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For further information contact:
Stacie-Ann Wright
Executive Vice President & Chief Financial Officer
Tel: 876-922-1000
Fax: 876-967-4300

MEDIA RELEASE

SCOTIABANK'S POSITIVE EARNINGS MOMENTUM CONTINUES INTO THE THIRD QUARTER

YEAR TO DATE PERFORMANCE HIGHLIGHTS

- **Net Profit of $4,984 million**
- **Earnings per share of $1.70**
- **Return on Equity 26.76%**
- **Productivity ratio of 52.88%**
- **Third interim dividend of 28 cents per share**

Scotiabank reported strong earnings in the third quarter of 2006, with net profit of $1,685 million, which was $252 million, an increase of 17.6%, above the net profit for the third quarter of 2005. For the nine month period ended July 31, 2006, the net profit was $4,984 million compared to net profit $4,289 million for the same period last year, an increase of $695 million or 16.20%.

Earnings per share (EPS) for the quarter was 58 cents, compared to 49 cents for last year. The year to date EPS was $1.70, while Return on Average Equity (ROE) annualized was 26.76%.

William E. Clarke, President and CEO, said "Scotiabank continues to demonstrate strong performance based on a deliberate strategic focus on core banking. We make concerted efforts at building stronger relationships with our customers while leveraging our strengths – customer satisfaction, diversification, expense control, people, risk management, and most importantly solid execution of strategies as a financial intermediary."

The Board of Directors today, approved a third interim dividend of 28 cents per stock unit, payable on October 5, 2006 to stockholders on record at September 13, 2006. This brings the year to date dividend per share to 78 cents, compared to 75 cents for the same period last year.

REVENUES

Total Revenue comprising net interest revenue and other income was $19,813 million, an increase of $1,209 million or 6.5% from prior year.

NET INTEREST INCOME

Net interest income was $11,478 million, up $1,152 million when compared to last year. This is as a result of strong volume growth primarily in our retail portfolio, as net interest margin continue to trend downwards.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was $2,994 million, up $489 million when compared with last year driven mainly by the growth in our retail portfolio. Insurance Premium is attributable to ScotiaMINT, the interest sensitive life insurance policy, marketed by Scotia Jamaica Life Insurance Company Limited. SJLIC reported gross premium income of $3.1 billion for the nine month period.

NON-INTEREST EXPENSES AND PRODUCTIVITY

With strong revenue growth and our continued unwavering focus on managing costs across the group, our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 52.88%. 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 42.78%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were $5,863 million, an increase of $774 million over last year, which is primarily due to increases in staff related costs. 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 July 31, 2006, was $944 million, an improvement of $70 million when compared to $1,014 million a year ago, and $15 million above the previous quarter ended April 30, 2006. The Group's non-performing loans now represent 1.58% of total loans and 0.49% of total assets compared to 1.82% and 0.59% respectively at the end of the third quarter of 2005.

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 $485 million, of which $337 million is specific and $148 million is general.

The loan loss provision as determined by Regulatory Requirement is $1,292 million of which $701 million is specific and $591 million is general. The total provision of $1,292 million exceeds total non-performing loans by $348 million, and provides coverage of 137% of non performing loans.

BALANCE SHEET

Total assets increased year over year by $22 Billion or 13% to $194 Billion as at July 31, 2006. Performing Loans as at July 31, 2006 were $58.9 billion, up $4.1 billion over the previous year. Cash Resources increased by $5.2 billion due mainly to continued growth in deposits, while Investments and Repurchase Agreements increased by $10.4 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 $117.3 billion, up 12% from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotiabank's capital base continues to be very strong. Total shareholders equity rose to $26.2 billion, $905 million more than the previous quarter and $3.5 billion higher than last year.

SCOTIABANK'S CORPORATE SOCIAL RESPONSIBILITY

We are proud to be bankers to Jamaicans for over 117 years. Since opening our first branch in Kingston in 1889, Scotiabank has built bonds with communities and played the role of a corporate leader in all 14 parishes through a network of 42 branches.

