Strategy in action

Investor Presentation

Second Quarter, 2012

May 29, 2012

Scotiabank

Caution Regarding Forward-Looking Statements

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

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to us and our affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to our credit ratings; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; operational and reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion starting on page 63 of the Bank's 2011 Annual Report.

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

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

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com 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

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Q2 2012 Overview

- **Strong quarter**
  - Net income: $1,460 million
  - EPS: $1.15
    - Up 8% from prior year, excluding acquisition-related gains and IFRS-related FX gains last year
  - ROE: 18.6%
- **Record revenue**
  - Total revenue of $4,773 million, up 10% vs. prior year (ex-gains)
    - Good organic growth and acquisitions
- **Credit conditions continue to be very stable**
- **Capital position remains strong and high quality**
- **Delivered positive operating leverage**
- **Confident of achieving 2012 financial objectives**
- **Recently announced sale of Scotia Plaza**

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YTD Year-over-Year Comparisons

Business Line	Net Income	Revenue
Canadian Banking	13.5%	3.5%
International Banking	15.4%	20.0%
Global Wealth Management	23.9%	18.1%
Global Banking and Markets	(1.8%)	3.1%
All Bank	12.1%	9.5%

Note: Excludes $286 million in acquisition-related gains in Q2/11

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Strategy in action

Financial Review

Sean McGuckin

Executive Vice-President &
Chief Financial Officer

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Strong Earnings Momentum Continues

Q2/12	Q1/12	Q/Q		Q2/11[1]	Y/Y
$1,460	$1,436	2%	Net Income ($MM)	$1,258	16%
$1.15	$1.12[2]	3%	EPS	$1.06	8%
18.6%	19.8%	(120) bps	ROE	19.8%	(120) bps
53.7%	53.5%	20 bps	Productivity Ratio	55.5%	(180) bps

(1) Excluding $286 million or $0.26 per share gain from acquisitions and $77 million or $0.07 per share from IFRS-related FX gains
(2) Excluding $0.08 per share impact from real estate gain in Q1/12

Year-over-Year Comparison

Q2 earnings benefited from…

- Impact of acquisitions, particularly in Colombia
- Higher margin and solid volume growth
- Stronger trading revenues
- Growth in transaction-based banking fees

Partly offset by…

- Higher operating expenses from acquisitions
- Higher effective income tax rate
- Lower net gain on investment securities

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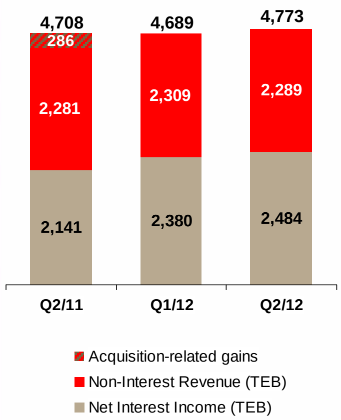
Record Revenue

Revenue (TEB)
($ millions)



Year-over-Year

- **Net interest income up 16%**
  + Higher margin and asset growth
  + Impact of acquisitions, particularly Colombia
- **Non-interest revenues up modestly ex-gains**
  – IFRS foreign currency-related gains in Q2/11
  + Higher fee-based revenues and growth in payment volumes
  + Stronger trading revenues

Quarter-over-Quarter

- **Net interest income up 4%**
  + Higher margin from recent acquisitions
  – Shorter quarter
- **Non-interest revenues down 1%**
  + Higher wealth management fees
  + Increased contributions from Thanachart Bank
  – Gain on sale of Calgary real estate asset in Q1/12

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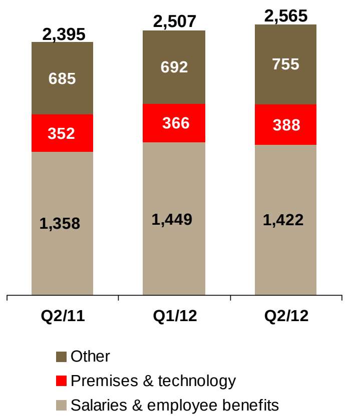
Good Progress on Expense Management

Non-Interest Expenses
($ millions)



