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MEDIA RELEASE

SCOTIABANK REPORTS SOLID FIRST QUARTER RESULTS

FIRST QUARTER 2007 HIGHLIGHTS

- **Net Profit of $1,614 million**
- **Earnings per share of $0.55**
- **Return on Average Equity 23.25%**
- **Productivity ratio of 56.69%**
- **First Quarter dividend of 29 cents per share**

Scotiabank today reported 2007 first quarter net income of $1,614 million, an increase of $82 million when compared to the same period last year.

William E. Clarke, President and CEO said "Our solid start to the new Fiscal Year is attributable to our continued focus in growing our core business. We experienced significant growth in our retail portfolio, with retail loans and mortgages growing by $5 billion. Private sector commercial loan demand however continued to be weak. Scotiabank continues to place significant emphasis on strong risk management and expense control, as well as, ensuring total commitment to customer satisfaction."

Earnings per share (EPS) for the quarter was 55 cents , compared to 52 cents for last year, while Return on Average Equity (ROE) remains very strong at 23.25%.

The Board of Directors today, approved an interim dividend of 29 cents per stock unit, payable on April 12, 2007 to stockholders on record at March 19, 2007.

REVENUES

Total Revenue comprising net interest revenue and other income was $6,970 million, an increase of $448 million or 6.9% from prior year.

NET INTEREST INCOME

Net interest income was $4,096 million, up $309 million when compared to last year. This is as a result of strong portfolio volume growth primarily in our retail portfolio, as net interest margin continue to trend downwards in line with market interest rates.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was $903 million, up $17 million when compared with last year driven mainly by the growth in credit card revenue and credit fees. Insurance Premium is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance, marketed by Scotia Jamaica Life Insurance Company Limited. Combined net premium income for both products increased by approximately $42 million when compared to the same period last year. SJLIC reported gross premium income of $1.2 billion for the quarter.

NON-INTEREST EXPENSES AND PRODUCTIVITY

With strong revenue growth and our disciplined approach to expense management across the group, our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 56.69%. If insurance premium and related actuarial expenses were excluded, to recognize the significant dissimilarities between the revenue/expense pattern of the insurance business and the other financial services offered by the Scotiabank group, the productivity ratio for the period was 46.59%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were $2,170 million, an increase of $108 million over last year, which is primarily due to increases in premises related and security expenses. Policyholders Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Scotiabank's credit quality continues to be outstanding both by international standards and when compared with our peers locally. Non-performing Loans at January 31, 2007, were $1,100 million, an increase of $182 million when compared to $918 million a year ago, and $91 million above the previous quarter ended October 31, 2006. The Group's non-performing loans now represent 1.74% of total loans and 0.54% of total assets compared to 1.54% and 0.47% respectively in prior year.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the Regulatory requirement. The difference in the amount computed under the two methodologies is reported as Loan Loss Reserve in the equity component of the Balance Sheet. The loan loss provision as determined by IFRS is $507 million, of which $362 million is specific and $145 million is general.

The loan loss provision as determined by Regulatory Requirement is $1,313 million of which $775 million is specific and $538 million is general. The total provision of $1,313 million exceeds total non-performing loans by $213 million, and provides coverage of 119% of non performing loans. Over the years, we continue to experience significant growth in the loan portfolio, however the loan loss provision has remained relatively stable, due to Scotiabank's strong credit policy and loan administration procedures, which has ensured the high quality of the loan portfolio.

BALANCE SHEET

Total assets increased year over year by $11 Billion or 6% to $205 Billion as at January 31, 2007. Performing Loans as at January 31, 2007 were $62 billion, up $2.4 billion over the previous year, we continue to experience significant growth in retail lending, however, commercial loan demand continues to be weak. Investments and repurchase agreements also increased by $9 billion. Retirement Benefit Asset represents the net of the present value of pension obligation and the fair value of the pension plan assets as determined by independent actuaries.

Deposits grew to $123.5 billion, up $3.3 billion from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotiabank's capital base continues to be very strong. Total shareholders equity rose to $28.1 billion, $755 million more than the previous quarter and $3.9 billion higher than last year.

SCHEME OF ARRANGEMENT

Scotiabank Jamaica will be focusing on growing the Wealth Management business line as a critical component of our long term strategic plan. With the acquisition of majority interest in Dehring, Bunting and Golding Limited (DB&G) by Scotiabank Jamaica and Scotiabank Canada, we are positioning ourselves to become a dominant player in this segment. As a consequence, we will be seeking approval of the requisite majority of our shareholders to support an application for a scheme of reconstruction at an Extraordinary General Meeting on February 28, 2007. The objective of the reconstruction is to more fully align the interests of Scotiabank Jamaica and DB&G under a single corporate umbrella.

