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Investor Presentation
Third Quarter, 2006

August 29, 2006

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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; 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 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 59 of the Bank's 2005 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.

The "Outlook" section that follows 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.

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Overview

Rick Waugh
President & Chief Executive Officer

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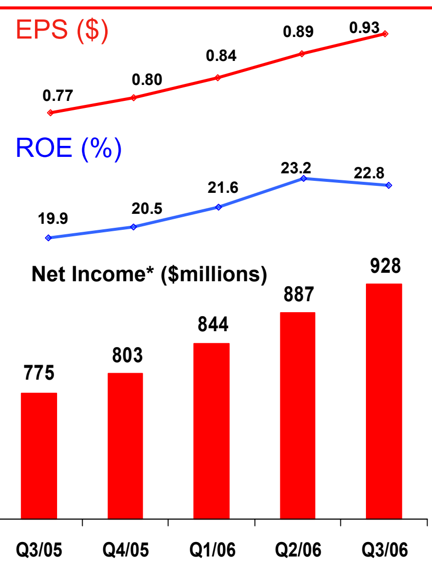
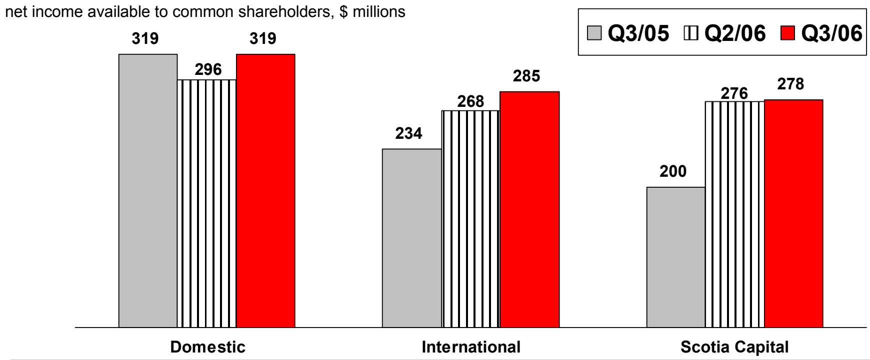
Earnings growth



- **Record results**
  - EPS: $0.93 vs. $0.77 in Q3/05
  - ROE: 22.8% vs. 19.9% in Q3/05
- **Strong revenue growth**
  - significant asset growth across all businesses
- **Favourable credit quality**
- **Strong capital position**

* Net income available to common shareholders

Solid contributions from all business lines



- **Domestic:** Solid results due to significant growth in retail and commercial lending and and business deposits as well as higher transaction-based revenue.
- **International:** Strong underlying asset growth across the division, led by Mexico, which saw significant increases in retail and commercial lending. Solid contribution from Peru and other recent acquisitions.
- **Scotia Capital:** Underlying growth in loan portfolio; also benefited from loan loss and interest recoveries, and securities gains, which more than offset a drop in trading revenues.

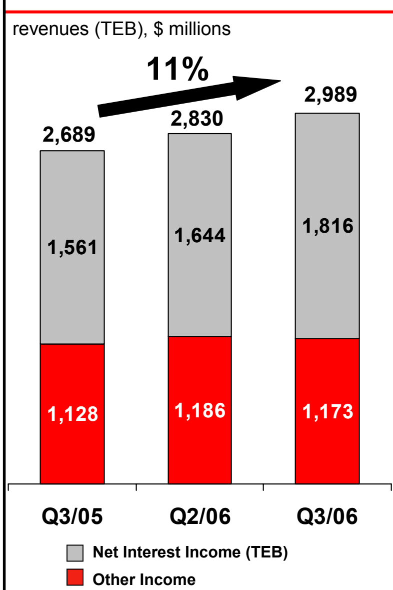
Expect to achieve upper range of 2006 financial performance objectives

	2006 YTD		Objective
ROE	22.5%	vs.	18-22%
EPS Growth	13%	vs.	5-10%
Productivity	54.7%	vs.	<58%

Performance Review

Luc Vanneste
Executive Vice-President &
Chief Financial Officer

Strong revenue growth year over year



Net interest income up $255 mm yr/yr

- Strong asset growth in all businesses - average earning assets up 15%
- Net interest margin up slightly: 1 bp