Year-over-Year

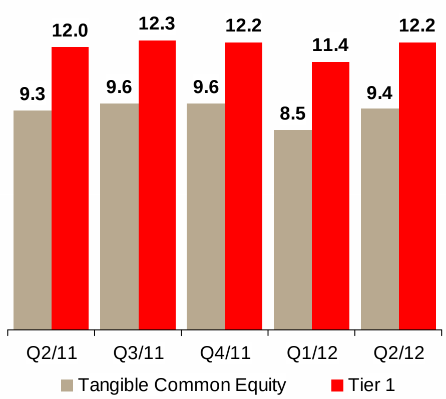
- **Excluding acquisition-related gains and one-time IFRS foreign currency-related gains, operating leverage was +3.5%**
- **Expenses up 7%**
  – Acquisitions accounted for over 80% of increase
  – Higher expenses related to increased staffing levels
  – Higher premises and technology costs

Quarter-over-Quarter

- **Excluding the real estate gain in Q1/12, operating leverage was +2%**
- **Expenses up 2%**
  + Excluding recent acquisitions, expenses down 1% from reductions in most expense categories
  – Higher performance-based compensation and professional fees

Strong Capital Ratios: High Quality

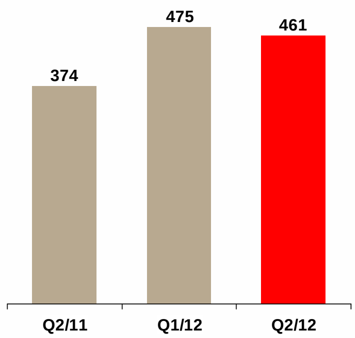
Capital Ratios (%)



- **YTD internal capital generation of $1,516MM (vs. $1,604MM in 2011)**
- **YTD stock issued under DRIP: $361MM (vs. $302MM in 2011)**
- **Closed $1.7B common equity issue**
- **Remain confident of achieving 7% - 7.5% CET1 target by Q1 2013**

Canadian Banking: Expense Discipline

Net Income
($ millions)



Year-over-Year

- **Revenues up 5%**
  + Strong asset and deposit growth
  – Modestly lower margin
- **PCLs down $26MM to $120MM**
- **Expenses virtually flat**
  + Staffing decline due to operational efficiency initiatives
  – Normal annual increases offset by lower pension costs

Quarter-over-Quarter

- **Revenues down 2%**
  – Modestly lower margin
  – Shorter quarter
- **PCLs down $16MM to $120MM**
- **Expenses essentially flat**
  + Shorter quarter and seasonally higher expenses in Q1
  – Higher pension costs

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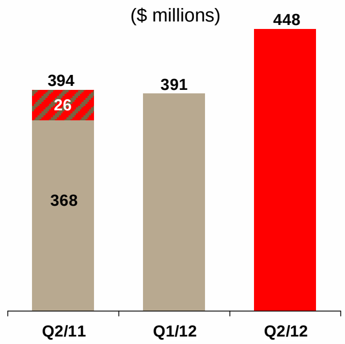
International Banking: Solid Quarter

Net Income[1]
($ millions)



Portion of acquisition-related gain due to new accounting standards

(1) Before deducting non-controlling interest

Year-over-Year

- **Revenues up 27%**
  + Strong diversified loan and deposit growth
  + Wider margins
  + Positive impact from recent acquisitions
- **PCLs up $33MM to $145MM**
- **Expenses up 32%**
  – Higher costs to support growth initiatives
  – Almost two thirds of growth due to acquisitions

Quarter-over-Quarter

- **Revenues up 15%**
  + Positive impact from Colombia acquisition
  + Higher contributions from Asia/Pacific
  + Strong broad-based loan and deposit growth
- **PCLs up $21MM to $145MM**
- **Expenses up 10%**
  – Entirely due to acquisitions and seasonality, reflecting careful expense control

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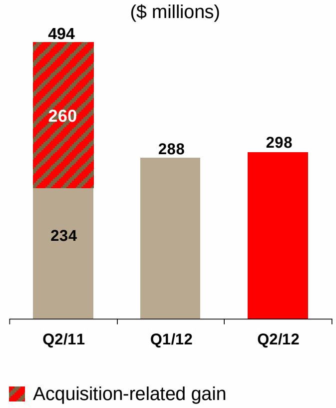
Global Wealth Management: Continuing Steady Growth

