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MEDIA RELEASE

SCOTIABANK REPORTS STRONG SECOND QUARTER EARNINGS

SECOND QUARTER 2007 HIGHLIGHTS (Year to Date)

- **Net Income of \$3,393 million**
- **Earnings per share of \$1.16**
- **Return on Average Equity 24.06%**
- **Productivity ratio of 54.96%**

Scotiabank today reported net income of \$1,779 million for the second quarter, this was \$165 million above the net income for the quarter ended January 31, 2007 and \$12 million above the net income for the quarter ended April 30, 2006. For the six months ended April 30, 2007 net income was \$3,393 million compared to net income of \$3,299 million for the same period last year.

William E. Clarke, President and CEO said “Our performance this quarter demonstrates the strength of our diverse revenue sources, as well as the skill and hard work of our employees. Despite a challenging operating and interest rate environment, with great execution in all business lines, we achieved credible increases in fee income and portfolio volume growth, particularly in our retail loans and mortgage portfolios.”

Earnings per share (EPS) for the quarter was 61 cents , compared to 60 cents last year and 55 cents at the end of the previous quarter. Year to date EPS was \$1.16, while Return on Average Equity (ROE) annualized remains very strong at 24.06%.

SCHEME OF ARRANGEMENT

On May 1, 2007, Scotia Group Jamaica Limited was listed on the Jamaica Stock Exchange, in keeping with the scheme of arrangement approved at the February 28, 2007 annual general meeting. Concurrently, the Bank of Nova Scotia Jamaica Limited ordinary shares were de-listed on May 1, 2007 and Scotia Group Jamaica Limited ordinary shares were listed.

REVENUES

Total Revenue comprising net interest revenue and other income was \$14,047 million, an increase of \$989 million.

NET INTEREST INCOME

Net interest income was \$8,148 million, up \$600 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 \$1,958 million, up \$172 million when compared with last year driven mainly by the growth in credit card revenue and loan 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 \$89 million when compared to the same period last year. SJLIC reported gross premium income of \$2.4 billion for the six months.

NON-INTEREST EXPENSES AND PRODUCTIVITY

Our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 54.96%. 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 45.02%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$4,249 million, an increase of \$370 million over last year, which is primarily due to increases in staff costs, advertising and public relations and security expenses. Policyholders Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Non-performing Loans at April 30, 2007, were \$1,127 million, an increase of \$198 million when compared to \$929 million a year ago, and \$27 million above the previous quarter ended January 31, 2007. The Group's non-performing loans now represent 1.73% of total loans and 0.52% of total assets compared to 1.55% and 0.48% 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 \$529 million, of which \$384 million is specific and \$145 million is general.

The loan loss provision as determined by Regulatory Requirement is \$1,335 million of which \$797 million is specific and \$538 million is general. The total provision of \$1,335 million exceeds total non-performing loans by \$208 million, and provides coverage of 118% 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 \$22 Billion or 12% to \$216 Billion as at April 30, 2007. Performing Loans were \$64 billion, up \$4.5 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 \$14 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 \$127.3 billion, up \$9.9 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 \$29 billion, \$922 million more than the previous quarter and \$3.7 billion higher than last year.

SCOTIABANK'S COMMITMENT TO THE COMMUNITY

Scotiabank continued to consolidate its role as a leading corporate citizen in its support of key development projects, aimed at improving the lives of Jamaicans in the communities we serve, with our focus remaining on education, health and community needs.

President and CEO, Mr. William E. Clarke said, "Scotiabank will always strive to play a catalytic role of fostering positive and sustained improvements in our communities. This quarter, we did so through our major educational initiative on HIV and AIDS - the Scotiabank National Primary Schools Debating Competition. We had 285 schools registering and receiving educational material to help in building awareness of the HIV and AIDS epidemic and to assist in teaching non- discrimination and anti-stigmatization against persons living with the disease. We are heartened that our students are embracing the theme to 'Speak Up and Speak Out!' about HIV and AIDS'.

During the quarter, Scotiabank contributed \$26.4 million to three major projects and several ongoing commitments in the education sector.

Construction of the Scotiabank-sponsored multi-million dollar Lecture Theatre at the Montego Bay Community College began in January and is scheduled for completion July 2007. The 300-seat Lecture Theatre will serve not only the College but also benefit the wider community. Just over \$7 million was contributed during the quarter to this project, which is expected to cost approximately \$25 million.

The health sector also continued to benefit from Scotiabank's strong commitment to national development, with the official handing over in February of new digital ultrasound and x-ray machines; and infusion pumps at a cost of \$32.3 million to the Scotiabank Centennial Accident & Emergency Unit at the University Hospital of the West Indies. The Foundation also contributed its annual donation of \$1 million towards the maintenance of this Unit.

The Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital was also the beneficiary of six new dialysis machines costing \$10.8 million and \$5 million for ongoing maintenance of equipment.

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 1,900 skilled and dedicated Scotiabankers and their consistent focus on customer satisfaction. We thank them for their professionalism, commitment and for being a great team.



