Scotiabank

Investor Presentation
Fourth Quarter, 2010

December 3, 2010

Caution Regarding Forward-Looking Statements

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

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to us and our affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to our credit ratings; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; operational and reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion starting on page 62 of the Bank's 2010 Annual Report.

The preceding list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

The "Outlook" sections in this document are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections.

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

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Overview

Rick Waugh

President & Chief Executive Officer

2010 Overview

- **Record earnings**
  - Net income: $4,239 million
  - EPS: $3.91, up 18% vs. prior year
  - ROE: 18.3%
- **Record revenue and net income with all platforms contributing to success**
- **Record net income in Canadian Banking**
- **Continued strength in risk management**
- **Strong capital ratios**

Exceeded 2010 Targets

Objective	Target	Actual
ROE	16% to 20%	18.3%
EPS Growth	7% to 12%	18%
Productivity Ratio	< 58%	51.8%
Capital ratios	Strong Capital Ratios	Tier 1: 11.8% TCE: 9.6%

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Financial Review

Luc Vanneste

Executive Vice-President &
Chief Financial Officer

Strong Quarter

Q4/10	Q3/10	Q/Q		Q4/09	Y/Y
1,092	1,062	3%	Net Income ($MM)	902	21%
$1.00	$0.98	2%	EPS	$0.83	20%
17.9%	18.2%	(30) bps	ROE	16.4%	150 bps
54.4%	52.5%	(190) bps	Productivity Ratio	54.2%	(20) bps

Year-over-year comparison

Q4 earnings benefited from…

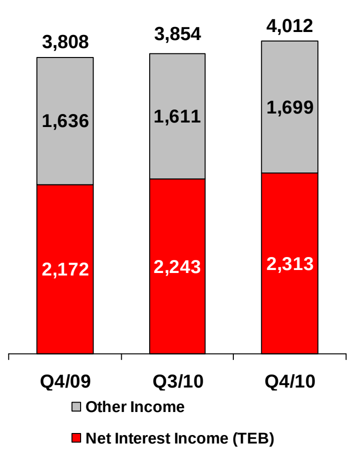
- Asset growth and record net interest income
- Lower PCLs
- Increase in mutual fund revenues

Partly offset by…

- Growth in operating expenses
- Lower trading revenues
- Higher tax provisions

Consistent Growth in Revenues

Revenues (TEB)
($ millions)



Year-over-Year

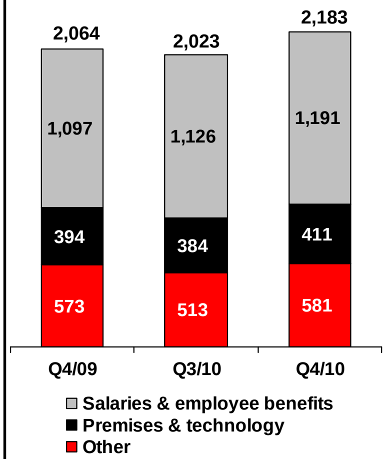
- **Net interest income up 6%**
  + Higher asset levels
- **Other income up 4%**
  + Higher mutual fund revenues
  + Higher securitization revenues
  + Higher net gains on securities
  - Lower trading revenues

Quarter-over-Quarter

- **Net interest income up 3%**
  + Improved margin
- **Other income up 5%**
  + Higher contribution from R-G Premier
  + Stronger securitization and trading revenues
  - Lower net gains on securities

Higher Expenses: Growth Initiatives & Seasonality

Non-Interest Expenses
($ millions)