SCOTIABANK'S COMMITMENT TO THE COMMUNITY

During the quarter, Scotiabank deepened its commitment to being a corporate leader through increased corporate philanthropy and the provision of opportunities for its customers to achieve financial success. President & CEO William E. Clarke said, "We owe the success of Scotiabank over the past 118 years to the continued support and loyalty of the people in the communities in which we live and work. Therefore we are unwavering in our commitment to supporting activities that positively impact their lives and increase the opportunities for their prosperity."

In December 2006, The Scotia Jamaica Building Society launched a $500 Million Mortgage Fund for Public Sector employees to commemorate the 100th year of Scotiabank being bankers to the Government of Jamaica, at a fixed interest rate of 11% for the first five years.

During the quarter, the Scotiabank Jamaica Foundation donated $59 million to Health, Education and Community projects, these include a new ultrasound machine, digital X-ray machine and six infusion pumps for the Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies (UWI) at a cost of $32.3 million. This contribution brings our total expenditure to the Accident and Emergency Unit at UWI in the last 12 months to approximately $70 million. We also purchased six new dialysis machines at a cost of $10.8 million for the Scotiabank Jamaica Foundation Haemodialysis Unit at Cornwall Regional Hospital. In the education sector, we broke ground for the construction of a new lecture theatre at the Montego Bay Community College to be built at a cost of $25 million and continued with our annual scholarships and bursaries.

Scotiabank Jamaica takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in Scotiabank. Our continued success is as a result of great execution by our team of over 1,800 skilled and dedicated Scotiabankers and their consistent focus on customer satisfaction. We thank them for their professionalism, commitment and for being a great team.

CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Income

	For the three months ended		
Unaudited ***($ millions)***	**January 2007**	**October 2006**	**January 2006**
GROSS OPERATING INCOME	**6,970**	**7,234**	**6,522**
INTEREST INCOME			
Loans and deposits with banks	3,467	3,444	3,322
Securities	2,459	2,657	2,215
	5,926	6,101	5,537
INTEREST EXPENSE			
Deposits	1,830	2,056	1,750
Net interest income	4,096	4,045	3,787
Provision for credit losses	(160)	(103)	(7)
Net interest income after provision for credit losses	3,936	3,942	3,780
Net fee and commission income	698	756	630
Insurance premium income	141	126	99
Gains less losses from foreign currencies	202	218	255
Other operating income	3	33	1
	1,044	1,133	985
TOTAL OPERATING INCOME	**4,980**	**5,075**	**4,765**
OPERATING EXPENSES			
Staff costs	1,284	1,153	1,286
Premises and equipment, including depreciation	338	333	294
Changes in policyholders' reserves	585	577	551
Other operating expenses	548	514	482
	2,755	2,577	2,613
OPERATING PROFIT	**2,225**	**2,498**	**2,152**
Share of profit in associated company	19	-	-
PROFIT BEFORE TAXATION	**2,244**	**2,498**	**2,152**
Taxation	(630)	(683)	(620)
NET PROFIT	**1,614**	**1,815**	**1,532**
Earnings per share based on 2,927,232,000 shares (cents)	**55**	**62**	**52**
Dividend per share (cents)	**29.0**	**29.0**	**25.0**
Dividend payout ratio	**52.59%**	**46.77%**	**47.76%**
Return on average equity (annualized)	**23.25%**	**27.08%**	**25.64%**
Return on assets (annualized)	**3.15%**	**3.63%**	**3.16%**
Book value per common shares	**9.49**	**9.16**	**8.16**
P/E Multiple	**11.46**	**8.89**	**10.03**
Productivity ratio	**56.69%**	**51.76%**	**54.90%**
Productivity ratio (excluding Life Insurance Business)	**46.59%**	**41.63%**	**44.28%**

