

2011 Annual Report

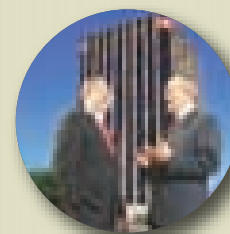
Sowing the seeds
for a brighter tomorrow

 Scotiabank Group

SCOTIA GROUP JAMAICA LIMITED

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Ten Year Statistical Review - Scotia Group Jamaica Ltd.

	2011	2010	2009
BALANCE SHEET DATA			
TOTAL ASSETS	332,041,259	325,823,953	315,555,872
PERFORMING LOANS	94,719,222	91,599,243	88,591,281
NON-PERFORMING LOANS	5,257,217	4,215,254	3,587,030
INVESTMENTS & OTHER EARNING ASSETS	200,552,567	200,375,040	194,182,553
DEPOSITS BY THE PUBLIC	144,670,083	145,664,085	141,877,096
SECURITIES SOLD UNDER REPURCHASE AGREEMENT	44,700,992	45,025,585	46,120,207
STOCKHOLDERS' EQUITY	60,310,619	53,155,381	45,724,655
PROFITS AND DIVIDENDS			
PROFIT BEFORE TAX	14,244,620	14,417,094	15,379,659
NET PROFIT AFTER TAX ATTRIBUTABLE TO STOCKHOLDERS	10,193,390	10,405,649	11,152,199
DIVIDENDS PAID AND PROPOSED	4,605,128	4,605,128	4,325,086
NUMBER OF STOCK UNITS AT YEAR END ⁽¹⁾	3,111,573	3,111,573	3,111,573
FINANCIAL RATIOS			
EARNINGS PER STOCK UNIT ⁽¹⁾	3.28	3.34	3.58
PRICE EARNINGS RATIO	7.59	6.09	5.13
DIVIDENDS PER STOCK UNIT ⁽¹⁾ (Dividends paid and proposed)	1.48	1.48	1.39
DIVIDEND YIELD ⁽¹⁾	6.48%	7.08%	8.13%
DIVIDEND PAYOUT RATIO	45.18%	44.26%	38.78%
RETURN ON AVERAGE EQUITY	17.59%	20.78%	26.35%
RETURN ON ASSETS AT YEAR END	3.07%	3.19%	3.53%
OTHER DATA			
STOCK PRICE AT THE YEAR END ⁽¹⁾	24.90	20.35	18.38
PRICE CHANGE FROM LAST YEAR	22.36%	10.72%	-9.08%
CHANGE IN JSE INDEX FROM LAST YEAR	14.30%	3.46%	-14.06%
NUMBER OF STAFF	2,337	2,283	2,273
EXCHANGE RATE J\$1=US\$	0.0116	0.0117	0.0112
INFLATION RATE YEAR OVER YEAR	7.26%	10.37%	7.18%

(1) Amounts have been retroactively adjusted to reflect the one-for-one bonus issue on March 10, 2005.

2008	2007	2006	2005	2004	2003	2002
280,284,251 86,726,366 2,970,714 167,116,031 130,673,257 40,206,572 37,940,932	263,125,631 74,557,390 2,109,177 162,688,005 131,017,687 31,530,287 34,373,330	199,840,115 58,578,711 1,009,003 120,465,837 113,279,538 18,234,105 27,389,555	183,460,578 57,324,645 918,164 107,526,232 107,546,636 17,319,240 23,524,953	168,167,649 52,420,106 1,039,396 90,600,604 98,810,819 18,546,429 20,605,017	147,653,177 47,111,019 963,695 78,502,267 87,067,332 15,292,996 17,651,197	127,367,433 38,513,658 906,857 66,447,596 76,947,608 11,566,632 14,065,776
13,119,095 9,390,739 4,045,044 3,111,573	10,167,221 7,492,854 3,649,313 3,111,573	9,315,624 6,798,908 3,132,138 2,927,232	8,329,812 5,885,586 2,927,232 2,927,232	8,172,633 5,856,057 2,707,689 2,927,232	7,307,403 5,456,670 2,561,328 2,927,232	5,308,735 3,869,782 1,683,158 2,927,232
3.02 6.68 1.30 5.58% 43.07% 25.28% 3.35%	2.48 8.56 1.19 5.08% 47.26% 24.01% 2.85%	2.32 9.51 1.07 5.15% 46.07% 26.35% 3.40%	2.01 10.51 1.00 3.88% 49.74% 26.33% 3.21%	2.00 12.62 0.925 4.41% 46.24% 29.85% 3.48%	1.86 4.80 0.875 9.78% 46.94% 34.22% 3.70%	1.32 5.92 0.58 7.34% 43.49% 29.16% 3.04%
20.22 -4.85% -5.85% 2,235 0.0131 25.34%	21.25 -3.67% 15.85% 2,190 0.0141 9.01%	22.06 4.35% -16.10% 1,895 0.0151 6.49%	21.14 -16.31% -1.50% 1,843 0.0156 19.02%	25.26 182.18% 72.46% 1,864 0.0162 12.27%	8.95 14.30% 46.93% 1,851 0.0166 14.13%	7.83 2.49% 25.92% 1,805 0.0203 5.04%

Shareholders' Report - Scotia Group Jamaica Ltd.