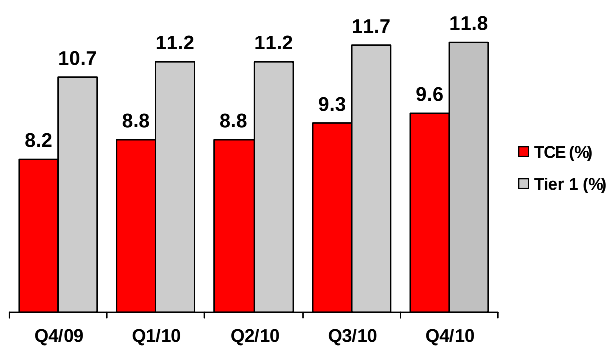
Year-over-Year

- **Expenses up 6%**
  - Higher salaries and employee benefits
  - Higher technology and advertising spending to support business growth

Quarter-over-Quarter

- **Expenses up 8%**
  - Higher performance and stock based compensation
  - Seasonally higher advertising, technology and professional fees

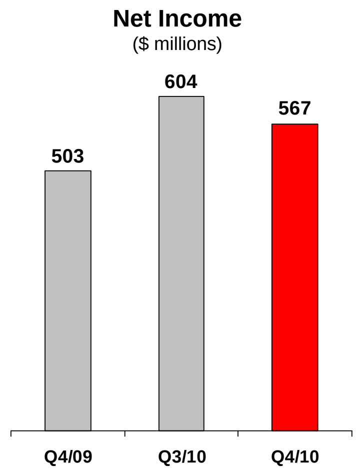
Strengthened Capital Ratios



<u>2010 Summary:</u>

- Internal capital generation of $2,015MM (vs. $1,371MM in 2009)
- Stock issued under DRIP: $619MM (vs. $511MM in 2009)

Canadian Banking: Strong Quarter, Record Year



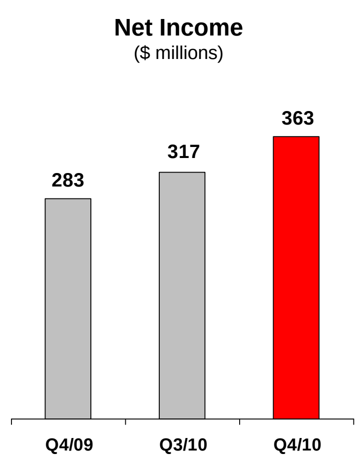
Year-over-Year

- **Revenues up 5%**
  - + Asset growth
  - + Deposit growth
  - + Growth in Other Income
- **PCLs down $16MM**
- **Expenses up 4%**
  - - Higher performance based compensation
  - - Expenses related to growth initiatives

Quarter-over-Quarter

- **Revenues flat**
- **PCLs up $11MM**
- **Expenses up 4%**
  - - Seasonally higher expenses
  - - Higher performance based compensation

International Banking: Strong Quarter



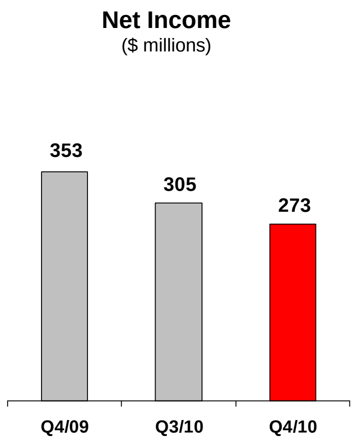
Year-over-Year

- **Revenues up 14% (up 15% ex. FX)**
  - + Increased contribution from acquisitions
  - + Higher volumes
- **PCLs down $39MM**
- **Expenses up 7%**
  - - Impact of acquisitions
  - - Higher compensation costs and premises expenses

Quarter-over-Quarter

- **Revenues up 3% (up 2% ex. FX)**
  - + Benefit of acquisitions
  - + Higher volumes
- **PCLs down $10MM**
- **Expenses up 5%**
  - - Higher salaries
  - - Higher advertising and other seasonal costs

Scotia Capital: Second Best Year on Record



Year-over-Year

- **Revenues down 20%**
  - Lower trading revenue
  - Lower underwriting and credit fees
  - Lower loan volumes
- **PCLs down $71MM**
- **Expenses up 13%**
  - Higher expense from growth initiatives