The Bank of Nova Scotia Jamaica Limited
Consolidated Balance Sheet

Unaudited *($ millions)*	Three months ended January 31 2007	Year ended October 31 2006	Three months ended January 31 2006
ASSETS			
CASH RESOURCES	47,461	45,930	50,150
INVESTMENTS			
Held To Maturity	33,375	36,715	31,070
Financial assets at fair value through statement of revenue and expenses	330	238	12
Securities available for sale	19,017	15,849	12,706
	52,722	52,802	43,788
INVESTMENT IN ASSOCIATED COMPANY	1,064	-	-
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	27,822	29,600	28,994
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	62,731	59,588	59,737
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	3,967	3,961	4,074
Real estate & equipment at cost, less depreciation	2,383	2,350	2,077
Deferred Taxation	179	176	110
Retirement Benefit Asset	4,422	4,287	3,885
Taxation Recoverable	597	675	451
Other assets	1,397	648	557
	12,945	12,097	11,154
TOTAL ASSETS	**204,745**	**200,017**	**193,823**
LIABILITIES			
DEPOSITS			
Deposits by public	116,073	113,280	113,309
Other deposits	7,457	7,210	6,953
	123,530	120,490	120,262
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	3,967	3,961	4,074
Liabilities under repurchase agreements	17,879	18,234	17,486
Deferred Taxation	1,738	1,738	1,481
Retirement Benefit Obligation	547	487	367
Other liabilities	4,234	4,008	5,028
	28,365	28,428	28,436
POLICY HOLDER'S FUND	24,705	23,709	20,854
SHAREHOLDERS' EQUITY			
Capital- Authorized, 3,000,000,000 ordinary shares			
Issued and fully paid, 2,927,232,000 Ordinary stock units of $1 each	2,927	2,927	2,927
Reserve Fund	3,158	3,158	3,158
Retained Earnings Reserve	5,393	5,243	4,643
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	265	275	140
Unappropriated Profits	15,568	14,953	12,569
	28,145	27,390	24,271
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**204,745**	**200,017**	**193,823**

Note:

Where necessary, certain comparative amounts have been restated to conform to current year's presentation.

Director

Director

Consolidated Statement of Changes in Shareholders' Equity

Unaudited

($ millions)	Share Capital	Reserve Fund	Retained Earnings Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Assets	Unappropriated Profits	Total
Balance at 31 October 2005	**2,927**	**3,158**	**4,493**	**27**	**807**	**195**	**11,919**	**23,526**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes						**151**		**151**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses						**(71)**		**(71)**
Net profit	-	-	-	-	-	-	6,799	**6,799**
Retained earnings transfer	-	-	750	-	-	-	(750)	**-**
Dividends paid	-	-	-	-	-	-	(3,015)	**(3,015)**
Balance at 31 October 2006	**2,927**	**3,158**	**5,243**	**27**	**807**	**275**	**14,953**	**27,390**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes						**13**		**13**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses						**(23)**		**(23)**
Net profit	-	-	-	-	-	-	1,614	**1,614**
Retained earnings transfer	-	-	150	-	-	-	(150)	**-**
Dividends paid	-	-	-	-	-	-	(849)	**(849)**
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-		-	**-**
Balance as at 31 January 2007	**2,927**	**3,158**	**5,393**	**27**	**807**	**265**	**15,568**	**28,145**

The Bank of Nova Scotia Jamaica Limited
Condensed Consolidated Statement of Cash Flows

(Unaudited) *($ millions)*	**Three Months Ended January 31 2007**	**Three Months Ended January 31 2006**
Cash flows provided by / (used in) operating activities		
Net Income	1,614	1,532
Adjustments to net income		
Depreciation	85	70
Impairment losses on loans	160	7
Other, net	360	967
	2,219	2,576
Changes in operating assets and liabilities		
Loans	(3,232)	(1,470)
Deposits	2,590	5,577
Policyholders reserve	996	900
Other, net	(377)	(161)
	2,196	7,422
Cash flows provided by / (used in) investing activities		
Investment securities	(1,090)	(3,175)
Repurchase Agreements, net	1,593	(26)
Property, plant and equipment, net	(118)	(130)
	385	(3,331)
Cash flows used in financing activities		
Dividends paid	(849)	(732)
	(849)	(732)
Effect of exchange rate on cash and cash equivalents	352	347
Net change in cash and cash equivalents	2,084	3,706
Cash and cash equivalents at beginning of year	28,844	30,239
Cash and cash equivalents at end of period	**30,928**	**33,945**
Represented by :		
Cash Resources	46,922	49,549
Statutory reserves at BOJ	(9,866)	(9,940)
Interest bearing deposits with banks, non-operating	(2,749)	(2,281)
Cheques and other instruments in transit, net	(3,379)	(3,383)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**30,928**	**33,945**

Scotiabank

Segment Reporting Information

Consolidated Statement of Income

Unaudited

For the period ended January 31, 2007

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenues	1,612,408	2,227,983	1,411,015	631,397	1,087,024	498		6,970,325
Revenues from other segments	(1,047,350)	688,129	377,891	21,600	6,639	4,298	(51,207)	-
Total Revenues	565,058	2,916,112	1,788,906	652,997	1,093,663	4,796	(51,207)	6,970,325
Expenses	(25,506)	(2,129,578)	(1,366,753)	(570,456)	(704,384)	(175)	51,207	(4,745,645)
Unallocated expenses								
Operating Profit	539,552	786,534	422,153	82,541	389,279	4,621	-	2,224,680
Share of Profit in Associate								19,734
Profit Before Tax								**2,244,414**
Income tax expense								(630,374)
Net profit								**1,614,040**