Other income: up $45 mm yr/yr

- Positive impact of acquisitions
- Higher credit card and transaction-based banking revenues: $26 mm
- Higher retail brokerage, mutual fund revenues: $24 mm
- Lower trading results: ($34) mm
- Lower securitization revenues: ($16) mm

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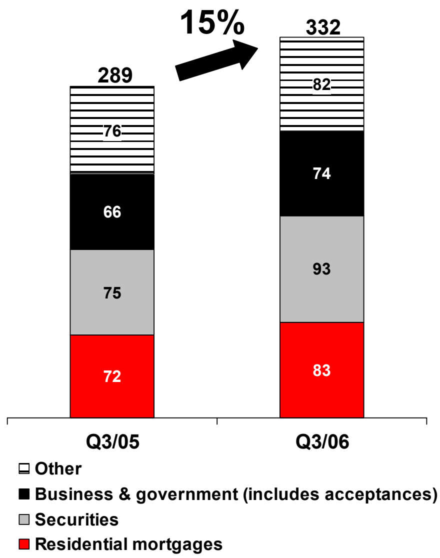
Significant asset growth

average earning assets (incl. acceptances), $ billions



- Residential mortgages up 16%
- Securities up 24%
- Business & government up 12%

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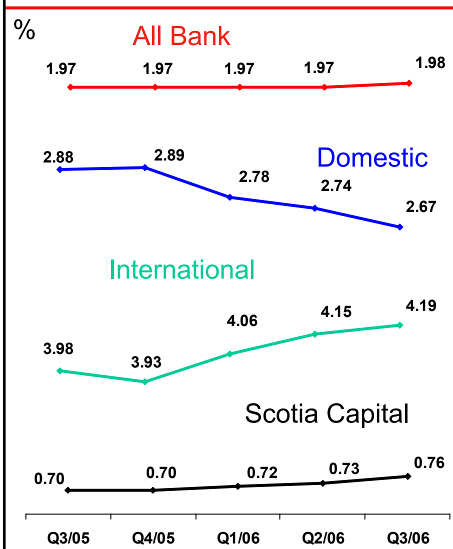
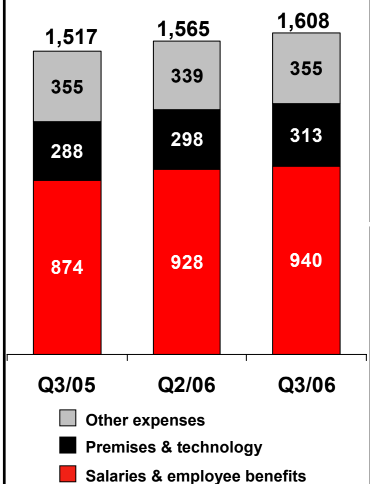
All-Bank margin stable



- All-Bank margin up 1 bp qtr/qtr
- Underlying Domestic margin stable (excluding impact of Maple acquisition, AcG 13)
- International – margin increases in several countries
- Scotia Capital margin benefited from interest recoveries

Higher expenses - Investing for future growth

expenses, $ millions



Expenses up 6% or $91 mm yr/yr

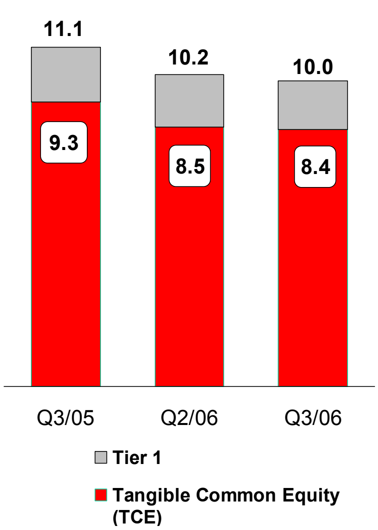
- Higher salaries & benefits, due mainly to acquisitions: $66 mm
- Higher premises and technology: $25 mm
- Other expenses up slightly as impact of acquisitions mostly offset by $51 mm VAT recovery

Expenses up 3% or $43 mm qtr/qtr

- Higher salaries due to acquisitions and longer quarter: $34 mm
- Higher premises and technology: $15 mm
- Other expenses up due mainly to the impact of acquisitions and higher business and capital taxes, and litigation costs, partly offset by VAT recovery

Strong capital ratios

% of risk-weighted assets



TCE decrease of 12 bps vs. Q2:

