



Investor Presentation Fourth Quarter, 2006

December 8, 2006

1



This document includes forward-looking statements which 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. These statements 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. Forward-looking 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. The Bank cautions readers not to place undue reliance on these statements, as a number of important factors 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; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere; operational and reputational risks; 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; consolidation in the Canadian financial services sector; changes in tax laws; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes; 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 on risks the Bank faces, please see the Risk Management section in the Bank's 2006 Annual Report.

The Bank cautions that the foregoing 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 foregoing 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 behalf of the Bank. 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 Securities and Exchange Commission's (SEC) website at www.sec.gov.

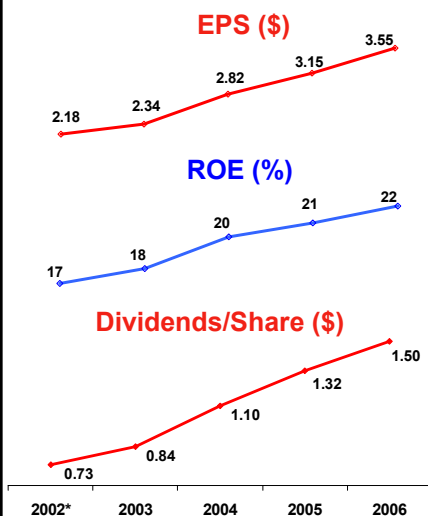
2

Overview

Rick Waugh
President & Chief Executive Officer

3

2006 – Continued earnings momentum



2006 Results vs. 2005

- EPS: \$3.55 – up 13%
- ROE: 22.1% vs. 20.9%

Q4/06 Results vs. Q4/05

- EPS: \$0.89 – up 11%

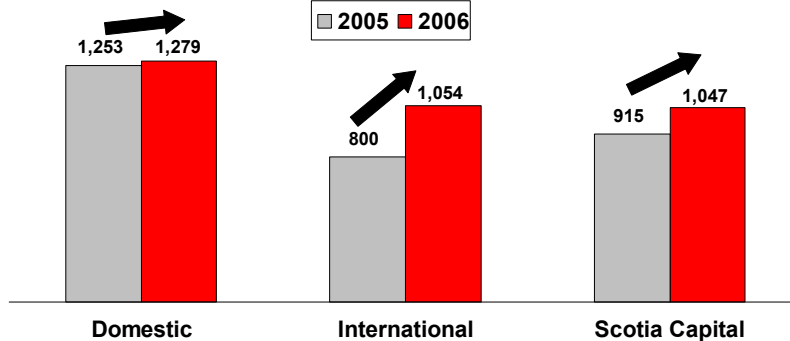
Dividend Increase

- +3 cents to 42 cents/quarter effective Q1/07



Three growth platforms Each greater than \$1 billion in earnings

net income available to common shareholders, \$ millions



Domestic: Strong asset and deposit growth offset by compression in the margin, primarily due to higher funding costs. Solid results in wealth management, small business and commercial banking

International: Record net income driven by positive earnings impact of acquisitions (Peru, Costa Rica) and strong organic earnings and asset growth across entire division.

Scotia Capital: Record net income and ROE due in large part to strong capital markets performance and solid growth in corporate lending.

5



Strong market share gains in Canada & significant growth in new customers

Year-over-Year Increase

Residential Mortgages	+136 basis points
Total Personal Lending	+82 basis points
Personal Term Deposits	+78 basis points
Total Personal Deposits	+48 basis points

Domestic Banking: +180,000 new customers in 2006

International Banking: +1.7 million new customers in 2006

Domestic market share figures as at September 2006

6



Delivered on 2006 key priorities

<u>Priorities</u>	<u>Performance</u>
1. Focus on revenue growth	Revenue growth of 9% <input checked="" type="checkbox"/>
2. Effectively manage capital	7 acquisitions in past 18 months, with a total investment of about \$1.5 B <input checked="" type="checkbox"/>
	14% dividend growth <input checked="" type="checkbox"/> Strong TCE: 8.3%
3. Leadership development	Strong execution across organization <input checked="" type="checkbox"/>