Consolidated Balance Sheet

As at January 31, 2007

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	75,367,471	36,633,336	37,316,354	19,643,825	30,339,152	170,217	(1,738,014)	197,732,341
Unallocated assets								7,013,029
Total Assets								204,745,370
Segment liabilities	1,383,629	71,693,691	59,220,259	18,058,437	24,776,512	52,360	(1,547,456)	173,637,432
Unallocated liabilities								2,963,147
Total liabilities								176,600,579
Other Segment items:								
Capital Expenditure	-	59,225	57,010	59	1,740	-		118,034
Impairment losses on loans	-	128,693	31,305	(239)	-	-		159,759
Depreciation	-	48,639	34,836	468	874	135		84,952

Segment Reporting Information

Consolidated Statement of Income

Unaudited

For the period ended January 31, 2006

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenues	1,537,099	1,749,994	1,606,911	637,981	990,642	-		6,522,627
Revenues from other segments	(802,560)	744,388	129,679	17,132	1,937	4,691	(95,267)	-
Total Revenues	734,539	2,494,382	1,736,590	655,113	992,579	4,691	(95,267)	6,522,627
Expenses	(26,398)	(1,816,204)	(1,355,650)	(601,864)	(664,950)	(321)	95,267	(4,370,120)
Unallocated expenses								
Profit before taxation	708,141	678,178	380,940	53,249	327,629	4,370	-	2,152,507
Income tax expense								(620,396)
Net profit								**1,532,111**

Consolidated Balance Sheet

As at January 31, 2006

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	75,451,908	29,461,067	40,616,810	19,210,333	25,174,986	170,132	(780,529)	189,304,707
Unallocated assets								4,518,618
Total Assets								193,823,325
Segment liabilities	-	63,903,292	64,031,855	17,869,000	20,940,629	65,550	(580,239)	166,230,087
Unallocated liabilities								3,322,517
Total liabilities								169,552,604
Other Segment items:								
Capital Expenditure	-	79,801	52,478	118	-	-		132,397
Impairment losses on loans	-	9,465	(2,299)	(6)	-	-		7,160
Depreciation	-	36,952	30,947	668	1,093	170		69,830

1. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

In 2006, the Group assessed the relevance of all new standards, interpretations and amendments and concluded that IAS 39 and IFRS 4 resulted in a substantial change to the Group's accounting policies.

IFRS 4 has affected the disclosures and classifications with respect to insurance contracts.
IAS 39 (revised 2005), The Fair Value Option, changed the definition of financial instruments classified at fair value through the Statement of Revenue and Expenses (Trading Securities) and restricts the ability to designate financial instruments as part of this category. The Group has adopted and complied with this amendment.

2. Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through statement of revenue and expenses; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

<u>Financial Assets at Fair Value through Statement of Revenue and Expenses</u>
This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

<u>Held-to-Maturity</u>
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

<u>Available-for-sale</u>
Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale, financial assets at fair value through statement of revenue and expenses are carried at fair value. Loans and receivables investment is carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the trading securities are included in the statement of revenue and expenses in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity.

Interest calculated using the effective interest method is recognized in the statement of revenue and expenses.

3. Investment in Associated Company

This represents investment in Dehring, Bunting, and Golding Limited and is accounted for using the equity method of accounting.

4. Insurance and investment contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.
Investment contracts are those that transfer financial risk with no significant insurance risk.

5. Loan loss provision

A provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or last reprice date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the Balance Sheet.

6. Employee benefits

Pension asset – The group participates in a defined benefit pension plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement, and the net of the present value of the pension obligation and the fair value of the plan assets, is reflected as an asset on the balance sheet.

Other post-retirement obligations – The Group provides post retirement healthcare and group life insurance benefits to retirees. The method of accounting used to recognize the liability is similar to that for the defined benefit pension plan.

7. Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

8. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation.

9. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

10. Segment reporting

The Group is organized into five main business segments:

- Retail Banking – incorporating personal banking services, personal customer current accounts, saving deposits, custody, credit and debit cards, customer loans and mortgages;
- Corporate and Commercial Banking – incorporating non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities and foreign currency transactions;
- Treasury – incorporating the Bank's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Investment Management Services – incorporating investments and pension fund management and the administration of trust accounts;
- Insurance Services – incorporating the provision of life insurance and
- Other operations of the Group comprise non trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

11. Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.