Quarter-over-Quarter

- **Revenues up 4%**
  - \+ Higher trading revenues
  - \+ Higher M&A advisory revenues
- **PCLs recoveries down $17MM**
- **Expenses up 21%**
  - Higher expenses from growth initiatives and legal provisions

Other Segment (1)

($ millions)	Q4/10	Q3/10	Q4/09
Funding Net Interest Income	(98)	(117)	(106)
Broker Deposits (2)	--	--	(49)
Net Securitization Revenues (3)	(38)	(110)	(139)
AFS Securities Writedowns	(15)	(5)	(49)
Financial Instruments	25	(6)	28
General Provision	40	--	--
Expenses & Net Other Items	(23)	20	27
TEB Offset	(70)	(70)	(73)
Taxes	68	124	124
Total Other	**(111)**	**(164)**	**(237)**

(1) Includes Group Treasury and other corporate items, which are not allocated to a business line
(2) Effective Q1/10, Broker deposits were transferred to Canadian Banking
(3) Represents the impact to the Other segment of CMB securitization revenues recognized in other income, and the reduction in mortgage net interest income earned as a result of removing the mortgages from the Balance Sheet

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Risk Review

Rob Pitfield

Group Head and Chief Risk Officer

Q4 2010 Risk Overview

- **Risk in credit portfolios continues to be well managed**
  - Significant decline in specific provisions year-over-year
  - Reduced general allowance by $40 million
  - Continued downward trend in net impaired loan formations
  - Overall credit quality of loan portfolios continues to improve
- **Market risk well controlled**
  - Lower variability in trading revenues compared to Q3/10
  - Lower VaR with fewer loss days

Significant Decline in Specific Provisions Year-over-Year

($ millions)	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Canadian Retail	159	140	149	145	140
Canadian Commercial	33	41	40	24	34
	192	**181**	**189**	**169**	**174**
International Retail	122	130	125	118	129
International Commercial	45	47	48	20	(1)
	167	**177**	**173**	**138**	**128**
Scotia Capital	**65**	**14**	**(5)**	**(7)**	**(8)**
Total	**424**	**372**	**357**	**300**	**294**
PCL ratio (bps)	63	55	55	43	41

Continued Downward Trend in Net Impaired Loan Formations

($ millions)	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Canadian Retail	205	184	154	147	135
Canadian Commercial	24	42	15	47	71
	229	**226**	**169**	**194**	**206**
International Retail	254	259	184	211	149
International Commercial	5	135	15	(12)	(36)
	259	**394**	**199**	**199**	**113**
Scotia Capital	**139**	**(109)**	**(68)**	**(10)**	**13**
Total	**627**	**511**	**300**	**383**	**332**

Risk Outlook

- **Asset quality remains strong**
  - Retail and Commercial portfolios performing as expected
  - Continued strength in corporate portfolios

- **Expect 2011 provisions to remain in line with 2010**
  - Modest decline in Canadian retail provisions
  - International retail provisions in line with current levels
  - Lower new provisions in corporate and commercial portfolios, with less recoveries than 2010

Canadian Banking 2011 Outlook

Anatol von Hahn

Group Head, Canadian Banking

Canadian Banking: 2011 Outlook

- Focus on growing deposits, payments and wealth management
- Subdued economic recovery and slower retail asset growth in a competitive environment
- Retail PCLs expected to decrease. Commercial PCLs performing as expected
- Continue to invest in and grow our core businesses

Global Wealth Management
2011 Outlook

Chris Hodgson

Group Head, Global Wealth Management

Global Wealth Management: 2011 Outlook

- **Driving diversified organic revenue growth across all business lines**
  - Canadian Wealth Management
  - International Wealth Management
  - Insurance
  - Global Transaction Banking
- **Optimize DundeeWealth opportunity and explore further strategic acquisitions globally**
- **Capitalize on our people, international reach, and expertise to accelerate growth**

