



Scotia Expands in Asia-Pacific Region – with Investment in Thailand

March 29, 2007



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. 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; 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 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 54 in the Management’s Discussion & Analysis section of the Bank’s 2004 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 SEC’s website at www.sec.gov.



Extending Our Reach in Asia-Pacific

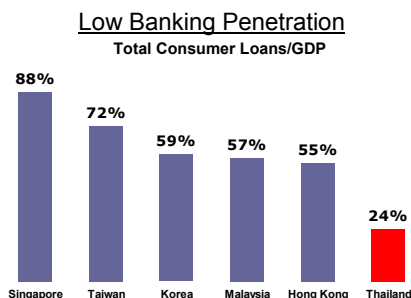
- **High growth markets**
 - Favourable demographics and fast growing economies
- **Long time market presence (45 years)**
 - 11 countries, 26 branches and offices
 - In Thailand since 1981
- **Market liberalization**
 - Creating opportunities for strategic investments
- **Investments consistent with strategy**
 - Retail & commercial businesses in known markets – e.g.
 - **China:** Xi'an City Commercial Bank, Dalian
 - **Thailand:** Thanachart Bank
 - Modest capital outlays
- **Opportunity to create value**

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Thailand Attractive Market

- **Strong growth potential**
 - High growth economy
 - 4-5% real GDP growth in 2006 & 2007E
 - Large rapidly growing consumer market
 - 65 million, young, developing middle class
- **Attractive banking sector**
 - Low banking penetration
 - Positive regulatory reforms
 - Improving performance (ROE 16% in 2006)
- **Political risk manageable**
 - Economy continues to perform well
- **Long-time presence**
 - Good understanding of the local market



Source: Bank of Thailand, Smith Barney Research

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Investment in Thanachart Bank Transaction Details

<input type="checkbox"/> Transaction	<ul style="list-style-type: none">➤ Acquire 24.99% of Thanachart Bank (T-Bank)➤ Includes provision for Scotia to increase its ownership up to 49% should legislation permit➤ Subsidiaries of Thanachart Capital (holdco) to be acquired by T-Bank➤ Scotia's branch assets to be sold to T-Bank
<input type="checkbox"/> Investment (24.99% Stake)	<ul style="list-style-type: none">➤ Cdn\$240 million approx.➤ Additional stake at equivalent price until Dec. 31, 2007
<input type="checkbox"/> Governance	<ul style="list-style-type: none">➤ Proportionate representation on Board➤ Strong Scotia management participation
<input type="checkbox"/> Required Approvals	<ul style="list-style-type: none">➤ OSFI, Thailand's Ministry of Finance, Bank of Thailand➤ Office of the SEC, SET
<input type="checkbox"/> Expected Closing	<ul style="list-style-type: none">➤ By June 30, 2007

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Investment Financial Impact

<input type="checkbox"/> Projected EPS ➤ \$0.03 in Year 3	➔	EPS accretive
<input type="checkbox"/> Purchase Price ➤ 1.6x Book Value	➔	Reasonable multiple
<input type="checkbox"/> Capital Ratios Impact ➤ Tier 1/TCE: No Impact ➤ Total: (12) bps	➔	No impact on Tier 1 and TCE ratios

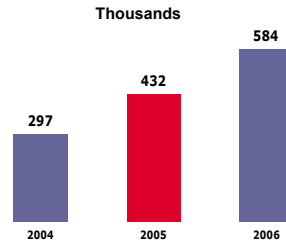
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Thanachart Bank Leader in Auto Lending

- **Medium sized bank (8th largest)**
 - Niche in consumer finance
 - Assets \$9.1 billion, 3% Market share
 - 6,000 employees
- **#1 in auto lending**
 - 24% share in 'new car' segment
 - 500,000+ auto loans
- **Aggressive growth plans**
 - Assets up 32% in 2006
 - Fast growing retail network
 - 142 branches & 260 ATMs
- **Full range of services through subsidiaries**
 - Fund Management, Brokerage, Insurance, Leasing
- **Strong credit quality**

Growth in Auto Loans



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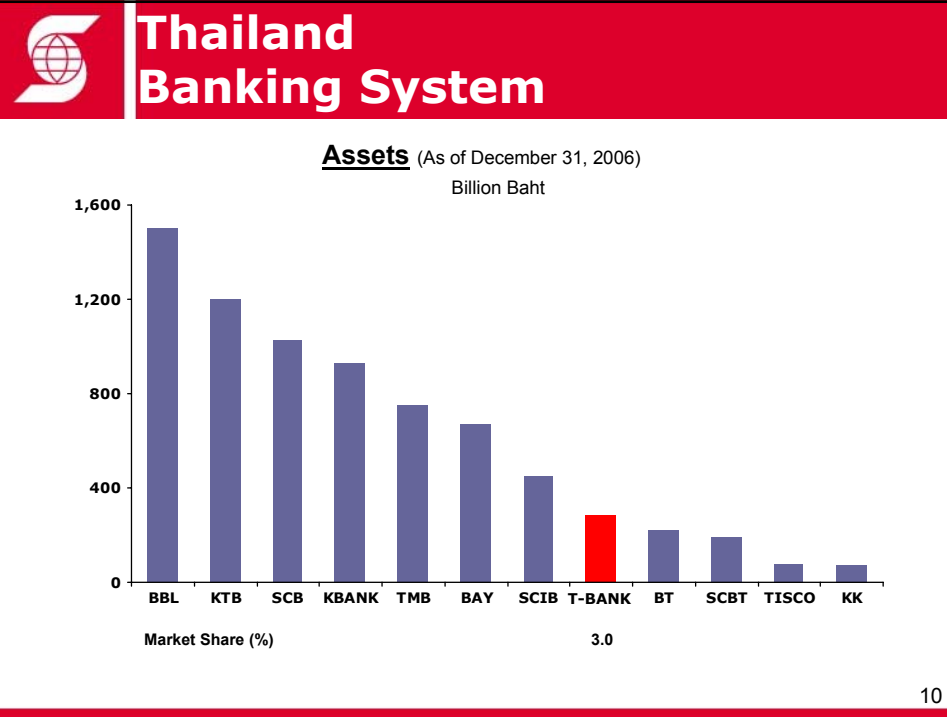
Exciting Catalyst for Future Growth

- **Opportunity to capitalize on growing demand for P&C services**
 - mortgages, car loans
 - wealth management, insurance
- **Add strategic value for strong financial returns**
 - Leverage our retail banking expertise to accelerate growth
- **Partner with strong management team**
 - Long-time relationship

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Appendices





Modern Branch Network

