

CHARTER

THE BANK OF NOVA SCOTIA

EXECUTIVE AND RISK COMMITTEE OF THE BOARD

The Executive and Risk Committee of the Board of Directors (the Committee) has the responsibilities and duties as outlined below:

A. Mandate

1. To perform such duties as may be required by:
 - the *Bank Act* (the Act) and the regulations thereunder;
 - the *Canada Deposit Insurance Corporation Act*;
 - and other applicable legislation and regulations including those of the Ontario Securities Commission ("OSC"), the Toronto Stock Exchange ("TSX"), the New York Stock Exchange ("NYSE") and the Securities and Exchange Commission ("SEC")
2. To advise executive management on highly sensitive or major strategic issues, such as mergers or acquisitions.
3. To review and approve credit, investment and market risks. Also, as required by regulatory agencies, review, monitor and approve risk related policies, procedures and standards.
4. From time to time, to examine and report to the Board on the public issues facing the Bank and, where necessary, to recommend policies in respect of these issues.
5. During intervals between meetings of the Board, to exercise all of the powers of the Board, subject to the limitations prescribed by the Bank Act, and such limitations as the Board may determine from time to time.

B. Duties

The Committee shall perform such other duties as may from time to time be assigned to the Committee by the Board except the following powers that are reserved exclusively for the Board under the *Bank Act*:

- to submit to the shareholders a question or matter requiring the approval of the shareholders;
- to fill a vacancy among the directors or a committee of directors or in the office of auditor;
- to issue securities, except in the manner and in terms authorized by the directors;
- to declare a dividend;
- to authorize the redemption or other acquisition by the Bank of shares issued by the Bank;
- to authorize the payment of a commission on a share issue;
- to approve a management proxy circular;
- to approve the annual statement of the Bank and any other financial statements issued by the Bank; or
- to adopt, amend or repeal by-laws.

C. Reporting

After each meeting of the Committee, the Committee is required to report to the Board on matters reviewed by the Committee at the next regularly scheduled Board meeting.

**APPROVED BY THE BOARD
ON JUNE 1, 2004**

The Committee shall review and assess the adequacy of this Charter on an annual basis and report the results of this review to the Corporate Governance and Pension Committee of the Board.

D. Composition

Structure

The Committee shall consist of no less than three directors as the Board shall determine from time to time, a majority of whom shall be resident Canadians.

At least three members of the Committee must be directors who are not officers or employees of the Bank.

Appointment of Committee Members

Members of the Committee are appointed or reappointed annually by the Board, such appointments to take effect immediately following the annual meeting of the shareholders of the Bank. Members of the Committee shall hold office until their successors are appointed, or until they cease to be Directors of the Bank.

Vacancies

Vacancies may be filled for the remainder of the current term of appointment of members of the Committee by the Board, subject to the requirement under the heading "Structure" above.

Appointment of Committee Chair

The Board shall appoint from the Committee membership, a Chair for the Committee to preside at meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at that meeting.

E. Meetings

Calling of Meetings

Meetings of the Committee may be called by the Chair or by any two members of the Committee. Members may participate in meetings in person or by telephone, electronic or other communications facilities.

The Committee shall not transact business at a meeting unless a majority of the members present are resident Canadians except where:

- a resident Canadian member who is unable to be present approves in writing or by telephone, electronic or other communications facilities the business transacted at the meeting; and
- a resident Canadian majority of members would have been present if the absent member had been present.

The external members of the Committee shall meet immediately prior to and/or following the conclusion of the regular agenda matters.

The Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.

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Notice of Meetings

Notice of meeting of the Committee shall be sent by prepaid mail, by personal delivery or other means of transmitted or recorded communication or by telephone at least 12 hours before the meeting to each member of the Committee at the member's address or communication number last recorded with the Secretary. A Committee member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

Quorum

The quorum for a meeting of the Committee shall be 40% of the number of members, subject to a minimum of 2 members.

Secretary and Minutes

The Secretary or, in the absence of the Secretary, an Assistant Secretary of the Bank shall act as Secretary of the Committee.

Minutes of meetings of the Committee shall be recorded and maintained by the Secretary and subsequently presented to the Committee and to the Board, if required by the Board.

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ON JUNE 1, 2004**