International Banking 2011 Outlook

Brian Porter

Group Head, International Banking

International Banking: 2011 Outlook

- **Renewed asset and revenue growth as economies rebound**
  - Stronger growth in Latin and Asian markets, gradual improvement in other regions
  - Stable margins – increasing retail asset growth, improving product mix and sales productivity
- **Stable PCLs, with positive trend in overall portfolio**
- **Measured investments for growth, along with prudent expense management**
- **Selective acquisitions, especially in high growth areas**

Scotia Capital
2011 Outlook

Steve McDonald

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

Scotia Capital: 2011 Outlook

- **Trading revenues likely to be more in line with recent quarters**
  - Should benefit from growth initiatives in niche products, target industries and select geographies
- **Modest signs of M&A activity should accelerate and drive asset growth**
- **PCLs should remain below historical levels**
- **Executing Global Wholesale Banking initiative to drive growth**

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2011 Outlook

Rick Waugh

President & Chief Executive Officer

2011 Outlook

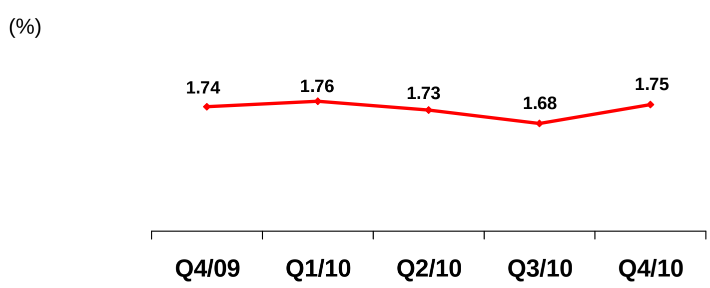
- **Continue to take advantage of a unique window of opportunity**
- **Focused on achieving sustainable revenue growth supported by strong contributions from all business lines**
- **Moderate asset growth and a wider margin**
- **Non-interest expenses will be driven mainly by acquisitions and volume-related growth**

2011: Targets Remain Unchanged

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

Appendix

Net Interest Margin



Q4 margin benefited from…

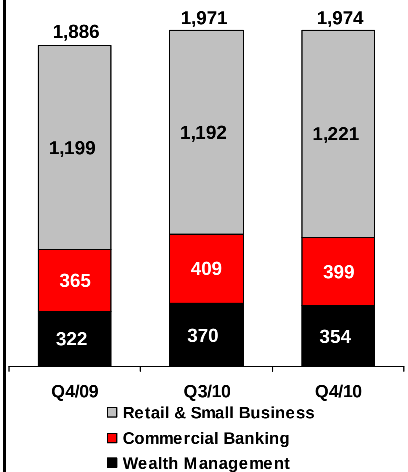
- Mark-to-market gains
- Lower volume of low margin assets

Partially offset by…

- Lower spreads in Scotia Capital

Canadian Banking: Strong Y/Y Performance in Wealth Management

Revenues (TEB)
($ millions)



Year-over-Year

- **Retail & Small Business**
  + Asset growth
  + Higher net interest income
- **Commercial Banking**
  + Lower PCLs
  + Higher fee based revenues and securities gains
- **Wealth Management**
  + Significant asset growth
  + Increased contributions from CI & DW

Quarter-over-Quarter

+ Asset and deposit growth
- Non-recurring positive items in Q3

Canadian Banking: Volume Growth

	Average Balances				
($ billions)	Q4/10	Q3/10	Q4/09	Y/Y	Q/Q
Residential Mortgages [1]	134.2	130.9	122.9	11.3	3.3
Personal Loans	39.0	38.5	36.9	2.1	0.5
Credit Cards [2]	9.0	9.1	9.3	(0.3)	(0.1)
Business Loans & Acceptances	24.7	24.7	23.6	1.1	0
Personal Deposits [3]	106.9	105.6	93.5	13.4	1.3
Non-Personal Deposits	58.9	58.5	54.1	4.8	0.4
Wealth Mgmt. AUA (Spot)	156.5	147.6	136.8	19.7	8.9

(1) Before securitization
(2) Includes ScotiaLine VISA
(3) Effective November 1, 2009, $10 billion of broker sourced deposits were transferred from the Other segment into Canadian Banking.