- Risk weighted assets (RWA) growth: (46) bps
  - $10 billion increase in RWA driven by strong loan growth
- Retained earnings growth: 34 bps

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Business Line Results

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Domestic Banking
Solid performance

$ millions

	Q3/06	% Change vs. Q3/05	% Change vs. Q2/06
Total revenue	$1,412	4%	3%
Provision for credit losses	69	10	(22)
Non-interest expenses	879	7	4
Net Income available to common shareholders	**$319**	**-**	**8**
Average assets ($B)	$139	11	5
Return on Equity	26%		

Year/Year: Net income unchanged

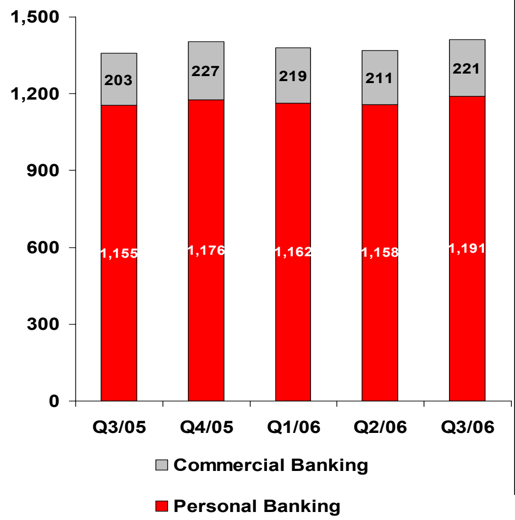
- strong retail asset growth offset by higher expenses and margin compression

Quarter/Quarter: Net income up 8%

- 5% asset growth, lower provisions in commercial banking

Domestic Banking
Revenue growth

revenues (TEB), $ millions



Personal Banking

Yr/Yr – up 3%

- 12% increase in retail assets, driven by organic growth and acquisitions of Maple/NBG
- good personal and small business deposit growth
- good growth in transaction-based revenues and mutual funds

Qtr/Qtr – up 3%

- asset growth partly offset by lower Wealth Mgt revenues

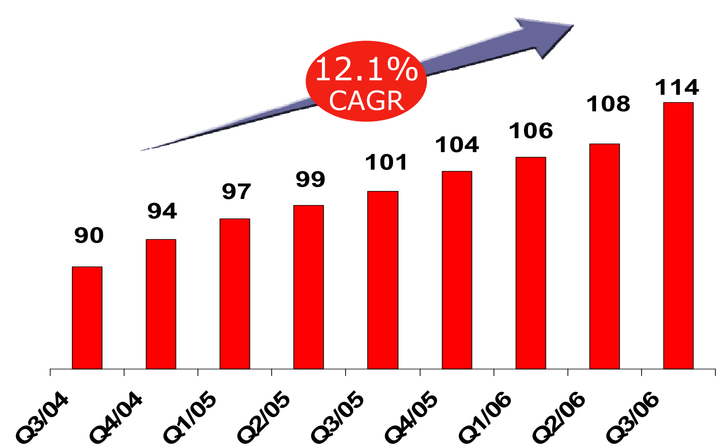
Commercial Banking

Yr/Yr – up 9%

- higher net interest income and fee revenues

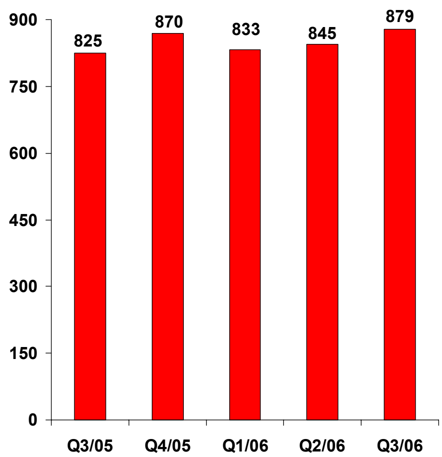
Domestic Banking
Excellent retail asset growth

retail lending assets, $ billions



Domestic Banking – Higher expenses to support growth initiatives

expenses, $ millions



Year/Year: up 7%

- Increase due primarily to growth initiatives & acquisitions (Maple, NBG) - higher compensation, premises and technology expenses