7



Exceeded 2006 performance objectives

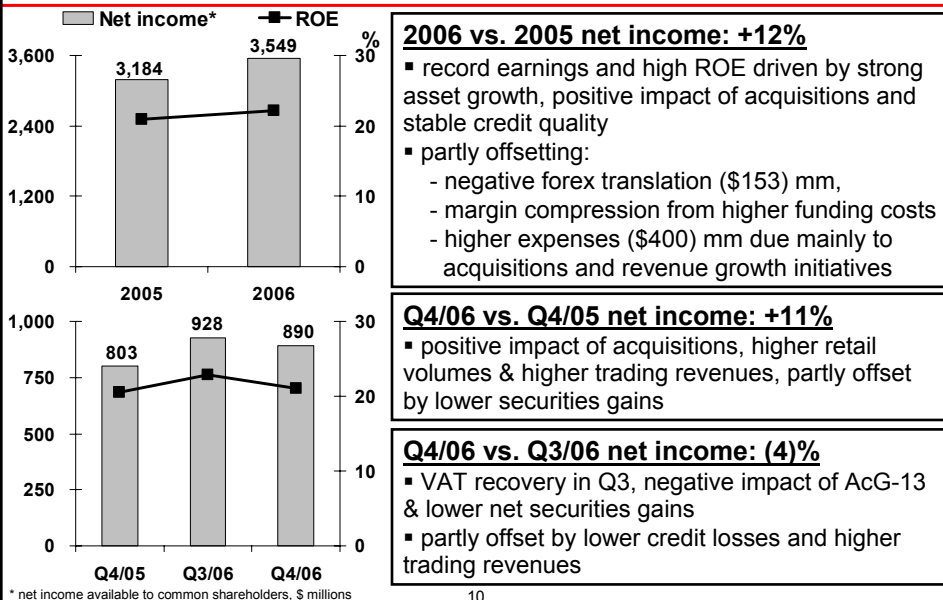
	<u>Q4/06</u>	<u>2006</u>	<u>Objective</u>
EPS Growth	11%	13%	vs. 5-10%
ROE	21.1%	22.1%	vs. 18-22%
Productivity	56.9%	55.3%	vs. <58%

8

Performance Review

Luc Vanneste
Executive Vice-President &
Chief Financial Officer

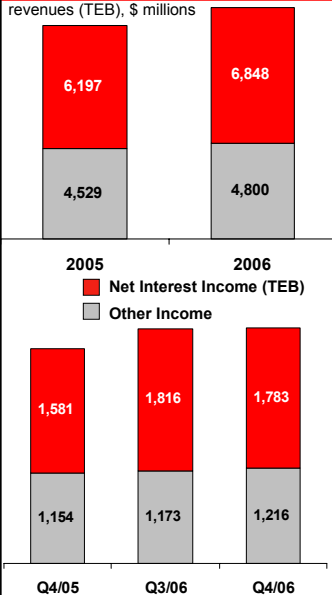
Financial Performance Overview





Solid revenue growth – up 9% vs. 2005

revenues (TEB), \$ millions



2006 vs. 2005 net interest income: +11%

- strong average asset growth
- partly offset by margin compression & negative impact of foreign currency translation (\$202) mm

2006 vs. 2005 other income: +6%

- positive impact of acquisitions and solid growth
 - credit cards +\$56 mm
 - trading +\$43 mm & retail brokerage +\$54 mm
 - mutual funds +\$48 mm
- lower net securities' gains (\$43) mm and underwriting fees (\$40) mm and negative impact of foreign currency translation (\$138)

Q4/06 vs. Q4/05 revenues: +10%

- strong asset growth & acquisitions partly offset by margin compression & foreign currency translation

Q4/06 vs. Q3/06 revenues flat

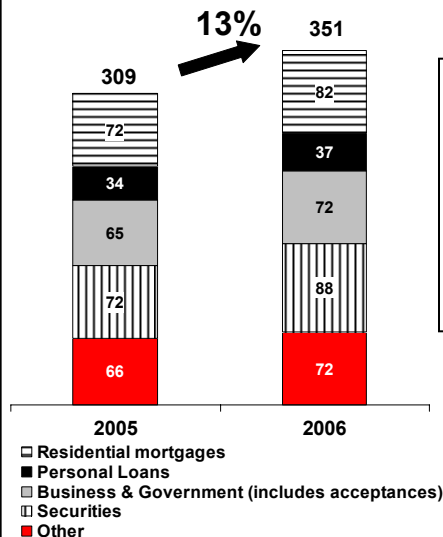
- higher trading, securitization, and investment mgmt, brokerage and trust revenues
- partly offset by AcG-13 & lower net securities gains

11



Strong asset growth

average assets, \$ billions



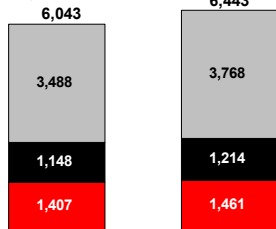
- Residential mortgages: +14%
- Personal loans: +8%
- Business & government: +11%
- Securities: +22%