On July 12, 2006, we further demonstrated our corporate leadership through the hosting of the Scotiabank Lecture Series. The Lecture, titled, Nigeria/Jamaica; Challenges in Reforming Emerging Economies, was delivered by Dr. Ngozi Okonjo-Iweala, then Minister of Foreign Affairs of the Federal Republic of Nigeria. Described by the Independent (Online Edition) as "one of the most powerful women in Africa", Dr. Okonjo-Iweala shared the strategies she employed as head of the President's Economic Team to reform Nigeria and significantly reduce its debt burden.

Our Port Antonio branch celebrated its 100th anniversary on May 30, with the hosting of a week of activities that allowed us to give back to the community in various ways. A major event was a two-day health fair at Christ Church, which saw scores of women signing up to do their very first mammography (screening for breast cancer) in the Mobile Mammography Unit, which we donated to the Jamaica Cancer Society in 2000. We ended the week with a cultural celebration at the Ken Wright pier.

During this anniversary week, President and CEO William Clarke visited the Scotiabank Jamaica Accident and Emergency Unit at the Port Antonio Hospital and handed over several pieces of equipment for the Unit. This is a part of a total amount of $15.53 million that was donated to health projects during the quarter. The larger portion, $8.4 million was contributed to the maintenance and upkeep of the Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital, the Renal Unit at the Kingston Public Hospital and for completion work at the Scotiabank Jamaica Foundation Centennial Accident & Emergency Unit at The University Hospital of the West Indies. The Jamaica Cancer Society also received funding for the maintenance of the Mobile Mammography Unit.

Donations totaling $6.4 million were made to various educational institutions to provide scholarships and infrastructure. Eighteen students were awarded scholarships based on their performance in the Grade Six Achievement Test. Among these new scholars were three girls from the Holy Family Infant and Primary School who lost their homes in an inner-city fire.

In Spanish Town, we disbursed funds to the Willowdene High School to repair the roof, ceiling and walls of a classroom block that was damaged by Hurricane Ivan last year and paid for the preliminary drawings for the construction of a Lecture Theatre at the Montego Bay Community College.

We also provided $600,000 in meals for the 45 elderly residents of Cluster F at the Golden Age Home. Our support of this cluster is an on going commitment.

Scotiabank Jamaica Foundation has donated $378 million to Education, Health and Community Projects in Jamaica, since its inception in 1996.

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			For the nine months ended	
Unaudited ***($ millions)***	**July 2006**	**April 2006**	**July 2005**	**July 2006**	**July 2005**
GROSS OPERATING INCOME	**6,755**	**6,536**	**6,193**	**19,813**	**18,604**
INTEREST INCOME					
Loans and deposits with banks	3,448	3,292	3,151	10,062	9,186
Securities	2,302	2,240	2,217	6,757	6,913
	5,750	5,532	5,368	16,819	16,099
INTEREST EXPENSE					
Deposits and repurchase agreements	1,820	1,771	1,791	5,341	5,773
Net interest income	3,930	3,761	3,577	11,478	10,326
Provision for credit losses	(107)	(85)	(58)	(199)	(217)
Net interest income after provision for credit losses	3,823	3,676	3,519	11,279	10,109
Net fee and commission income	706	690	542	2,026	1,678
Insurance premium income	102	103	78	304	237
Gains less losses from foreign currencies	196	211	191	662	571
Other operating income	1	0	14	2	19
	1,005	1,004	825	2,994	2,505
TOTAL OPERATING INCOME	**4,828**	**4,680**	**4,344**	**14,273**	**12,614**
OPERATING EXPENSES					
Staff costs	1,132	1,080	1,038	3,498	3,087
Premises and equipment, including depreciation	328	280	252	902	731
Changes in policyholders' reserves	543	498	572	1,592	1,527
Other operating expenses	525	456	460	1,463	1,271
	2,528	2,314	2,322	7,455	6,616
PROFIT BEFORE TAXATION	**2,300**	**2,366**	**2,022**	**6,818**	**5,998**
Taxation	(615)	(599)	(589)	(1,834)	(1,709)
NET PROFIT	**1,685**	**1,767**	**1,433**	**4,984**	**4,289**
Earnings per share based on 2,927,232,000 shares (cents)	**58**	**60**	**49**	**170**	**147**
Dividend per share (cents)	**28.0**	**25.0**	**25.0**	**78.0**	**75.0**
Dividend payout ratio	**48.66%**	**41.43%**	**51.08%**	**45.81%**	**51.19%**
Return on average equity (annualized)	**26.67%**	**28.50%**	**25.68%**	**26.76%**	**26.44%**
Return on assets (annualized)	**3.48%**	**3.65%**	**3.33%**	**3.43%**	**3.33%**
Book value per common shares	**8.63**	**8.47**	**7.63**	**8.49**	**7.39**
P/E Multiple	**8.49**	**8.32**	**11.10**	**8.69**	**11.14**
Productivity ratio	**53.39%**	**50.35%**	**54.07%**	**52.88%**	**53.26%**
Productivity ratio (excluding Life Insurance Business)	**43.29%**	**40.78%**	**41.81%**	**42.78%**	**42.13%**