Quarter/Quarter: up 4%

- Increase due to growth initiatives

International Banking
Strong underlying asset growth

$ millions

	Q3/06	% Change vs. Q3/05	% Change vs. Q2/06
Total revenue	$ 844	13%	11%
Provision for credit losses	24	13	nm*
Non-interest expenses	477	7	7
Net Income available to common shareholders	**$ 285**	**22**	**7**
Average assets ($B)	$ 57	13	7
Return on Equity	24%		

* Not meaningful

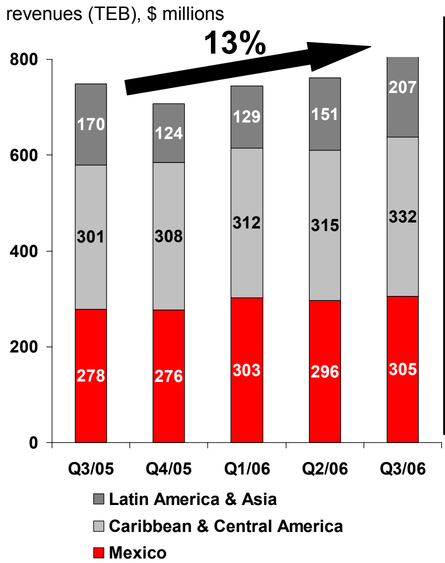
Year/Year: Net income up 22%

- strong year-over-year growth in Caribbean/Central America and Mexico, including VAT recovery, and contribution from Peru, partly offset by foreign currency translation

Quarter/Quarter: Net income up 7%

- good organic growth and contribution from Peru acquisitions, partly offset by higher loan losses

International Banking – Higher revenues from strong asset growth



Mexico – up 10% yr/yr
- higher retail and commercial loans
- partly offset by f/x impact ($36 mm)

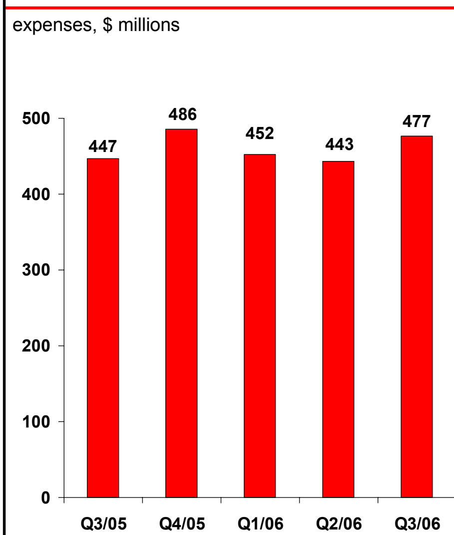
Caribbean & Central America

Up 10% yr/yr
- strong underlying asset growth of 18%, including Jamaica, Trinidad, Bahamas and the Dominican Republic

Latin America & Asia

Up 22% yr/yr
- contribution from Peru, partly offset by lower securities gains

International Banking – Expenses support business growth initiatives



Year/Year: up 7%
- due primarily to impact of Peru acquisitions, and higher technology, compensation and premises expenses to support growth initiatives
- Partly offset by VAT recovery in Mexico, favourable forex impact

Quarter/Quarter: up 7%
- impact of Peru acquisitions
- higher compensation, premises, advertising and litigation expenses

Scotia Capital – record net income

$ millions

	Q3/06	% Change vs. Q3/05	% Change vs. Q2/06
Total revenue	$ 613	18%	6%
Provision for (recovery of) credit losses	(19)	nm*	(65)
Non-interest expenses	232	9	(8)
Net income available to common shareholders	**$ 278**	**39**	**1**
Average assets ($B)	$136	19	6
Return on Equity	32%		

* Not meaningful

Year/Year: Net income up 39%

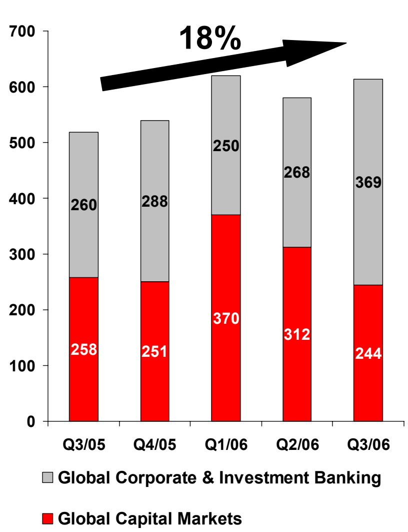
- asset growth, securities gains and higher loan loss recoveries, partly offset by lower trading results and higher expenses