Net Income
($ millions)



Year-over-Year

- **Revenues up 6%, ex-gain**
  + Strong growth in global insurance and solid results in asset management
  – Lower online brokerage revenues
- **Expenses down 3%**
  + DundeeWealth one-time costs incurred in Q2/11
  + Expenses flat for most of the other wealth and insurance businesses

Quarter-over-Quarter

- **Revenues up 5%**
  + Growth in asset management and wealth distribution revenues
  – Lower insurance revenues
- **Expenses up 6%**
  – Higher volume related expenses and technology investments

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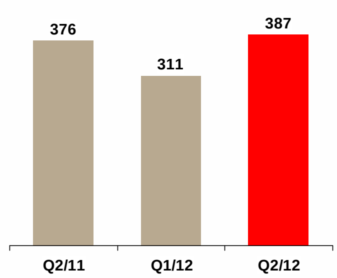
Global Banking & Markets: Very Strong Quarter

Net Income
($ millions)



Year-over-Year

- **Revenues up 8%**
  + Higher revenues in precious metals, equities and energy businesses
  – Lower fixed income revenues
  – Modestly lower margin in Canada and the U.S.
- **Recoveries of $1MM vs. PCLs of $11MM**
- **Expenses down 5%**
  + Lower legal expenses and lower remuneration costs

Quarter-over-Quarter

- **Revenues up 8%**
  + Higher equities revenues
  + Higher revenues from U.S. and Canadian lending businesses
  – Decline in foreign exchange revenues
- **Recoveries of $1MM vs. PCLs of $5MM**
- **Expenses down 6%**
  + Lower stock-based compensation

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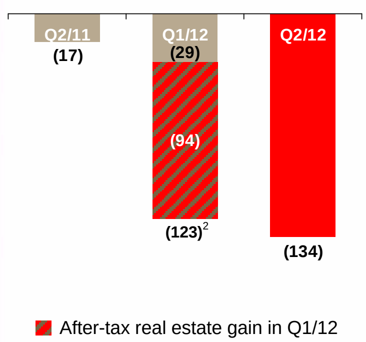
Other Segment[1]

Net Income
($ millions)



Q2/12

- – $34MM impairment loss on investment securities
- – $25MM costs related to share issuance

Q1/12

- + $94MM gain on sale of real estate asset
- – $19MM impairment loss on investment securities

Q2/11

- + $77MM foreign currency related gains from IFRS conversion
- + $18MM favourable impact in fair value of financial instruments used for asset/liability management
- – $7MM impairment loss on investment securities

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(1) Includes Group Treasury, smaller operating segments, and other corporate items which are not allocated to a business line
(2) Excluding after-tax real estate gain

Strategy in action

Risk Review

Rob Pitfield
Group Head and Chief Risk Officer

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Q2 2012 Risk Overview

- **Risk in credit portfolios continues to be stable**
  - Total provisions remain low
- **Increase in net impaired loan formations principally due to two accounts**
- **Exposures to "GIIPS" countries in Europe not material**
- **Market risk remains low and well controlled**
  - Average 1-day all-bank VaR: $18.3MM vs. $17.5MM in Q1/12

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Credit Provisions Continue Steady Improvement

($ millions)	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12
Canadian Retail	123	103	106	112	105
Canadian Commercial	23	43	29	24	15
	146	**146**	**135**	**136**	**120**
International Retail	116	116	129	125	133
International Commercial	(4)	10	29	(1)	12
	112	**126**	**158**	**124**	**145**
Global Wealth Management	**1**	**–**	**1**	**–**	**–**
Global Banking & Markets	**11**	**8**	**17**	**5**	**(1)**
Collective General Allowance	**–**	**(30)**	**(30)**	**–**	**–**
Total	**270**	**250**	**281**	**265**	**264**
PCL ratio (bps) ex. General	36	35	38	32	30