12



Higher expenses Investing for future growth

expenses, \$ millions

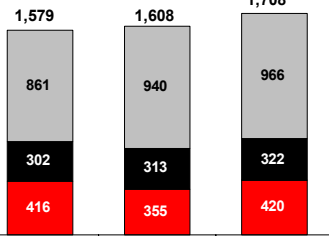


2006 vs. 2005 expenses: +7%

- more than 60% increase due to acquisitions
- higher salaries & employee benefits +\$280 mm, due partly to acquisitions
- higher premises and technology: +\$66 mm
- other expenses up \$54 mm due to the impact of acquisitions – partly offset by VAT recovery of \$51 mm

2005 2006

Salaries & employee benefits
 Premises & technology
 Other



Q4/06 vs. Q4/05 expenses: +8%

- 70% of increase due to the impact of acquisitions – primarily in salaries & employee benefits +\$105 mm

Q4/06 vs. Q3/06 expenses: +6%

- expenses rose \$100 mm, due mainly to \$51 mm VAT recovery in Q3
- higher remuneration, technology and advertising

13



Risk Review

Brian Porter
Chief Risk Officer



Stable credit quality

\$ millions

<u>Q4/06</u>	<u>Q3/06</u>		<u>2006</u>	<u>2005</u>
32	74	Provision for Credit Losses (PCL)	216	230
92	74	Specific Provisions	276	275
570	479	Net Impaired Loans*	570	681

- General Allowance: \$1,307 mm –
 - reduction of \$60 mm in Q4/06 offset by \$37 mm increase from Peru acquisitions
- \$1.4 billion in credit protection outstanding

* after specific allowance for credit losses

15



Credit losses remain low

<u>Q4/06</u>	<u>Q3/06</u>		\$ millions	<u>2006</u>	<u>2005</u>
		Domestic:			
55	59	- Retail Banking		229	225
3	10	- Commercial		50	49
<u>58</u>	<u>69</u>			<u>279</u>	<u>274</u>
		International:			
2	3	- Mexico		27	34
6	18	- Caribbean & Central America		15	23
-	3	- Latin America & Asia		18	13
<u>8</u>	<u>24</u>			<u>60</u>	<u>70</u>
		Scotia Capital:			
18	(16)	- U.S.		(41)	(93)
8	(3)	- Canada & Other		(22)	22
<u>26</u>	<u>(19)</u>			<u>(63)</u>	<u>(71)</u>
-	-	Other		-	2
<u>92</u>	<u>74</u>	Total Specific Provisions		<u>276</u>	<u>275</u>
(60)	-	Reduction of General Allowance		(60)	(45)
<u>32</u>	<u>74</u>	Total		<u>216</u>	<u>230</u>

16



Net impaired loan formations in Q4/06

\$ millions

Domestic:

- Retail	77	
- Commercial	29	106

Domestic Retail: formations in line with strong volume growth - underlying credit trends remain strong.

Domestic Commercial: classification of several small accounts, stable credit quality.

International:

- Mexico	31	
- Caribbean & Central America	23	
- Latin America & Asia	(27)	27

International: credit quality remains stable.

Scotia Capital:

- U.S.	(18)	
- Canada & Other	54	36

Scotia Capital: classification of 2 accounts in Europe, partly offset by a loan sale in the U.S.

Total **169**

17



Domestic Banking

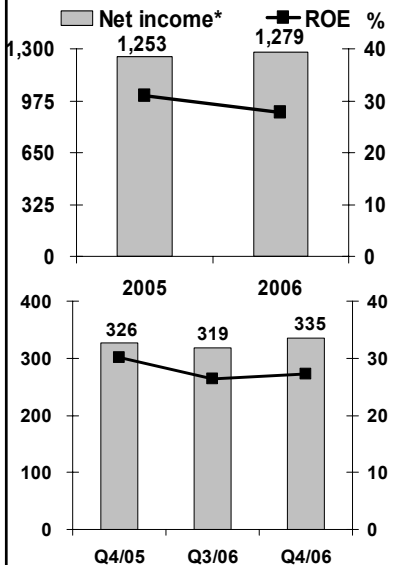
Chris Hodgson

Executive Vice President
Domestic Personal Banking

18



Domestic Banking Solid earnings from asset & revenue growth



2006 vs. 2005 net income: +2%

- strong retail asset & deposit growth, resulting in market share gains
- solid performance in wealth management, small business and commercial banking
- margin compression primarily due to higher funding costs

Q4/06 vs. Q4/05 net income: +3%

- improved wealth management results, strong growth in retail loans +14%
- higher expenses related to acquisitions, business growth initiatives
- margin compression