Canadian Banking: Market Share

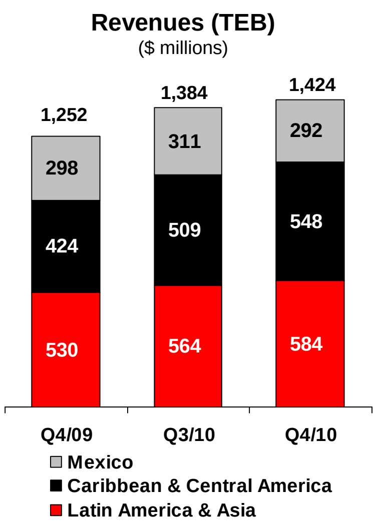
Market Share (%) [1]	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Residential Mortgages	20.14	20.23	20.28	20.40	20.53
Total Personal Lending	18.30	18.29	18.26	18.27	18.27
Total Personal Deposits	10.89	10.84	10.89	10.83	10.81
Small Business Lending[2]	14.55	15.70	15.57	14.87	15.84
Mutual Funds	8.35	8.84	9.10	9.18	9.23

(1) Market share statistics are issued on a one-month lag basis. (Q4/10: September 2010)
(2) Small Business statistics are on a four-months lag basis (Q4/10: June 2010)

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

Sources: Mutual Funds – IFIC; Personal Lending and Personal Deposits – Bank of Canada

International Banking: Improving Environment



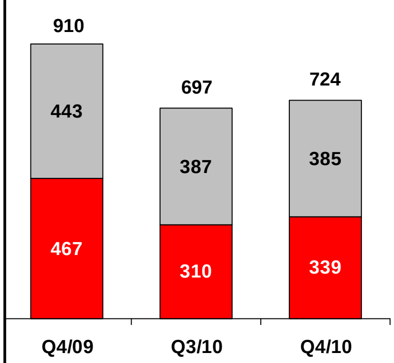
Year-over-Year

- **Mexico**
  + Retail volumes and spreads
  - FX trading revenues
- **Caribbean & Central America**
  + Impact of R-G Premier acquisition
- **Latin America & Asia**
  + Growth in volumes
  + Increased contribution from T-Bank

Quarter-over-Quarter

- **Mexico**
  - Lower net gains on securities
- **Caribbean & Central America**
  + Impact of R-G Premier acquisition
- **Latin America & Asia**
  + Contributions from T-Bank and Bank of Xi'an

Scotia Capital: Strong Trading Revenues



Year-over-Year

- **Global Capital Markets**
  - Lower fixed income and institutional equity revenues
  + Precious metals revenues
- **Global Corporate & Investment Banking**
  - Significantly lower loan volumes

Quarter-over-Quarter

- **Global Capital Markets**
  - Lower institutional equity revenues
  + Higher energy revenues
- **Global Corporate & Investment Banking**
  + Higher M&A revenue
  - Loan volume declines in all geographies

Economic Outlook in Key Markets

Real GDP (Annual % Change)	2000-08 Avg.	2009	2010F	2011F
Mexico	2.8	(6.5)	4.8	3.5
Peru	5.6	0.9	7.0	5.4
Chile	4.3	(1.5)	4.8	5.8
Jamaica	1.4	(3.0)	(0.5)	1.5
Trinidad & Tobago	7.5	(3.5)	2.0	2.5
Costa Rica	4.5	(1.3)	3.5	3.0
Dominican Republic	5.4	3.5	4.5	4.0
Thailand	4.6	(2.3)	6.5	4.5
	2000-08 Avg.	2009	2010F	2011F
Canada	2.6	(2.5)	3.0	2.3
U.S.	2.3	(2.6)	2.7	2.1