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

The Bank of Nova Scotia Jamaica Limited
Consolidated Balance Sheet

Unaudited *($ millions)*	Nine months ended July 31 2006	Year ended October 31 2005	Nine months ended July 31 2005
ASSETS			
CASH RESOURCES	44,066	44,408	38,892
INVESTMENTS			
Held To Maturity	30,563	30,007	29,006
Held for Trading	222	22	0
Securities available for sale	14,202	9,703	9,139
	44,987	39,732	38,145
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	29,756	27,227	26,197
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	59,444	57,649	55,269
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	4,265	3,487	3,293
Real estate & equipment at cost, less depreciation	2,337	2,017	2,009
Deferred Taxation	110	110	86
Retirement Benefit Asset	4,127	3,764	3,573
Other assets	4,708	5,067	4,458
	15,547	14,445	13,419
TOTAL ASSETS	**193,800**	**183,461**	**171,922**
LIABILITIES			
DEPOSITS			
Deposits by public	110,658	107,280	100,469
Other deposits	6,600	6,268	4,648
	117,258	113,548	105,117
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	4,265	3,487	3,293
Liabilities under repurchase agreements	17,268	16,706	15,954
Deferred Taxation	1,481	1,497	1,410
Retirement Benefit Obligation	445	326	314
Other liabilities	4,109	4,417	4,104
	27,568	26,433	25,075
POLICY HOLDER'S FUND	22,742	19,955	19,035
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	4,943	4,493	4,193
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	112	194	229
Unappropriated Profits	14,258	11,919	11,354
	26,232	23,525	22,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**193,800**	**183,461**	**171,922**

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

($ 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 2004	**1,464**	**1,694**	**6,670**	**27**	**807**	**227**	**9,710**	**20,599**
Net profit	-	-	-	-	-	-	5,886	**5,886**
Retained earnings transfer	-	-	750	-	-	-	(750)	**-**
Dividends paid	-	-	-	-	-	-	(2,927)	**(2,927)**
Bonus Share Issue	1,463	1,464	(2,927)					**-**
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	(33)	-	**(33)**
Balance at 31 October 2005	**2,927**	**3,158**	**4,493**	**27**	**807**	**194**	**11,919**	**23,525**
Net profit	-	-	-	-	-	-	4,984	**4,984**
Retained earnings transfer	-	-	450	-	-	-	(450)	**-**
Dividends paid	-	-	-	-	-	-	(2,195)	**(2,195)**
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	(82)	-	**(82)**
Balance as at 31 July 2006	**2,927**	**3,158**	**4,943**	**27**	**807**	**112**	**14,258**	**26,232**

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

Unaudited ($ millions)	Nine months ended July 31 2006	Nine months ended July 31 2005
Cash flows provided by operating activities		
Net Income	4,984	4,289
Adjustments to net income to determine Net Cash Flows:		
Depreciation	234	220
Policyholders reserve	2,787	2,934
Other, net	272	622
	8,277	8,065
Cash flows provided by/ (used in) investing activities		
Investment securities (net purchases and proceeds)	(5,337)	(3,065)
Loans	(1,831)	(1,955)
Government Securities Purchased Under Repurchase Agreement	(2,528)	(1,151)
Other, net	(1,326)	751
	(11,022)	(5,420)
Cash flows provided by/ (used in) financing activities		
Deposits	3,378	1,658
Dividends paid	(2,195)	(2,195)
Other, net	925	(2,802)
	2,108	(3,339)
Net change in cash	(637)	(694)
Cash at beginning of period	42,502	37,566
Cash at end of period	41,865	36,872
Represented by :		
Cash Resources	44,066	38,892
Cheques and other instruments in transit, net	(2,201)	(2,020)
CASH AT END OF PERIOD	**41,865**	**36,872**