Bruce Bowen
President & CEO
Scotiabank Group

Brian Porter
Chairman
Scotiabank Group

During our 2011 financial year, Scotia Group Jamaica Ltd (Scotiabank Group) executed on its strategic objective of meeting the financial needs of our customers while driving growth and value for our shareholders, despite a continued challenging economic environment. Over the course of the financial year, economic growth remained weak, with GDP declining by 0.9% in the last quarter of 2010, and estimated to grow only 1.5% for 2011. Predictably, during the first three quarters of our fiscal year, the banking sector saw marginal loan growth of 1.4%, while credit fundamentals worsened as non-performing loans for the industry increased from 5.2% of total loans in September 2010, to 7.9% for the industry in June 2011. Benchmark interest rates continued to

decline during the year, and are now at record 30-year lows, resulting in a continued squeeze on margins. Despite this, Scotiabank Group met or exceeded all of our key targets in 2011, and reported net income of \$10.6 billion, with each of our business lines performing well and contributing to our earnings.

Our performance is the result of staying focused on our strategy of growing market share in our core business lines, diversifying our revenue streams, prudent risk management, and efficiency improvements to contain expense growth. We continue to lead the market in retail and public sector lending, our unit trust business within Scotia Investments Jamaica Limited (Scotia Investments)

enjoys a commanding share of the market, and Scotia Jamaica Life Insurance Company Limited (Scotia Insurance) continues to dominate the bancassurance sector.

In continuing to build a sustainable revenue growth platform, we focused on adding new business and product lines, introduced attractive programmes and offers in existing product lines, expanded our non-branch sales capacity and worked to improve customer experience in our branches and subsidiaries.

Some of the more noteworthy initiatives include the launch of our new Capital Markets Unit in Scotia Investments, which offers alternative financing options to our corporate clients. Scotia Insurance is now an official distributor of the renowned international Heritage Education Plan product. We also launched a micro-finance subsidiary, Scotia Jamaica Microfinance Company Limited (CrediScotia), as we aim to serve all segments of the Jamaican market and make financing accessible to a wider audience.

During the year, we enhanced some of our existing product lines to benefit both our commercial and retail customers. Our business customers benefitted from the upgrade of our Point of Sale terminal offerings to include wireless and Internet Protocol (IP) capable devices and the launch of a new business internet-banking platform which offers critical new functionalities and service enhancements.

Our retail customers benefited from the launch of our Scotiabank Aero Platinum MasterCard® Credit Card which offers flexible travel rewards. We have upgraded our retail internet banking platform with enhanced cross-currency and third party transfer capabilities, offering greater convenience and choice for customers to do their banking.

Our drive to improve efficiency continued during the year as we achieved further gains in supplier management, consolidation and other cost management strategies. We completed the electronic imaging of all signature cards and other account opening documents during the year, creating greater efficiencies and enhanced customer experience at the front line in our branches. We are extremely proud of the enthusiasm of our team members in generating ideas for cost-savings and supporting the execution of cost-saving initiatives.

At Scotiabank Group, we recognize that the development of strong leaders is critical to our continued success. We continued to expand

our leadership resource planning programme and we also invested heavily in coaching, mentorship and other leadership development programmes to expand the depth of our leadership across the Group.

These initiatives contributed to the success we enjoyed this year and have laid the foundation for continued solid performance in the near and medium-term.

The Way Ahead

The next financial year will likely see us continuing to operate in an uncertain and challenging economic environment. As the threat of ongoing recessions in the United States and Europe looms larger, our country will be negatively impacted by any further fallout in economic activity in our largest trading partners.

Despite this uncertainty, we see opportunities for growth in our business. We intend to execute on our brand promise of **"Discover What's Possible"** as we work with our customers to consistently uncover opportunities for financial growth and assist them in attaining financial stability. We also intend to grow market share in those market segments which are either underserved or have growth potential. Our investment in the microfinance business is but one such opportunity which we are confident will reap great reward and support growth in our economy.

Our strong market position and brand, our effective business model, and strong execution capabilities place us in a good position to seize opportunities and position ourselves for future long-term, sustainable growth.

Our strategic priorities and ingrained core values will guide us, as we continue to balance expectations for growth and performance against acceptable levels of risk and capital. We remain convinced that we have made the right strategic decisions in critical areas of our business, and are confident about our continued success.

In closing, we would like to thank the exceptional Scotiabank Group team for their continued commitment to deliver these strong results. We also want to thank all our customers for their unwavering support, insightful feedback and continued confidence in our institution. We stand resolute in our fiduciary responsibility to all our stakeholders as we continue to be the institution of choice in Jamaica.