THE BANK OF NOVA SCOTIA JAMAICA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Revenues & Expenses

<i>Unaudited</i>	For the three months ended			For the six months ended	
	April	January	April	April	April
(\$ millions)	2007	2007	2006	2007	2006
GROSS OPERATING INCOME	7,077	6,970	6,536	14,047	13,058
INTEREST INCOME					
Loans and deposits with banks	3,543	3,467	3,292	7,010	6,614
Securities	2,328	2,459	2,240	4,787	4,455
INTEREST EXPENSE	5,871	5,926	5,532	11,797	11,069
Deposits and repurchase agreements	1,819	1,830	1,771	3,649	3,521
Net interest income	4,052	4,096	3,761	8,148	7,548
Provision for credit losses	(141)	(160)	(85)	(301)	(92)
Net interest income after provision for credit losses	3,911	3,936	3,676	7,847	7,456
Net fee and commission income	844	698	690	1,542	1,320
Insurance premium income	151	141	103	292	203
Gains less losses from foreign currencies	211	202	211	413	466
Other operating income	0	3	0	3	1
	1,206	1,044	1,004	2,250	1,989
TOTAL OPERATING INCOME	5,117	4,980	4,680	10,097	9,445
OPERATING EXPENSES					
Staff costs	1,218	1,284	1,080	2,502	2,366
Premises and equipment, including depreciation	325	338	280	663	575
Changes in policyholders' reserves	580	585	498	1,165	1,049
Other operating expenses	536	548	456	1,084	938
	2,659	2,755	2,314	5,414	4,928
OPERATING PROFIT	2,458	2,225	2,366	4,683	4,517
Share of profits in associated company	19	19	0	38	0
PROFIT BEFORE TAXATION	2,477	2,244	2,366	4,721	4,517
Taxation	(698)	(630)	(599)	(1,328)	(1,219)
NET INCOME	1,779	1,614	1,767	3,393	3,299
Earnings per share based on 2,927,232,000 shares (cents)	61	55	60	116	113
Return on average equity	24.88%	23.25%	28.50%	24.06%	27.07%
Return on assets	3.30%	3.15%	3.65%	3.15%	3.41%
Productivity ratio	53.25%	56.69%	50.35%	54.96%	52.64%
Productivity ratio (excluding Life Insurance Business)	43.47%	46.59%	40.78%	45.02%	42.55%

The Bank of Nova Scotia Jamaica Limited
Consolidated Balance Sheet

<i>Unaudited</i> (\$ millions)	Six months ended April 30	Year ended October 31	Six months ended April 30
	2007	2006	2006
ASSETS			
CASH RESOURCES	46,900	45,930	48,295
INVESTMENTS			
Held To Maturity	35,582	36,715	29,678
Financial assets at fair value through statement of revenue and expenses	231	238	166
Securities available for sale	25,832	15,849	12,390
	61,645	52,802	42,234
INVESTMENT IN ASSOCIATED COMPANY	1,082	-	-
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	25,098	29,600	30,317
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	64,652	59,588	60,036
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	6,627	3,961	3,826
Real estate & equipment at cost, less depreciation	2,416	2,350	2,162
Deferred Taxation	179	176	110
Retirement Benefit Asset	4,557	4,287	4,006
Taxation Recoverable	912	675	691
Other assets	1,701	648	1,629
	16,392	12,097	12,424
TOTAL ASSETS	215,769	200,017	193,306
LIABILITIES			
DEPOSITS			
Deposits by public	119,182	113,280	110,276
Other deposits	8,121	7,210	7,160
	127,303	120,490	117,436
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	6,627	3,961	3,826
Liabilities under repurchase agreements	19,595	18,234	18,533
Deferred Taxation	1,737	1,738	1,500
Retirement Benefit Obligation	606	487	407
Other liabilities	5,286	4,008	4,452
	33,851	28,428	28,718
POLICY HOLDER'S FUND	25,548	23,709	21,825
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	5,543	5,243	4,793
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	257	275	162
Unappropriated Profits	16,348	14,953	13,453
	29,067	27,390	25,327
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	215,769	200,017	193,306

Note:

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

Director

Director



THE BANK OF NOVA SCOTIA JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity

Unaudited

<i>(\$ millions)</i>	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						(17)		(17)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses						(1)		(1)
Net profit	-	-	-	-	-	-	3,393	3,393
Retained earnings transfer	-	-	300	-	-	-	(300)	-
Dividends paid	-	-	-	-	-	-	(1,698)	(1,698)
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	-	-	-
Balance as at 30 April 2007	2,927	3,158	5,543	27	807	257	16,348	29,067