Scotiabank

Segment Reporting Information

Consolidated Statement of Income

Unaudited

For the period ended July 31, 2006

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenues	4,665,083	5,605,656	4,600,090	1,928,087	3,012,286	1,496		19,812,698
Revenues from other segments	(2,702,599)	2,196,661	716,046	52,441	5,378	12,247	(280,174)	(0)
Total Revenues	1,962,484	7,802,317	5,316,136	1,980,528	3,017,664	13,743	(280,174)	19,812,698
Expenses	(67,213)	(5,728,367)	(3,833,608)	(1,756,687)	(1,891,958)	3,601	280,174	(12,994,058)
Unallocated expenses								
Profit before taxation	1,895,271	2,073,950	1,482,528	223,841	1,125,706	17,344	-	6,818,640
Income tax expense								(1,834,378)
Net profit								**4,984,262**

Consolidated Balance Sheet

As at July 31, 2006

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	71,878,885	32,429,800	38,565,819	19,307,007	27,733,150	173,839	(880,908)	189,207,592
Unallocated assets								4,592,007
Total Assets								193,799,599
Segment liabilities	-	62,198,279	62,548,122	17,857,613	22,830,059	58,475	(680,618)	164,811,930
Unallocated liabilities								2,755,840
Total liabilities								167,567,770
Other Segment items:								
Capital Expenditure	-	275,190	248,865	118	1,518	-		525,691
Impairment losses on loans	-	202,779	(3,737)	-	-	-		199,042
Depreciation	-	131,915	96,562	1,981	2,957	510		233,925

Scotiabank

Segment Reporting Information

Consolidated Statement of Income

Unaudited

For the period ended July 31, 2005

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenues	4,291,038	4,668,964	4,658,206	2,174,375	2,803,551	7,881		18,604,015
Revenues from other segments	(2,048,580)	2,125,230	11,287	32,700	10,276	14,960	(145,873)	-
Total Revenues	2,242,458	6,794,194	4,669,493	2,207,075	2,813,827	22,841	(145,873)	18,604,015
Expenses	(142,574)	(5,398,094)	(3,380,306)	(1,992,089)	(1,808,129)	(31,009)	145,873	(12,606,328)
Unallocated expenses								
Profit before taxation	2,099,884	1,396,100	1,289,187	214,986	1,005,698	(8,168)	-	5,997,687
Income tax expense								(1,709,056)
Net profit								**4,288,631**

Consolidated Balance Sheet

As at July 31, 2005

($'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	62,533,385	24,233,676	40,802,984	17,895,311	22,880,158	163,846	(688,171)	167,821,189
Unallocated assets								4,101,058
Total Assets								171,922,247
Segment liabilities	102,459	58,074,303	52,944,562	16,648,034	19,140,882	66,591	(487,882)	146,488,949
Unallocated liabilities								2,738,800
Total liabilities								149,227,749
Other Segment items:								
Capital Expenditure	-	94,037	84,846	3,384	5,155	-		187,422
Impairment losses on loans	-	194,786	22,173	-	-	-		216,959
Depreciation	-	121,711	92,348	2,513	3,022	522		220,116

Notes to the Consolidated Financial Statements
July 31, 2006

1. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. In 2005, the Group early adopted the following IFRS, which are relevant to its operations.

IAS 1- Presentation of Financial Statements
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
IAS 10 - Events after the Balance Sheet Date.
IAS 16 - Property, Plant and Equipment
IAS 17 - Leases
IAS 24 - Related Party Disclosures
IAS 32 - Financial Instruments: Disclosure and Presentation.
IAS 36 - Impairment of Assets
IAS 38 - Intangible Assets
IAS 39 - Financial Instruments: Recognition and Measurement.

2. Financial Assets

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

<u>Held For Trading</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, goods 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, which may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale held for trading financial assets 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 held for trading category are included in the income statement 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 method is recognized in the statement of revenue and expenses.

3. 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.

4. 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.

5. 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.

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

7. Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash resources and cheques in transit.

8. 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 General Insurance Brokerage and property rental.

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