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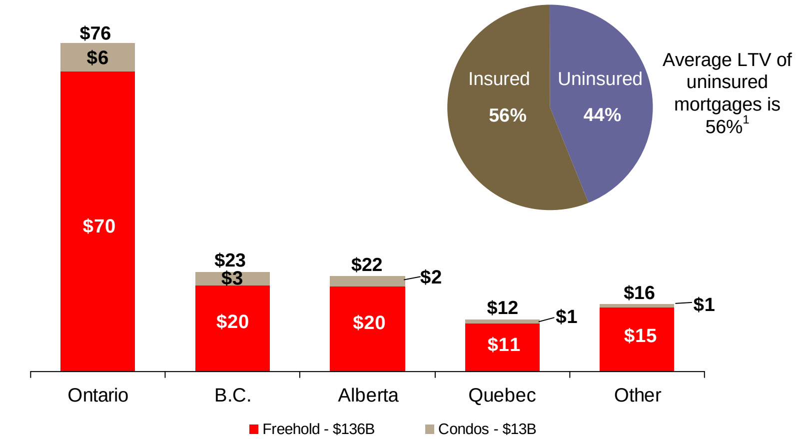
Canadian Banking: Residential Mortgage Portfolio

($ billions, as at April 30, 2012)

Total Portfolio: $149



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

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Canadian High-Rise Condo Development Exposure

- **$610 million outstanding**
  - **Majority to established, well-known tier 1 developers with significant experience in building and selling high-rise condos**
  - **Long-term relationships**
  - **Strong covenants and underwriting standards**
    - **Very high level of pre-sales**
- **High quality portfolio with virtually no losses in 15 years**

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Risk Outlook

- **Asset quality remains strong**
  - Retail and Commercial portfolios are stable
  - Corporate portfolios performing exceptionally well
- **Combination of growth in portfolios and product mix will result in rising provisions**
  - Canadian Retail provisions stable
  - International Retail provisions may grow due to acquisitions and growth in portfolios
  - Corporate and Commercial provisions remain modest

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Canadian Banking 2012 Outlook

Anatol von Hahn

Group Head, Canadian Banking

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Canadian Banking: 2012 Outlook

- **Retail & Small Business Banking:**
  - Stable asset growth in second half of the year
  - Focus on deposits, payments and wealth management
- **Auto business:**
  - Remains robust with healthy asset growth
- **Commercial Banking:**
  - Continuing opportunities for asset and deposit growth
- **Margin:**
  - Stabilizing but under pressure
- **PCLs:**
  - Retail delinquencies have improved
  - Commercial PCLs stabilizing
- **Operating leverage for the year:**
  - Continued cautious expense control with positive operating leverage

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International Banking 2012 Outlook

Brian Porter
Group Head, International Banking

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International Banking: 2012 Outlook

- **Continued momentum in loan & deposit growth**
- **Diversification is a strength & will generate balanced regional results**
- **Commercial & Retail growth initiatives are producing intended results**
- **Expense focus remains a priority**
- **Second half of the year will be driven by good momentum in our underlying businesses and the Banco Colpatria acquisition**

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Strategy in action

Global Wealth Management 2012 Outlook

Chris Hodgson

Group Head, Global Wealth Management

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Global Wealth Management: 2012 Outlook

- Strong results year to date
- Global Insurance outlook remains strong
- Outlook for Wealth supported by strong AUA/AUM levels but impacted by markets
- Consolidated online brokerage platform well positioned to grow
- Continue to capture DundeeWealth synergies
- CI investment performing well
- Continued scrutiny on expense management

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Global Banking & Markets 2012 Outlook

Steve McDonald

Group Head, Global Corporate and Investment Banking & Co-CEO, Global Banking & Markets

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Global Banking & Markets: 2012 Outlook

- Ongoing strong results from diversified business platform
- Acquisition of Howard Weil expands product footprint in energy sector and grows U.S. equities capabilities
- Market challenges from global uncertainty and continuing low levels of M&A activity are expected to create some headwinds
- Focus on growth in core businesses and products and on growing the Global Wholesale Banking platform
- Loan growth expected to be relatively modest
- Spreads stable
- PCLs to remain modest, but further recoveries not likely
- Expense management initiatives continue with objective of positive operating leverage

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Strategy in action

Appendix

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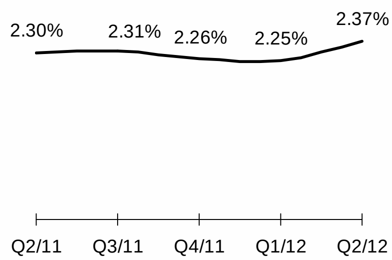
Core Banking Margin (TEB)[1]



Quarter-over-Quarter

- **Impact of Colpatria +8 bps**
- **Lower volumes of DWBs +3 bps**

(1) Represents net interest income (TEB) as a % of average earning assets excluding bankers acceptances and total average assets relating to the Global Capital Markets business within Global Banking and Markets.