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

<i>(Unaudited)</i> <i>(\$ millions)</i>	Six Months Ended April 30, 2007	Six Months Ended April 30, 2006
Cash flows provided by / (used in) operating activities		
Net Income	3,393	3,299
Adjustments to net income		
Depreciation	154	148
Impairment losses on loans	301	92
Other, net	870	180
	<u>4,718</u>	<u>3,719</u>
Changes in operating assets and liabilities		
Loans	(5,315)	(1,805)
Deposits	5,887	2,715
Policyholders reserve	1,839	1,871
Other, net	(109)	(81)
	<u>7,020</u>	<u>6,419</u>
Cash flows provided by / (used in) investing activities		
Investments	(9,922)	(1,189)
Repurchase Agreements, net	5,347	(747)
Property, plant and equipment, net	(219)	(292)
	<u>(4,794)</u>	<u>(2,228)</u>
Cash flows used in financing activities		
Dividends paid	(1,698)	(1,464)
	<u>(1,698)</u>	<u>(1,464)</u>
Effect of exchange rate on cash and cash equivalents	1,331	653
Net change in cash and cash equivalents	1,859	3,380
Cash and cash equivalents at beginning of year	29,761	31,376
Cash and cash equivalents at end of period	31,620	34,756
Represented by :		
Cash Resources	46,328	47,505
Statutory reserves at BOJ	(8,701)	(7,951)
Interest bearing deposits with banks, non-operating	(1,878)	(1,479)
Cheques and other instruments in transit, net	(4,129)	(3,319)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	31,620	34,756

**Segment Reporting Information****Consolidated Statement of Income**

Unaudited (\$'000s)	For the period ended April 30, 2007							Group Total
	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	
Gross External Revenues	3,214,106	4,506,076	2,886,314	1,264,791	2,174,685	977		14,046,949
Revenues from other segments	(2,079,310)	1,352,968	744,883	57,172	11,341	8,128	(95,182)	(0)
Total Revenues	1,134,796	5,859,044	3,631,197	1,321,963	2,186,026	9,105	(95,182)	14,046,949
Expenses	(64,006)	(4,256,632)	(2,627,431)	(1,137,757)	(1,373,109)	(393)	95,182	(9,364,146)
Unallocated expenses								
Operating Profit	1,070,790	1,602,412	1,003,766	184,206	812,917	8,712	-	4,682,803
Share of Profit in Associate								37,894
Profit Before Tax								4,720,697
Income tax expense								(1,327,748)
Net profit								3,392,949

Consolidated Balance Sheet

(\$'000s)	As at April 30, 2007							Group Total
	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	
Segment assets	77,921,779	38,506,145	39,965,446	21,743,183	31,541,224	172,302	(1,571,052)	208,279,027
Unallocated assets								7,490,215
Total Assets								215,769,242
Segment liabilities	514,271	74,080,878	64,373,159	20,092,860	25,621,077	51,707	(1,360,761)	183,373,191
Unallocated liabilities								3,329,427
Total liabilities								186,702,618
Other Segment items:								
Capital Expenditure	-	117,835	101,880	59	2,072	-		221,846
Impairment losses on loans	-	268,342	33,233	(618)	-	-		300,957
Depreciation	-	89,852	61,645	920	1,447	270		154,134



Segment Reporting Information

Consolidated Statement of Income

Unaudited (\$'000s)	For the period ended April 30, 2006							Group Total
	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	
Gross External Revenues	3,098,630	3,648,042	3,048,197	1,282,603	1,979,751	992		13,058,215
Revenues from other segments	(1,653,715)	1,369,772	420,945	35,590	3,482	8,298	(184,372)	(0)
Total Revenues	1,444,915	5,017,814	3,469,142	1,318,193	1,983,233	9,290	(184,372)	13,058,215
Expenses	(42,263)	(3,678,243)	(2,573,664)	(1,180,817)	(1,256,045)	5,888	184,372	(8,540,772)
Unallocated expenses								
Profit before taxation	1,402,652	1,339,571	895,478	137,376	727,188	15,178	-	4,517,443
Income tax expense								(1,218,758)
Net profit								3,298,685

Consolidated Balance Sheet

(\$'000s)	As at April 30, 2006							Group Total
	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	
Segment assets	72,475,496	31,262,007	39,301,782	20,101,161	26,542,596	172,235	(2,198,774)	187,656,503
Unallocated assets								5,649,634
Total Assets								193,306,137
Segment liabilities	1,343,498	65,988,844	59,085,848	18,707,603	21,971,610	58,457	(1,998,483)	165,157,377
Unallocated liabilities								2,821,560
Total liabilities								167,978,937
Other Segment items:								
Capital Expenditure	-	168,005	126,600	118	568	-		295,291
Impairment losses on loans	-	95,537	(4,280)	545	-	-		91,802
Depreciation	-	82,085	62,228	1,313	1,961	339		147,926



THE BANK OF NOVA SCOTIA JAMAICA LIMITED
Notes to the Consolidated Financial Statements
April 30, 2007

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.

Financial Assets at Fair Value through Statement of Revenue and Expenses

This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.

Loans and receivables

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.

Held-to-Maturity

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.

Available-for-sale

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 repriced 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.



THE BANK OF NOVA SCOTIA JAMAICA LIMITED
Notes to the Consolidated Financial Statements
April 30, 2007

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.