Q4/06 vs. Q3/06 net income: +5%

- growth in assets and deposits, increased wealth mgmt. fees and lower credit losses
- partly offset by higher expenses +\$33 mm

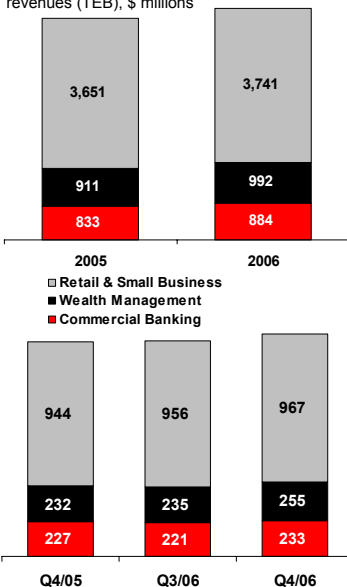
* net income available to common shareholders, \$ millions

19



Domestic Banking Revenue growth

revenues (TEB), \$ millions



2006 vs. 2005 revenues: +4%

Retail & Small Business: +2%

- strong asset and deposit growth:
 - loans +11% & GICs +10%
- higher transaction fees and card revenues

Wealth Management: +9%

- higher mutual fund, brokerage & Private Client

Commercial Banking: +6%

- strong asset +7% & deposit growth +15%

Q4/06 vs. Q4/05 revenues: +4%

Retail & Small Business: +2%

- strong asset and deposit growth
- higher transaction fees

Wealth Management: +10%

- increase in mutual fund revenues

Q4/06 vs. Q3/06 revenues: +3%

- asset growth & higher brokerage revenues

20



Domestic 2007 Priorities

- Drive sustainable revenue growth
 - greater emphasis on investment products
 - continue strategy of growing key customer segments
 - focus on higher margin products
 - seek additional strategic alliances and acquisitions

- Expand distribution and sales capacity
 - open 35 new branches
 - add 300+ new branch/wealth management sales staff

Improve earnings momentum and operating leverage

21



International Banking

Rob Pitfield

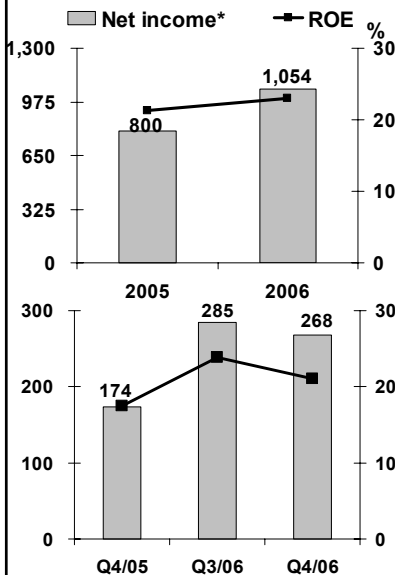
Executive Vice President
International Banking

22



International Banking

Record earnings from broad-based growth



2006 vs. 2005 net income: +32%

- record earnings despite negative impact of foreign currency translation (\$65) mm
- significant contributors to growth were Mexico, Caribbean and Central America and acquisitions in Peru
- broad based asset growth +11%, higher retail banking revenues in Mexico and credit card revenues in C&CA

Q4/06 vs. Q4/05 net income: +54%

- strong growth in all regions, particularly Mexico and Asia, solid contribution from Peru

Q4/06 vs. Q3/06 net income: (6)%

- lower earnings due to VAT recovery in Q3
- partially offset by increased contribution from Peru and Asia
- higher expenses to fund growth initiatives

* net income available to common shareholders, \$ millions

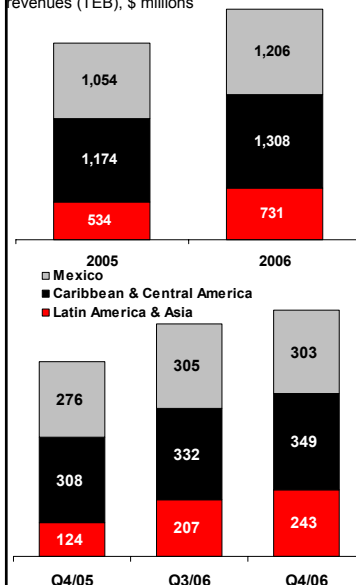
23



International Banking

Higher revenues in all regions

revenues (TEB), \$ millions



2006 vs. 2005 revenues: +17%

Mexico: +14%

- strong underlying asset growth:
 - credit cards +54%,
 - mortgages +28%,
 - commercial loans +15%