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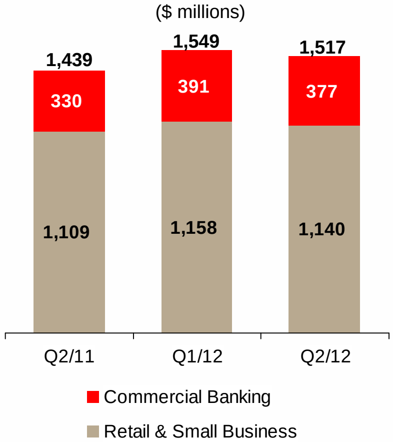
Canadian Banking: Strong Results

Revenues (TEB)
($ millions)



Year-over-Year

- **Retail & Small Business**
  + Solid residential mortgage and deposit growth
  – Lower margin and FX revenues
  + Higher card revenues and GWM referral fees
- **Commercial Banking**
  – Lower margin
  + Strong volume growth in commercial banking and auto loans
  + Higher credit fees

Quarter-over-Quarter

- **Retail & Small Business**
  + Growth in fixed rate mortgages
  + Solid deposit growth
  – Shorter quarter
- **Commercial Banking**
  – Lower credit fees
  – Shorter quarter

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Canadian Banking: Volume Growth

Q2/12	Q1/12	Q/Q	Average Balances ($ billions)	Q2/11	Y/Y
146.4	144.6	1.2%	Residential Mortgages	136.6	7.2%
38.7	38.4	0.8%	Personal Loans	36.8	5.2%
8.7	8.9	(2.2%)	Credit Cards[1]	8.7	–
27.3	26.3	3.8%	Business Loans & Acceptances	25.2	8.3%
103.4	102.7	0.7%	Personal Deposits	100.4	3.0%
41.7	41.8	(0.2%)	Non-Personal Deposits	38.8	7.5%

(1) Includes ScotiaLine VISA

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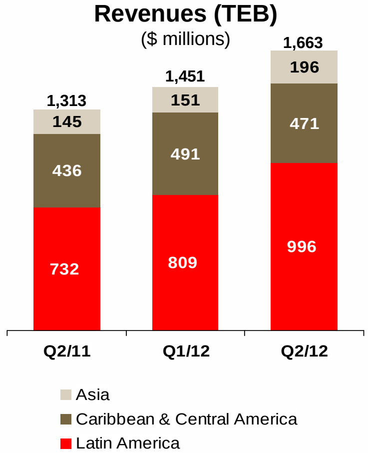
International Banking: Diversified Loan & Deposit Growth

Revenues (TEB)

($ millions)



Year-over-Year

- **Latin America**
  - \+ Strong broad based organic retail and commercial loan and deposit growth
  - \+ Contribution of recent acquisitions
  - – Q2/11 acquisition-related gains
- **Caribbean & Central America**
  - \+ Good retail and commercial loan growth
- **Asia**
  - \+ Strong commercial loan growth and higher margins
  - \+ Higher earnings from Thailand and China

Quarter-over-Quarter

- **Latin America**
  - \+ Contribution from Colombia acquisition
  - \+ Good organic growth in retail and commercial loans and deposits
- **Caribbean & Central America**
  - – Lower margins
- **Asia**
  - \+ Higher margins
  - \+ Increased contributions from Thailand and China

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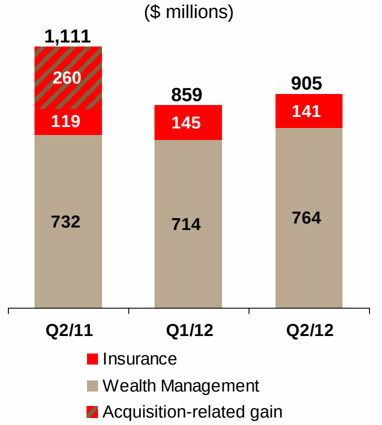
Global Wealth Management: Solid Performance