Source: Scotia Economics, as of November 4, 2010

Unrealized Securities Gains

($ millions)	Q4/10	Q3/10	Q4/09
Emerging Market Debt	378	330	461
Other Debt	765	602	512
Equities	274	176	40
	1,417	**1,108**	**1,013**
Net Fair Value of Derivative Instruments and Other Hedge Amounts	(228)	(193)	(185)
Total	**1,189**	**915**	**828**

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Trend in PCL Ratios

(Specific PCL as % average of loans & BAs)	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Canadian Banking					
Retail	0.37	0.32	0.35	0.32	0.30
Commercial	0.55	0.68	0.68	0.38	0.55
Total	**0.40**	**0.37**	**0.39**	**0.33**	**0.33**
International Banking					
Retail	2.30	2.41	2.42	1.88	2.00
Commercial	0.48	0.50	0.53	0.20	(0.01)
Total	**1.13**	**1.19**	**1.22**	**0.85**	**0.77**
Scotia Capital					
Corporate Banking	**0.65**	**0.15**	**(0.07)**	**(0.09)**	**(0.11)**
All Bank	**0.63**	**0.55**	**0.55**	**0.43**	**0.41**

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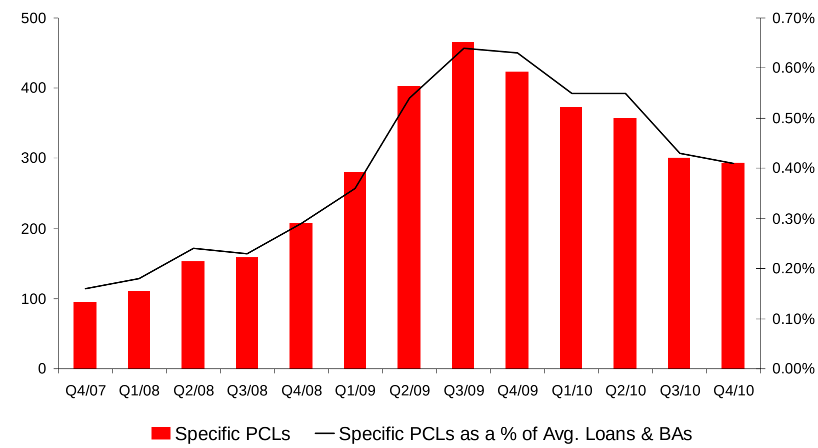
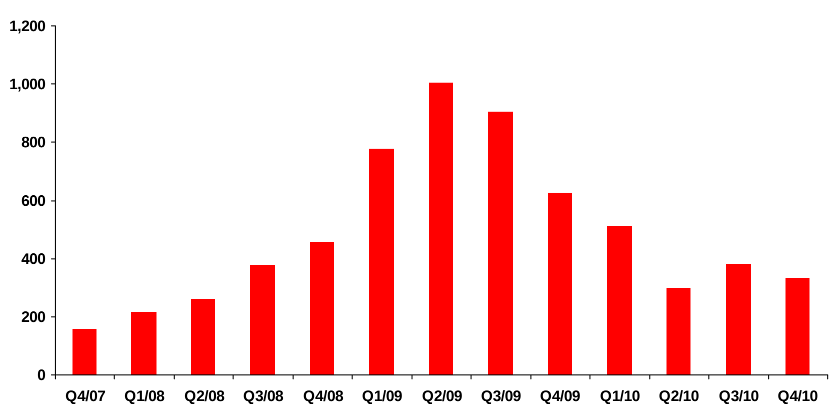
Trend in Specific Provisions

($ millions)