Quarter/Quarter: Net income up 1%

- securities gains, interest recovery, lower expenses offset by lower loan loss recoveries and trading revenues

Scotia Capital - Strong C&I banking revenue offsets lower trading

$ millions, TEB



Global Corporate & Investment (C&I) Banking - up 42% yr/yr

- record M&A revenues
- increased lending volumes
- higher interest recoveries and securities gains

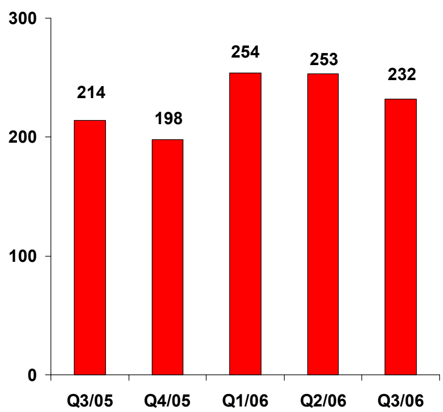
Global Capital Markets

Down 22% qtr/qtr

- lower derivatives, institutional equity trading and fixed income revenues
- stable precious metals, foreign exchange revenues

Scotia Capital
Expenses well controlled

$ millions



Year/Year: up 9%

- higher performance-related compensation, salaries and benefits
- Waterous & Co. acquisition

Quarter/Quarter: down 8%

- lower performance-related compensation

Risk Review

Brian Porter
Chief Risk Officer

Stable credit quality

$ millions	Q3/06	Q2/06	Q3/05
Provision for Credit Losses (PCL)	74	35	85
PCL as % of Loans & Acceptances:	0.13%	0.07%	0.17%
Net Impaired Loans*:	479	579	573

- No change in General Allowance: $1,330 mm
- US$1.2 billion in credit protection outstanding

* after specific allowance for credit losses

Credit losses remain low

$ millions	Q3/06	Q2/06	Q3/05
Domestic:			
- Retail & Small Business	65	63	60
- Commercial	4	25	3
International:			
- Scotiabank Mexico	3	10	9
- Caribbean & Central America	18	(11)	8
- Latin America & Asia	3	2	4
Scotia Capital: Global Corp.&Inv. Banking:			
- U.S.	(16)	(30)	1
- Canada & Other	(3)	(24)	1
Other	-	-	(1)
Total	**74**	**35**	**85**

- **Domestic:** Retail credit quality remains stable. Lower Commercial PCLs qtr/qtr primarily due to provisions taken against two accounts in Q2/06.
- **International:** Provisions of $24 mm, up $23 mm qtr/qtr due to higher retail provisions in the Caribbean & Central America.
- **Scotia Capital:** Loan loss recoveries: higher yr/yr, but lower qtr/qtr.

Minimal net impaired loan formations

$ millions

Domestic		
- Retail	76	
- Commercial	20	**96**
International		
- Scotiabank Mexico	30	
- Caribbean & Central America	-	
- Latin America & Asia	(9)	**21**
Scotia Capital: Global Corp. & Inv. Banking		
- U.S.	(90)	
- Canada & Other	(8)	**(98)**
Total		**19**

Domestic Retail: net formations of $76 mm reflect strong volume growth - underlying credit trends remain stable

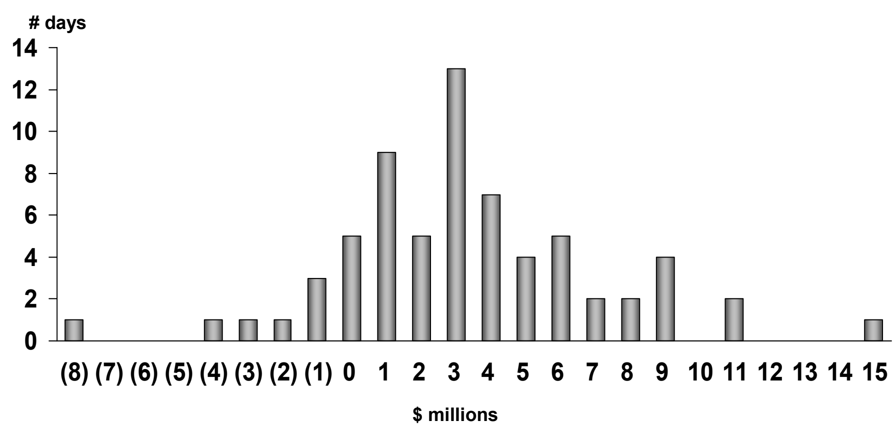
Domestic Commercial: net formations of $20 mm, due to classification of several small accounts

International: net formations were $21 mm, with formations in Mexico partially offset by declassifications in Latin America and Asia

Scotia Capital: net declassifications of $98 mm, largely in the U.S.