Revenues (TEB)
($ millions)



Year-over-Year

- **Wealth Management**
  + Higher Canadian mutual fund revenues
  – Lower online brokerage revenues
- **Insurance**
  + Strong global insurance revenues

Quarter-over-Quarter

- **Wealth Management**
  + Higher Canadian mutual fund revenues
  + Higher brokerage revenues
- **Insurance**
  – Lower global insurance revenues due to reserve releases in Q1/12

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Global Wealth Management: Key Metrics

($ billions)	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12
Assets Under Administration	269	266	262	269	275
Assets Under Management	106	105	103	106	109
Mutual Funds Market Share in Canada vs. Schedule 1 Banks[1]	18.7%	18.7%	18.4%	18.4%	18.4%

(1) Excludes Scotiabank's investment in CI Financial. Source: IFIC

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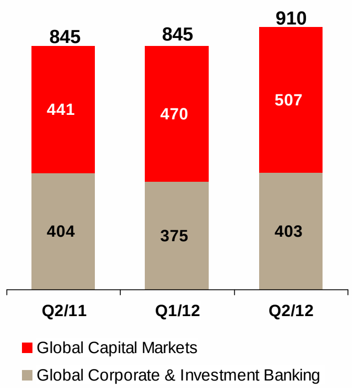
Global Banking & Markets: Strength of Diversification

Revenues (TEB)
($ millions)



Year-over-Year

- **Global Capital Markets**
  - \+ Higher revenues in precious metals, equities and energy
  - – Fixed income revenues decline
- **Global Corp. & Investment Banking**
  - \+ Volume growth
  - – Lower advisory fees and credit fees in Canada
  - – Modestly lower margin in Canada and the U.S.

Quarter-over-Quarter

- **Global Capital Markets**
  - \+ Strong revenues in equities
- **Global Corp. & Investment Banking**
  - \+ Higher margins in the U.S. and Canada
  - \+ Modest volume increase in Europe and the U.S.

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Economic Outlook in Key Markets

	Real GDP (Annual % Change)			
Country	2000-10 Avg.	2011e	2012F	2013F
Mexico	2.1	3.9	3.6	3.7
Peru	5.5	6.8	5.5	5.6
Chile	4.6	6.1	5.0	5.9
Jamaica	0.7	1.5	1.2	1.5
Colombia	4.0	5.9	5.0	5.0
Costa Rica	4.1	4.2	3.8	4.0
Dominican Republic	5.4	4.5	4.7	4.8
Thailand	4.4	5.7	5.0	4.5
	2000-10 Avg.	2011	2012F	2013F
Canada	2.2	2.5	2.1	2.2
U.S.	1.8	1.7	2.3	2.4

Source: Scotia Economics, as of May 4, 2012.

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Unrealized Securities Gains

($ millions)	Q2/12	Q1/12
Emerging Market Debt	249	260
Other Debt	267	321
Equities	443	406
	959	**987**
Net Fair Value of Derivative Instruments and Other Hedge Amounts	(131)	(255)
Total	**828**	**732**

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Stable PCL Ratios

(Total PCL as % of average loans & BAs)	Q2/11	Q3/11	Q4/11	Q1/12	Q2/12
Canadian Banking					
Retail	0.28	0.22	0.22	0.23	0.22
Commercial	0.36	0.66	0.45	0.36	0.26
Total	**0.29**	**0.27**	**0.25**	**0.25**	**0.22**
International Banking					
Retail	1.95	1.83	1.98	1.90	1.79
Commercial	(0.04)	0.09	0.25	0.00	0.09
Total	**0.70**	**0.73**	**0.87**	**0.65**	**0.71**
Global Banking and Markets					
Corporate Banking	**0.15**	**0.12**	**0.21**	**0.06**	**0.00**
All Bank (Collective & Individual)	**0.36**	**0.35**	**0.38**	**0.32**	**0.30**