- higher credit card, brokerage & retail banking fees

- partly offset by foreign currency translation (\$62) mm

Caribbean & Central America: +11%

- increase due to full year impact of El Salvador acquisition

- underlying loan growth: retail +18% & commercial +22%

Latin America & Asia: +37%

- impact of Peru acquisitions partly offset by lower gains on sale of emerging market securities

Q4/06 vs. Q4/05 revenues: +26%

- positive impact of acquisitions and strong organic retail & commercial asset growth in many countries

Q4/06 vs. Q3/06 revenues: +6%

- increased contribution from Peru and Costa Rica acquisitions and asset growth in Caribbean & Central America

24



International 2007 Priorities

- Drive sustainable revenue growth
 - Leverage sales & service model to drive strong organic growth and to benefit acquisitions
 - Pursue additional acquisition opportunities
 - increase presence in existing markets
 - target complementary businesses: insurance & wealth management
- Aggressively expand distribution network
 - +125 new branches (100 in Mexico) & 100 ABMs

Continue double-digit earnings growth

25



Scotia Capital

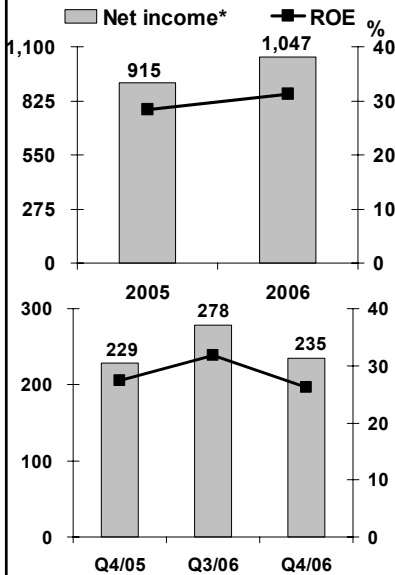
Stephen McDonald

Co-Head
Scotia Capital

26



Scotia Capital Record net income & ROE in 2006



* net income available to common shareholders, \$ millions

27

2006 vs. 2005 net income: +14%

- record earnings from solid revenue growth
- record return on equity: 31.3%
- benign credit environment
- expenses remain well controlled: +3%

Q4/06 vs. Q4/05 net income: +3%

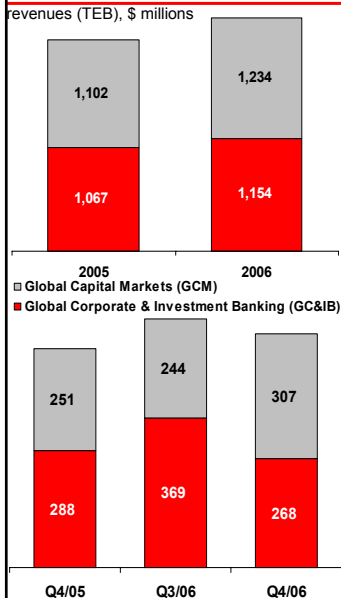
- increased derivatives revenues
- partly offset by higher loan losses & expenses

Q4/06 vs. Q3/06 net income: (15)%

- lower revenues and higher loan losses, partly offset by lower expenses



Scotia Capital 2006 revenues higher



2006 vs. 2005 revenues: +10%

Global Capital Markets: +12%

- strong results in derivatives, precious metals & foreign exchange, offset by lower equity trading
- higher interest income, due primarily to higher dividend income

Global Corporate & Investment Banking: +8%

- higher interest recoveries and increased lending volumes, partly offset by tighter spreads
- record M&A revenues, due in part to full year of Scotia Waterous, and higher net securities gains

Q4/06 vs. Q4/05 revenues: +7%

Global Capital Markets: +22%

- higher derivatives revenues
- **Global Corporate & Investment Banking: (7)%**
- higher revenues from Scotia Waterous & loan growth offset by lower net securities gains

Q4/06 vs. Q3/06 revenues: (6)%

- lower net securities gains and interest recoveries compared to high levels in Q3
- partly offset by higher derivatives revenues

28



Scotia Capital 2007 Priorities

- Enhance NAFTA platform with additional product capabilities
- Target growing customer segments with new product offerings
- Build additional global industry specializations
 - leverage Waterous & Co. acquisition to enhance Oil & Gas
 - develop or acquire expertise in targeted industries
- Continue to leverage long-standing client relationships
- Maintain credit discipline

Deliver sustainable net income growth with a high ROE

29



Outlook

Rick Waugh
President & Chief Executive Officer

30

2007 Priorities

- **Continued focus on sustainable revenue growth in all business lines**
 - while maintaining strong expense management and credit discipline
- **Deploy capital effectively**
 - organic growth
 - acquisitions
 - dividend increases & share buybacks
- **Continued emphasis on leadership development**

