

To Our Shareholders

The Scotiabank Group takes pleasure in announcing its first quarter results for fiscal 2008. The Group realised profit after tax of \$108.6 million for the three months ended 31 January 2008, a 17.8% increase over the comparable period in the prior year.

The Group continues to deliver impressive results in an ever challenging environment characterised by tightening liquidity and margin compression. Such a performance is due to the continual practice of sales and service disciplines, focused people development, the ability to harness technology for improved efficiency and productivity, which is testament to the dedication and commitment of the Group's employees.

On the basis of performance to date, the Directors have resolved that the Bank pay a first interim dividend of 23 cents per ordinary share (2007 - 21 cents) on 24 March 2008 to shareholders on record as at 04 March 2008.

Richard Young
21 February 2008
R.P. Young - Managing Director

Consolidated Balance Sheet Highlights (Stated In \$'000)

	UNAUDITED As at 31 January 2008	UNAUDITED As at 31 January 2007	AUDITED As at 31 October 2007
ASSETS			
Cash on hand and in transit	\$ 121,870	\$ 95,116	\$ 100,092
Due from banks and related companies	475,068	330,196	339,658
Treasury bills	196,621	99,584	109,175
Deposits with Central Bank	1,354,965	1,004,047	1,355,154
Net Loans to customers	9,463,250	7,783,508	8,825,206
Investment securities	458,232	519,758	455,848
Investment in associate companies	7,924	5,410	7,924
Property, plant and equipment	203,159	188,874	202,087
Miscellaneous assets	146,361	155,456	160,061
TOTAL ASSETS	\$ 12,427,450	\$ 10,181,949	\$ 11,555,205
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 8,968,622	\$ 7,227,386	\$ 8,435,711
Due to banks and related companies	1,040,260	958,173	874,134
Other liabilities	129,289	137,380	153,328
Securities sold under repurchase agreement	167,643	-	78,546
Provision for taxation	45,275	27,101	35,565
Policyholders' funds	212,511	202,991	186,561
Debt security in issue	200,000	200,000	200,000
Deferred tax liability	21,016	24,133	21,322
TOTAL LIABILITIES	10,784,616	8,777,164	9,985,167
SHAREHOLDERS' EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	297,563	272,778	297,563
Investment revaluation reserve	4,895	6,184	3,680
Retained earnings	1,072,813	858,260	1,001,232
TOTAL SHAREHOLDERS' EQUITY	1,642,834	1,404,785	1,570,038
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,427,450	\$ 10,181,949	\$ 11,555,205

Consolidated Income Statement (Stated In \$'000)

	UNAUDITED Three months ended 31 January 2008	UNAUDITED Three months ended 31 January 2007	AUDITED Year ended 31 October 2007
NET INTEREST AND OTHER INCOME			
Net Interest Income	\$ 173,898	\$ 143,988	\$ 622,180
Other Income	62,246	53,646	212,770
Net Interest and Other Income	236,144	197,634	834,950
NON-INTEREST EXPENSES			
Salaries and staff benefits	44,021	38,202	168,750
Premises and technology	19,277	16,540	78,624
Communications and marketing	7,781	6,205	31,664
Loan loss expense	1,685	(808)	3,957
Other	23,868	17,326	75,477
Non-Interest Expenses	96,632	77,465	358,472
INCOME BEFORE TAXATION	139,512	120,169	476,478
Provision for taxation	(30,899)	(27,950)	(105,406)
INCOME AFTER TAXATION	\$ 108,613	\$ 92,219	\$ 371,072
Dividends Paid & Proposed for financial year	\$ 40,559	\$ 37,032	\$ 148,129
Dividends per share	23.0c	21.0c	84.0c
Earnings per share	61.6c	52.3c	210.4c
Return on Equity	26.90%	26.53%	25.39%
Return on Total Assets	3.60%	3.78%	3.58%
Market Value	\$ 30.00	\$ 29.00	\$ 28.55

Consolidated Statement of Changes In Shareholders' Equity

FOR THE PERIOD ENDED 31 JANUARY 2008 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
THREE MONTHS ENDED 31 JANUARY 2008					
Balance as at 31 October 2007	\$ 267,563	297,563	3,680	1,001,232	1,570,038
Changes in fair value, net of tax	-	-	1,215	-	1,215
Net profit for the period	-	-	-	108,613	108,613
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(37,032)	(37,032)
Balance as at 31 January 2008	\$ 267,563	297,563	4,895	1,072,813	1,642,834
THREE MONTHS ENDED 31 JANUARY 2007					
Balance as at 31 October 2006	\$ 267,563	272,778	4,619	808,364	1,353,324
Changes in fair value, net of tax	-	-	1,565	-	1,565
Net profit for the period	-	-	-	92,219	92,219
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(42,323)	(42,323)
Balance as at 31 January 2007	\$ 267,563	272,778	6,184	858,260	1,404,785
YEAR ENDED 31 OCTOBER 2007					
Balance as at 31 October 2006	\$ 267,563	272,778	4,619	808,364	1,353,324
Changes in fair value, net of tax	-	-	(939)	-	(939)
Net income for the year	-	-	-	371,072	371,072
Transfer to statutory reserve	-	24,785	-	(24,785)	-
Dividends paid	-	-	-	(153,419)	(153,419)
Balance as at 31 October 2007	\$ 267,563	297,563	3,680	1,001,232	1,570,038

Consolidated Cash Flow (Stated In \$'000)

	UNAUDITED Three months ended 31 January 2008	UNAUDITED Three months ended 31 January 2007	AUDITED Year ended 31 October 2007
Cash flows from operating activities			
Net income before taxes	\$ 139,512	\$ 120,169	\$ 476,478
Increase in loans	(638,045)	(800,948)	(1,842,646)
Increase in deposits	622,009	376,580	1,663,451
Taxation paid	(22,340)	(24,584)	(95,510)
Other adjustments to reconcile income before taxation to net cash from operating activities	185,389	514,557	84,506
Net cash from operating activities	\$ 286,525	\$ 185,774	\$ 286,279
Cash flows used in investing activities			
(Increase) / Decrease in investments	\$ (324)	\$ 26,032	\$ 86,272
Purchase of property, plant & equipment	(4,535)	(6,805)	(33,070)
Proceeds from disposal of property, plant & equipment	-	554	1,199
Net cash (used in) / from investing activities	\$ (4,859)	\$ 19,781	\$ 54,401
Cash flows used in financing activities			
Dividends paid	\$ (37,032)	\$ (42,323)	\$ (153,419)
Net cash used in financing activities	\$ (37,032)	\$ (42,323)	\$ (153,419)
Increase in cash and cash equivalents	\$ 244,634	\$ 163,232	\$ 187,261
Cash and cash equivalents, beginning of period	548,925	361,664	361,664
Cash and cash equivalents, end of period	\$ 793,559	\$ 524,896	\$ 548,925
Cash and cash equivalents			
Cash on hand and in transit	\$ 121,870	\$ 95,116	\$ 100,092
Due from banks and related companies	475,068	330,196	339,658
Treasury bills	196,621	99,584	109,175
Cash and cash equivalents	\$ 793,559	\$ 524,896	\$ 548,925

Significant Accounting Policies

Basis of preparation

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2007.