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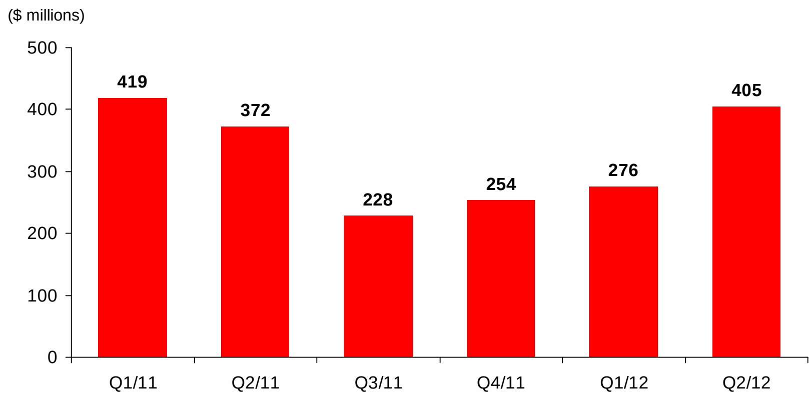
Net Impaired Loan Formations



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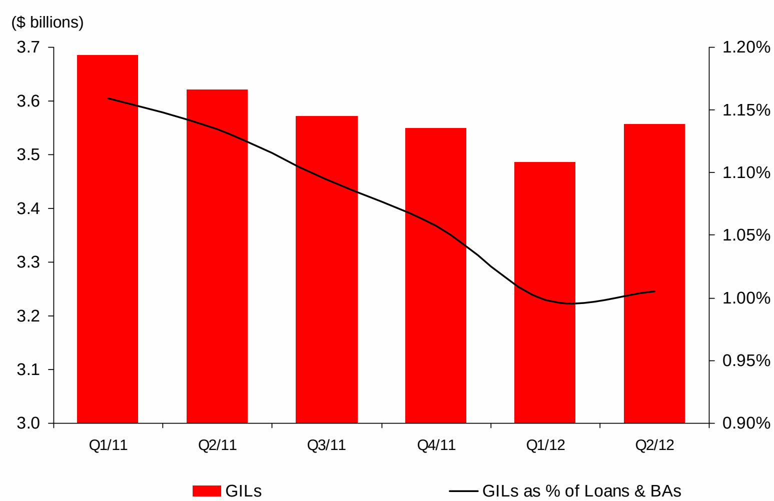
Modest Increase in Gross Impaired Loans



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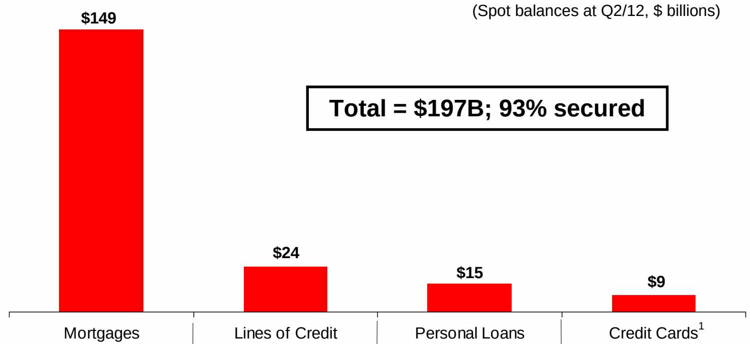
Canadian Banking: Retail Loans and Provisions

(Spot balances at Q2/12, $ billions)

Total = $197B; 93% secured



	Mortgages		Lines of Credit		Personal Loans		Credit Cards[1]	
% secured	100%		66%		98%		36%	
PCL	**Q2/12**	**Q1/12**	**Q2/12**	**Q1/12**	**Q2/12**	**Q1/12**	**Q2/12**	**Q1/12**
$ millions	4	5	29	31	33	33	39	43
% of avg. loans (bps)	1	1	50	49	102	94	182	181

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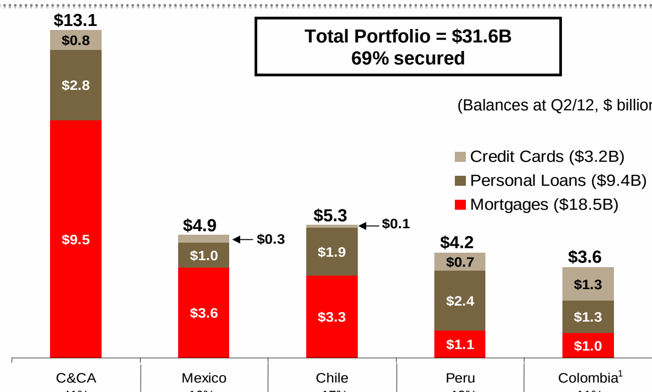
(1) Includes $6 billion of Scotialine VISA
Note: Includes Wealth Management balances of ~$3 billion