31

2007 objectives

- EPS growth: 7-12%
- ROE: 20-23%
- Productivity ratio – less than 58%
- Maintain strong capital ratios & credit ratings

32



Appendix

33



Impact of foreign currency translation

Average exchange rate	<u>2006</u>	<u>2005</u>	<u>2004</u>
US dollar/Canadian dollar	0.8782	0.8217	0.7586
Mexican peso/Canadian dollar	9.5422	9.0523	8.5968

Impact on income (\$ millions)	<u>2006 vs. 2005</u>	<u>2005 vs. 2004</u>	<u>Q4/06 vs. Q3/06</u>	<u>Q4/06 vs. Q4/05</u>
Net interest income	\$(202)	\$(164)	\$2	\$(47)
Other income	(138)	(123)	1	(24)
Non-interest expenses	136	95	(6)	34
Other items (net of tax)	51	47	1	10
Net income	(153)	(145)	(2)	(27)
Earnings per share (diluted)	\$(0.15)	\$(0.14)	-	\$(0.03)

34

Impact of acquisitions

Impact on income (\$ millions)	<u>2006</u>	<u>2005</u>
Net interest income	\$247	35
Other income	215	33
Non-interest expenses	(304)	(48)
Other items (net of tax)	(58)	(4)
Net income	100	16
Earnings per share (diluted)	\$0.10	\$0.02

Other Income up reflecting organic growth and impact of acquisitions

\$ millions	% Change vs.		% Change vs.		
	<u>2006</u>	<u>2005</u>	<u>Q4/06</u>	<u>Q4/05</u>	<u>Q3/06</u>
Deposit & Payment Services	\$766	9%	\$196	8%	(1)%
Investment Banking	659	(3)	175	2	5
Retail Brokerage & Trust	596	11	152	6	7
Credit Fees	530	(2)	127	(3)	(9)
Net Gain on Investment Securities	371	(10)	64	(41)	(39)
Trading Revenues	637	7	138	9	39
Other	1,241	17	364	24	13
Total	\$4,800	6%	\$1,216	5%	4%

2006 vs. 2005: Other Income +6%

- Broad-based growth in several categories, including retail brokerage, mutual funds
- Positive impact of acquisitions partially offset by lower net securities gains and securitization revenues

Q4/06: Other Income up 5% yr/yr and 4% qtr/qtr

- Yr/yr: broad-based growth and positive impact of acquisitions partially offset by lower securities gains
- Qtr/qtr: increases in trading, investment management, brokerage and trust and securitization revenues offset by lower net securities gains and credit fees



Higher salaries & employee benefits due to acquisitions and network expansion

\$ millions

	% Change vs.		% Change vs.		
	2006	2005	Q4/06	Q4/05	Q3/06
Salaries	\$2,100	7%	\$558	8%	4%
Stock-based Compensation	164	17	50	19	100%+
Other Performance-based Compensation	936	6	217	21	(10)
Pension & Employee Benefits	568	12	141	14	3
Total	\$3,768	8%	\$966	12%	3%

2006 vs. 2005: up 8%

- Higher salaries and employee benefits due to acquisitions, as well as increased performance-based compensation

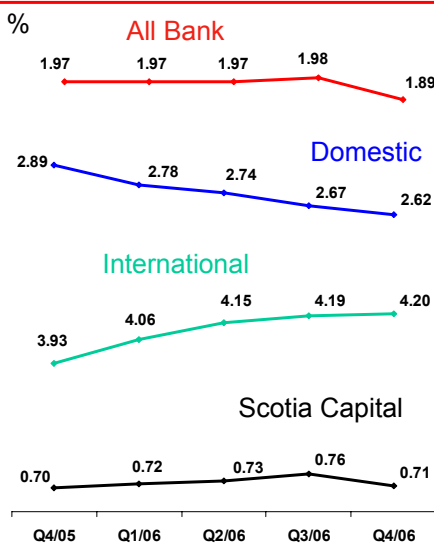
Q4/06: up 12% yr/yr & 3% qtr/qtr

- Yr/yr: higher salaries due to acquisitions and additional sales staff as well as increased performance-based compensation
- Qtr/qtr: increase in stock-based compensation due to increase in the Bank's share price partially offset by lower performance-based compensation

37



Net interest margin



All-Bank margin: (9) bps qtr/qtr

- negative impact of AcG-13 and higher funding costs

Domestic margin: (5) bps qtr/qtr

- primarily from strong mortgage growth at relatively narrower spreads

International margin: +1 bps qtr/qtr

- wider spreads in Latin America & Mexico
- partly offset by lower spreads in Caribbean & Central America