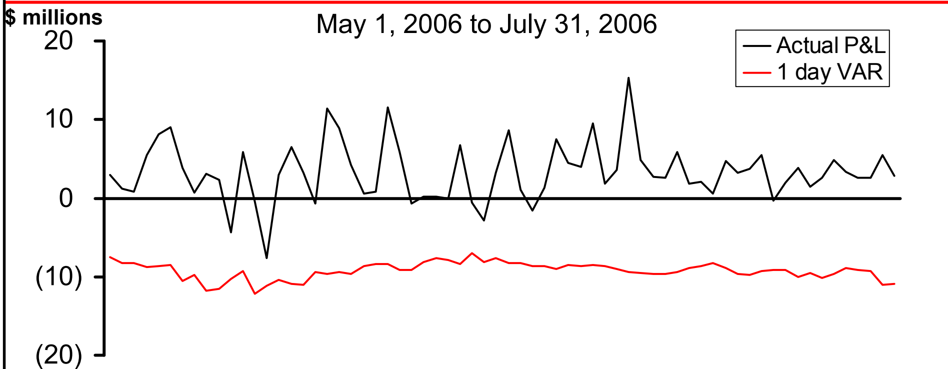
Low variability of trading revenue

trading revenue, third quarter 2006



- 85% days had positive results in Q3/06
- 10 days of trading losses in Q3/06 vs. 8 days in Q2/06

Market risk well controlled

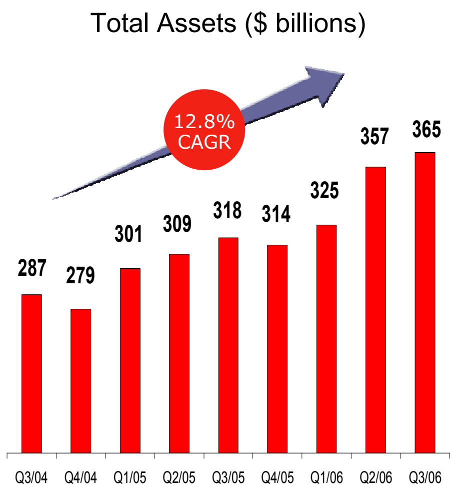


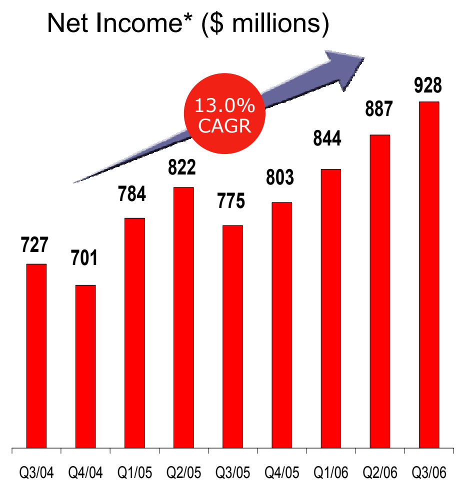
- Average 1 day VAR: $9.2 mm, up $1.2 mm qtr/qtr, up $1.5 mm yr/yr
- Qtr/Qtr: higher interest rate and equities exposures; lower forex and commodities
- No loss days exceeded the 1 day VAR

Outlook

Rick Waugh
President & Chief Executive Officer

Strong growth in assets and earnings





* available to common shareholders

Outlook
Investing for future revenue growth

- **Organic growth**
  - expanding branch network in Mexico (100+), Canada(50)
  - upgrading technology to drive sales growth in investment products as well as personal and commercial banking
  - hiring 300+ sales staff in Canada
  - training, marketing, sponsorships/brand development
- **Acquisitions**
  - 6 in the past 12 months, with a total investment of more than $1 billion
  - strong pipeline, looking at several potential opportunities
- **Maintaining our cost control culture and productivity advantage**