International Retail Loans and Provisions

Total Portfolio = $31.6B
69% secured

(Balances at Q2/12, $ billions)



	C&CA		Mexico		Chile		Peru		Colombia[1]
% of total	41%		16%		17%		13%		11%
PCL	**Q2/12**	**Q1/12**	**Q2/12**	**Q1/12**	**Q2/12**	**Q1/12**	**Q2/12**	**Q1/12**	**Q2/12**
$ millions	33.6	29.5	24.6	27.1	16.4	21.4	43.4	38.8	4.0
% of avg. loans (bps)	102	86	209	233	131	175	432	417	45

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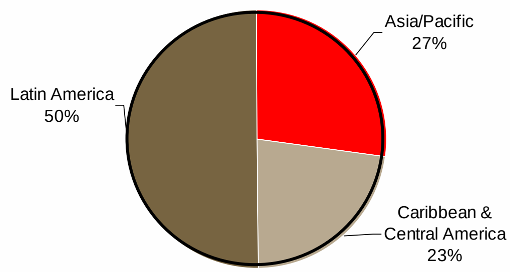
(1) Recent acquisition in Colombia is reported for the first time in Q2/12
Note: Excludes balances of non-material portfolios of ~$0.5 billion

International Commercial Lending Portfolio

Q2/12 = $45 billion



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

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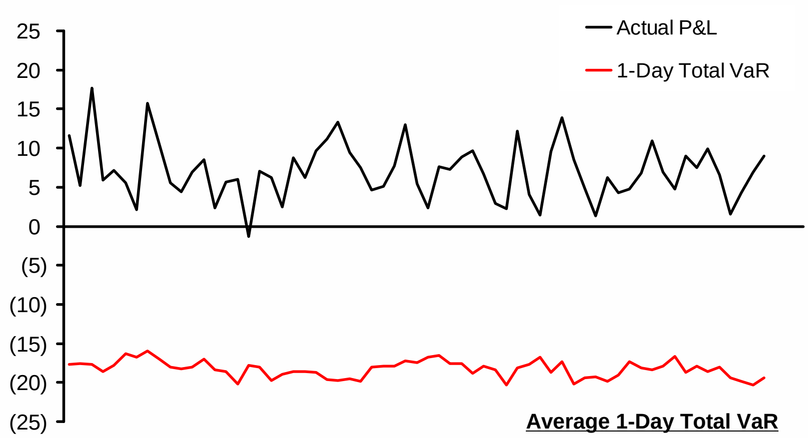
Q2 2012 Trading Results and One-Day Total VaR

($ millions)



Average 1-Day Total VaR

Q2/12: $18.3MM

Q1/12: $17.5MM

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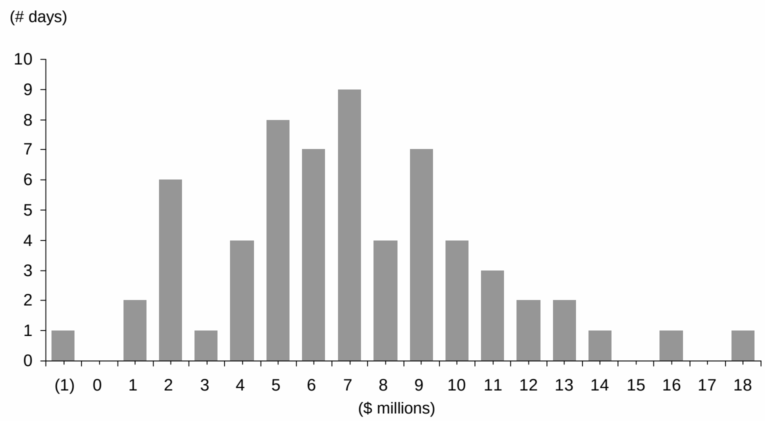
Q2 2012 Trading Revenue Distribution



- **98% of days had positive results in Q2/12**

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