Scotia Capital margin: (5) bps qtr/qtr

- tighter loan spreads and lower interest recoveries

38



Scotiabank Mexico Continued strong growth

Scotiabank Mexico Contribution (\$ mm)	2006	2005	Q4/06	Q3/06
Net income in pesos, excluding inflation accounting	5,008	3,445	1,081	1,487
MXP/CAD exchange rate	9.5	9.1	9.8	9.9
Net income in CAD, excluding inflation accounting	\$525	381	\$111	\$151
BNS' share (97%)	\$511	\$370	\$108	\$147
Canadian GAAP and acquisition adjustments	\$21	\$(22)	\$3	13
Total contribution in CAD	\$532	\$348	\$111	\$160

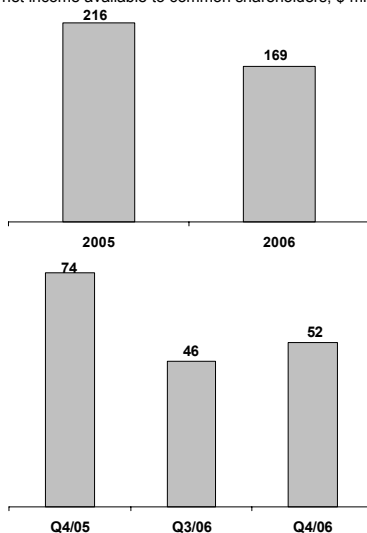
- Q4/06 strong retail asset growth with residential mortgages up 14% qtr/qtr and credit cards up 11% qtr/qtr
- Non-interest expenses up 2% qtr/qtr (excluding tax recovery, f/x impact) due to higher salaries and premises costs related to branch openings, higher profit sharing, increased appraisal and acquisition costs (mainly for credit cards)

39



Earnings in Other segment

net income available to common shareholders, \$ millions



The Other category includes Group Treasury and other corporate items, which are not allocated to a business line

2006 vs. 2005 net income: (22)%

- lower net securities gains partially offset by greater reduction in general allowance +\$15 mm

Q4/06 vs. Q4/05 net income: (30)%

- lower net securities gains partly offset by greater reduction in general allowance

Q4/06 vs. Q3/06 net income: +13%

- \$6 mm increase due to \$60 reduction in general allowance and higher securitization revenues
- largely offset by higher amount of tax-exempt gross-up elimination and AcG-13

40



High level of unrealized securities gains

\$ millions

	Q4/06	Q3/06	Q4/05
Emerging Market Debt	584	536	574
Fixed Income	(102)	(142)	(38)
Equities	519	454	499
	1,001	848	1,035

Remaining unrealized gain on Shinsei investment: \$78 mm

41



Q4/06 Items of note

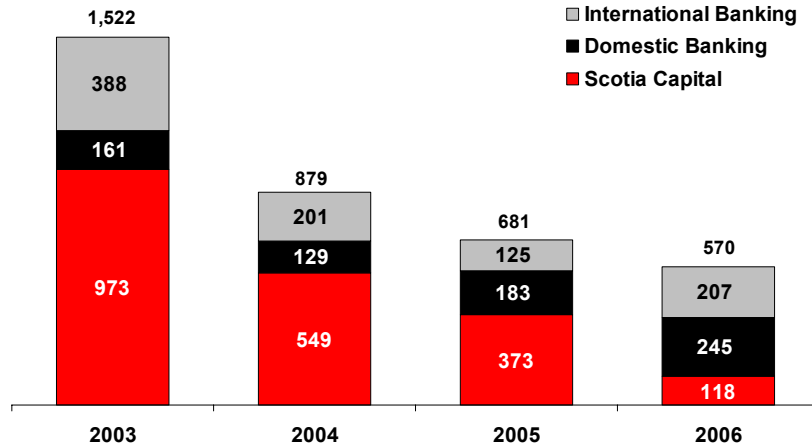
	<u>EPS impact (cents)</u>		
	<u>Q4/06 vs. Q3/06</u>	<u>Q4/06 vs. Q4/05</u>	
AcG-13	(3)	(2)	▪ AcG-13: negative impact in Q4/06 vs. Q3/06
VAT Recovery	(5)	-	▪ Reduction of General: reduced \$60 mm vs. \$45 mm in Q4/05
Reduction of General	4	1	▪ Lower tax rate: higher dividend income & earnings in lower-tax jurisdictions
Lower tax rate	3	3	▪ Forex Translation: foreign currency earnings reduced by stronger Canadian \$
Securities gains	(3)	(3)	
Foreign currency translation	-	(3)	
	(4)	(4)	
Business Growth	-	13	
Reported Change	(4) cents	9 cents	