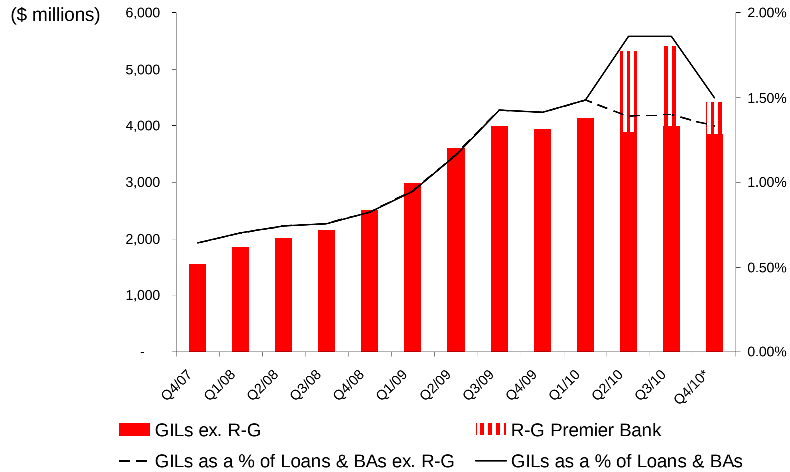


Trend in Net Impaired Loan Formations

($ millions)



Trend in Gross Impaired Loans



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

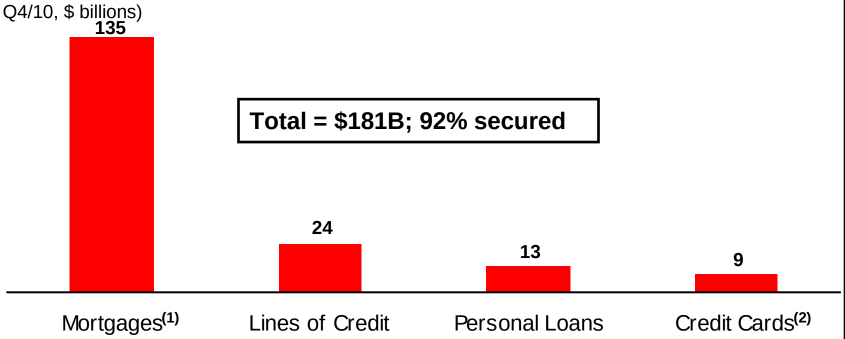
Strong Coverage Ratios

	Q4/10	Q4/09
Earnings coverage of PCL [1]	6.9x	4.0x
Total Allowance as a % of GIL	*63%*	73%
- ex. R-G Premier Bank acquisition	*72%*	
Total Allowance as a % of Loans & BAs	*0.95%*	1.03%

(1) Pre-tax, pre-provision income to total PCL

Canadian Retail: Loans and Provisions

(balances at Q4/10, $ billions)



% secured	100%		69%		97%		37%	
PCL	Q4/10	Q3/10	Q4/10	Q3/10	Q4/10	Q3/10	Q4/10	Q3/10
$ millions	3	1	40	29	55	69	41	46
% of avg. loans (bps)	1	<1	67	49	174	224	180	201

(1) Before securitizations of $16 billion & mortgages converted to MBS of $18 billion; 52% insured (including $15 billion portfolio insurance); LTV in mid-50s for uninsured portfolio

(2) Includes $6 billion of Scotialine VISA

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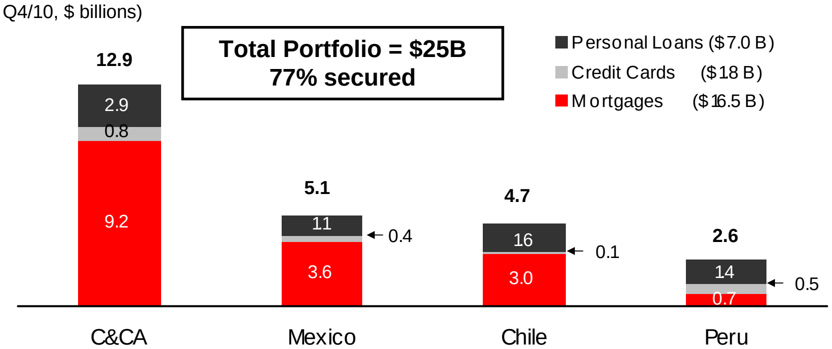
International Retail: Loans and Provisions

(balances at Q4/10, $ billions)