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Q3/06 Items of note

	EPS Impact (cents) Change Qtr/Qtr	EPS Impact (cents) Change Year/Year
VAT recovery	5	5
Interest recoveries	1	2
Provision for credit losses	(3)	1
Higher tax rate	(3)	-
Trading	(5)	(2)
Forex	(2)	(7)
Longer quarter (3 days)	2	-
	(5)	(1)
Business growth	9	17
Change in reported EPS	**4 cents**	**16 cents**

Other Income up year over year on stronger wealth management and acquisitions

$ millions

	Q3/06	% Change vs. Q3/05	% Change vs. Q2/06
Deposit & Payment Services	$198	8%	8%
Investment Banking	167	3	3
Retail Brokerage & Trust	142	11	(10)
Credit Fees	140	-	6
Net Gain on Investment Securities	105	(4)	(3)
Trading Revenues	99	(26)	(37)
Other	322	18	12
Total	$1,173	4%	(1)%

Year/Year: up 4%

- Broad-based growth in several categories, including retail brokerage, mutual funds
- Positive impact of acquisitions offset by lower trading and securitization revenues
- Other category higher due mainly to impact of Peru

Quarter/Quarter: down 1%

- Lower trading, retail brokerage and trust revenues partially offset by growth in several categories.

Higher Salaries & Employee Benefits due to acquisitions

$ millions

	Q3/06	% Change vs. Q3/05	% Change vs. Q2/06
Salaries	$539	9%	7%
Stock-based Compensation	22	(42)	(19)
Other Performance-based Compensation	242	16	(3)
Pension & Employee Benefits	137	2	(7)
Total	$940	8%	1%

Year/Year: up 8%

- Higher salaries and employee benefits due to acquisitions, as well as increased performance-based compensation due to adjustments to bonus accruals last year.

Quarter/Quarter: up 1%

- Higher salaries due to acquisitions largely offset by lower stock and performance-based compensation and lower benefit costs.

High level of unrealized securities' gains

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$ millions

	Q3/06	Q2/06	Q3/05
Emerging Market Debt	536	534	579
Fixed Income	(142)	(158)	1
Equities	454	519	504
	848	**895**	**1,084**

- $86 mm in unrealized gain on Shinsei investment

Domestic Banking Q3/06 Highlights

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- continued gains in market share
  - ✓ residential mortgages up 114 bp* yr/yr
  - ✓ personal term deposits up 68 bp* yr/yr
  - ✓ business lending up 28 bp qtr/qtr
- retail delinquency improved 15 bp qtr/qtr
- 81% of Private Client Group clients rate our overall performance as excellent or very good

* Including impact of Maple/NBG acquisitions

International Banking
Q3/06 Highlights

- Announced purchase of Corporacion Interfin for $330 million
  - largest private bank in Costa Rica
  - $1.3 billion in assets
  - 24 branches, 36 ABMs
  - combined 13% loan market share
- Jamaica, Dominican Republic receive *Euromoney* Award of Excellence
- Scotiabank Mexico rated #1 employer among banks in Mexico by Great Place to Work Institute

Scotiabank Mexico
Strong underlying revenue growth

Contribution of Scotiabank Mexico ($ millions)	**Q3/06**
Net income in pesos, excluding inflation accounting	1,487
MXP/CAD exchange rate	9.9
Net income in CAD, excluding inflation accounting	$151
BNS' share (97%)	$147
Canadian GAAP and acquisition adjustments	13
Total contribution in CAD*	$160

* Excluding impact of loans booked through representative office

- Total revenue (excluding f/x impact) up 23% yr/yr on strong customer-driven asset growth; personal loans up 34%, commercial loans up 10%
- Non-interest expenses up 16% yr/yr (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)

Scotia Capital
Q3/06 Highlights

- Record year for M&A business
  - 60+ advisory mandates year to date
  - acted as financial advisor to Aliant on a series of transactions that created Bell Aliant Regional Communications Income Fund, the second largest business trust in Canada
- Good corporate loan growth
  - Canada – up 20% yr/yr
  - U.S. – up 11% qtr/qtr, 4% yr/yr
- Growth in securities balances
  - GMAC - $7 billion
  - growth to support trading and derivatives businesses