42



Positive trend in net impaired loans

\$ millions



* after specific allowance

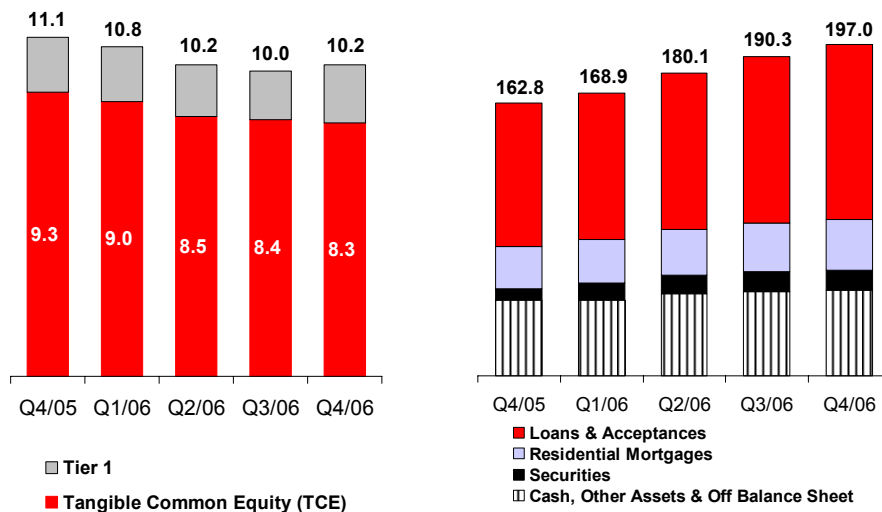
43



Strong capital ratios – despite growth in risk-weighted assets

% of risk-weighted assets

\$ billions

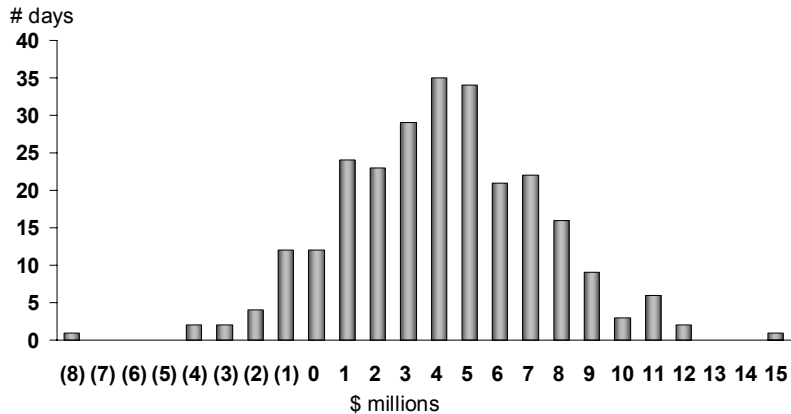


44



Low variability of trading revenue

trading revenue, 2006



- +95% days had positive results in Q4/06, vs. 85% in Q3/06
- 3 days of trading losses in Q4/06, vs. 10 days in Q3/06

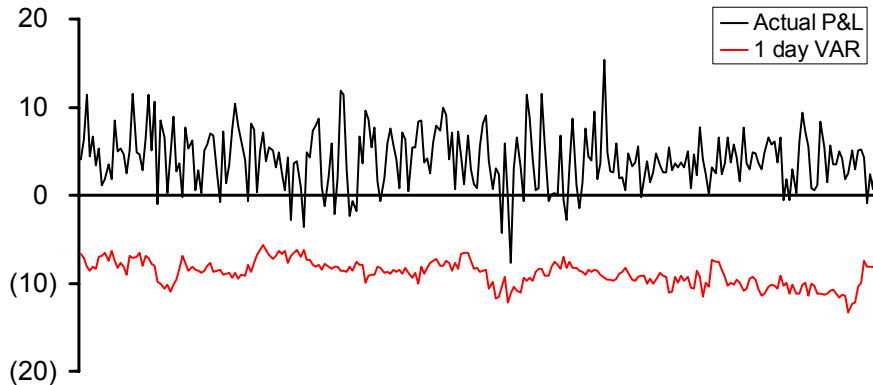
45



Market risk well controlled

\$ millions

November 1, 2005 to October 31, 2006



- Q4/06 Average 1 day VAR: \$10.1 mm vs. \$9.2 mm in Q3/06
- 2006 Average 1 day VAR: \$8.9 mm vs. \$7.6 mm in 2005
- Q4/06 & 2006: No loss days exceeded the 1 day VAR

46