% of total	51%		20%		18%		10%	
PCL	Q4/10	Q3/10	Q4/10	Q3/10	Q4/10	Q3/10	Q4/10	Q3/10
$ millions	41	24	45	47	17	17	26	31
% of avg. loans (bps)	125	83	350	376	150	153	389	500

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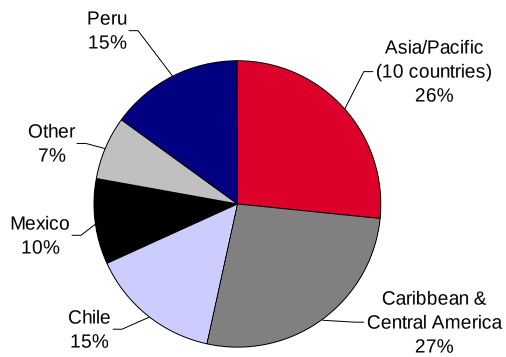
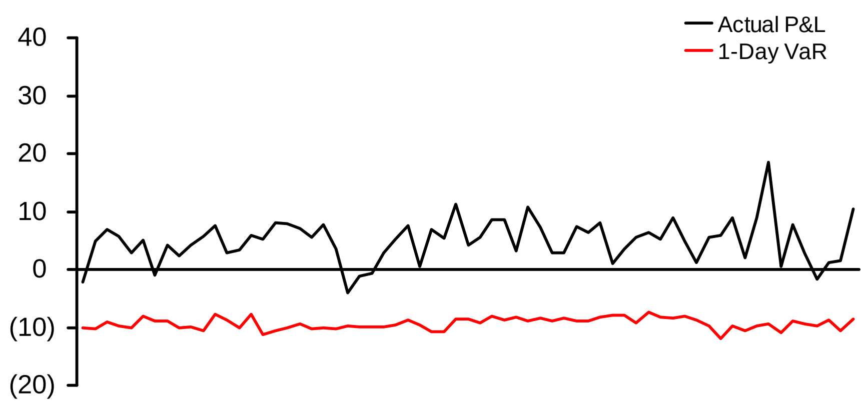
International Commercial: Lending Portfolio

Q4/10 = $37 billion



- Well secured
- Portfolios in Asia/Pacific, Mexico, Chile, Peru and Central America performing well

Q4 2010 Trading Results Within One-Day VaR

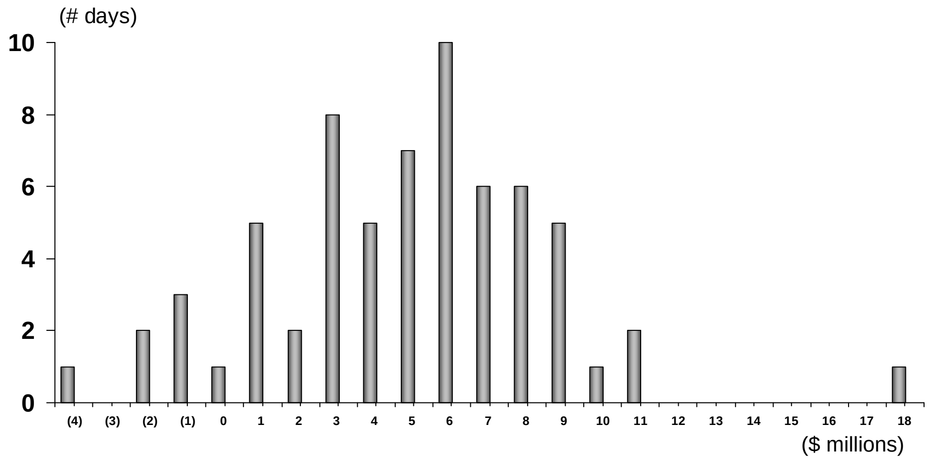


Average 1-Day VaR

Q4/10: $9.3MM

Q3/10: $12.7MM

Q4 2010 Trading Revenue Distribution



- 91% of days had positive results in Q4/10

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