335
Alberta, Saskatchewan and NWT***	219,717	124,121	334	967,259	571,815	404
Manitoba	122,346	55,049	195	162,039	85,565	87
Ontario	895,173	559,535	1,328	4,247,762	2,651,613	1,962
Quebec	193,138	136,137	282	817,921	498,501	384
New Brunswick, Nova Scotia, P.E.I. and Newfoundland****	244,109	153,842	353	768,913	490,199	377
Canada	1,904,306	1,174,864	2,836	7,616,475	4,716,314	3,549

Authorization Levels of:	over \$5,000,000		
	Authorized \$ thousands	Outstanding \$ thousands	Customers
British Columbia and Yukon*	3,968,203	2,124,004	160
Alberta, Saskatchewan and NWT***	12,788,179	6,287,752	310
Manitoba	1,305,238	549,598	44
Ontario	49,513,772	20,615,005	1,245
Quebec	4,699,811	2,877,355	170
New Brunswick, Nova Scotia, P.E.I. and Newfoundland****	2,677,561	1,479,280	130
Canada	74,952,764	33,932,994	2,059

Note: for reasons of client confidentiality, we have combined the following:

* Yukon with British Columbia.

** Northwest Territories with Alberta.

*** Northwest Territories, Saskatchewan and Alberta.

**** New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia.

2007 taxes

Scotiabank incurs a number of taxes, including direct taxes on income by Canadian federal and provincial governments and the governments of foreign jurisdictions in which the Bank operates, as well as several indirect taxes. In 2007, this totaled \$2.0 billion (taxable equivalent basis), representing 39 per cent of the Bank's pre-tax income for the year.

Total tax expenses to all levels of government in Canada are shown in the chart below. For additional information on the Bank's tax expenses in 2007, please refer to Table 43 in Scotiabank's 2007 Annual Report, available online at www.scotiabank.com.

TAXES IN CANADA (As at October 31, 2007) (\$ thousands)	Income Taxes	Capital Taxes	Other Taxes⁽¹⁾
Federal	149,443	0	167,375
Provincial			
Newfoundland	1,463	613	3,373
Prince Edward Island	357	207	63
Nova Scotia	4,256	1,697	4,947
New Brunswick	1,610	594	2,110
Quebec	27,715	6,333	10,219
Ontario	118,150	21,477	81,034
Manitoba	2,015	1,662	1,921
Saskatchewan	1,765	1,511	565
Alberta	13,062	0	4,163
British Columbia	10,197	2,372	5,220
Territories	109	0	20
Total provinces	180,699	36,466	113,635
Total	330,142	36,466	281,010

(1) includes payroll taxes, GST, HST, municipal taxes and deposit insurance premiums

TAXES IN FOREIGN REGIONS (As at October 31, 2007) (\$ thousands)	Income Taxes
Asia Pacific	32,317
Caribbean & Latin America	342,383
Europe & Middle East	180,897
United States	176,935
Total	732,532

Online

For product, corporate, financial and shareholder information:
www.scotiabank.com and www.scotiacapital.com

additional information

Corporate Headquarters

Scotiabank
Scotia Plaza
44 King Street West
Toronto, Ontario
Canada M5H 1H1
Tel: (416) 866-6161
Fax: (416) 866-3750
E-mail: email@scotiabank.com

For further information

PUBLIC, CORPORATE AND GOVERNMENT AFFAIRS

Scotiabank
44 King Street West
Toronto, Ontario
Canada M5H 1H1
Tel: (416) 866-3925
Fax: (416) 866-4988
E-mail: corpaff@scotiabank.com



Cover is printed on 100 lb. Chorus Art Silk Text, White, FSC

The paper manufacturer follows the standards set by the Forest Stewardship Council which represent the world's most stringent system for guiding responsible forest management. The fiber in Chorus Art Silk, the paper used in the printing of this publication, has been certified as meeting all of the FSC's 10 Principles and 57 Criteria for ensuring environmentally responsible, socially acceptable and economically viable forestry. FSC certification guarantees that this paper was produced in a way that conserves biological diversity, water resources, soils and unique fragile ecosystems and landscapes so that ecological functions and the integrity of the forest are maintained.



Inside pages are printed on 50 lb. Rolland Enviro PC 100 Smooth Text, White, FSC

Rolland Enviro 100, 100% post-consumer recycled fibre and manufactured using Biogas energy – an alternative energy source that helps to eliminate green house gas emissions.

Savings:

Trees: 100 trees preserved for the future
Waste: 2,874 kg solid waste not generated
Water: 18.2 kg waterborne waste not created
271,854 litres of water/wastewater flow saved
Air: 6,311 kg of air emissions (CO₂, SO₂, NO_x) lowered
Energy: 411 m³ natural gas saved by using Biogas energy