BRIAN PORTER
Chairman



BRUCE BOWEN
President & CEO

Corporate Governance

One of the primary responsibilities of the Board of Scotia Group Jamaica Limited is to ensure that the Group and its subsidiaries have a robust and effective corporate governance framework. An effective corporate governance policy is vital to the preservation of shareholder value and confidence in the Group and its subsidiaries.

In fulfilling this responsibility, the Board adopts an enterprise wide approach to corporate governance to ensure adherence to a uniform set of corporate governance policies throughout the Group, deviating only where required by laws and regulations relevant to a particular subsidiary.

The Corporate Governance Policy is reviewed annually by the Board to ensure that it remains current and in accordance with local laws, regulations and local and international best practices, including the Jamaica Stock Exchange Rules and Standards of Best Practices of the Bank of Jamaica.

During the Board's review this year, the Corporate Governance Policy was supplemented by the inclusion of particular aspects of the PSOJ's Corporate Governance Code. A copy of our Corporate Governance Policy is available on our website at http://www.scotiabank.com/jm/cda/content/0,1244,CCDjm_CID161_LIDen_SID4_YID1,00.html

The Board of Directors

The Board of Directors is committed to ensuring value creation for its shareholders, monitoring management and Board performance, ensuring compliance with regulatory requirements, statutory requirements and best practices. To this end, the Board of Directors works closely with Management by providing advice and counsel to the Chief Executive Officer to ensure that key strategic objectives are achieved.

BOARD RESPONSIBILITY

The Board's primary responsibility is to supervise the management of the Company and provide effective governance over the Company's affairs. In so doing, it must strive to balance the interests of the Group's diverse constituencies, including its shareholders, customers, employees and the communities in which it operates. At all times, the Directors are expected to exercise independent business judgment in what they reasonably believe to be in the best interests of the Company. In discharging that obligation, Directors may rely on the honesty and integrity of the Company's Senior Management, its outside advisors and auditors.

The responsibility of the Board is outlined in an approved Board mandate which includes the following key duties and functions:

- Develop the Group's approach to corporate governance and its principles and guidelines;
- Oversee and approve the Group's strategic direction, the organizational structure and succession planning of senior management;
- Evaluate the actual operating and financial results of the Group against the Group's business objectives, business strategy and plans;
- Identify the principal business risks, review and approve key risk management policies and practices and oversee the implementation of appropriate systems to enable compliance with such policy;
- Approve appropriate and prudent credit, market, liquidity and operational risk management policies;
- Oversee the integrity of the Group's internal controls and management information systems;
- Ensure the Board receives from senior management the information and input required to enable the Board to effectively perform its duties;
- Identify, evaluate and select candidates for the Board of the Company and that of its subsidiaries;
- Establish committees of the Group and subsidiary Boards with appropriate responsibilities and appoint Chairs for these Committees.
- The conduct and act upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

Board Composition

Under the Company's Articles, the Board membership can range from 3 to 20 persons. As at October 31, 2011, the Board has 11 members, possessing diverse skill sets, local and international experience, knowledge from key industries and professions, and strong leadership skills in their respective fields. These individuals command the respect of persons internal and external to the Group and ensure that decisions are made after careful deliberations.

The majority of the Directors are Independent Directors; 7 of our 11 Directors were independent of Scotia Group, its parent, subsidiaries and affiliates and 10 members of the Board were non-executive.

The Chairman of the Board, Mr. Brian Porter, is a Non Executive Chairman. The Board is committed to having a Non Executive Chairman to ensure that the Company is managed for the long term benefit of its major stakeholders.

Under our Corporate Governance Policy, a Director is not considered independent if:

1. The Director has been an employee of the Company within the last five years;
2. The Director is, or has been within the last three years, an employee or executive officer of any company within the Group or its parent company;
3. The Director has received or receives additional remuneration from the Company apart from a director's fee, participates in the company's share option plan or performance related pay scheme, or is a member of the Company's pension scheme;
4. The Director has close family ties with any of the Company's advisors, directors or senior employees;
5. The Director represents a significant shareholder;
6. The Director was a former Chief Executive Officer unless there has been a period of at least three years between ceasing employment with the Company and serving on the Board.

The Table below highlights independent and non-independent Directors and their respective skill sets.

Director Orientation & Training Opportunities

Notwithstanding the Board's solid expertise, our corporate governance provides for continuous assistance to existing and new directors in their education about the Group, its various business lines and their roles and responsibilities.

Directors are provided with regular updates on business operations, strategy and regulatory trends.

All Directors have access to and are encouraged to meet with the Chairman, the Chief Executive Officer and other Executive Officers, as required and are provided with opportunities to visit local and international operations.

Appointment, Term, Election & Retirement of Directors

All Directors automatically retire from the Board at each Annual General Meeting and are elected or re-elected (as the case may be) by the shareholders at the Annual General Meeting of the Company. As a result of the annual retirement of Directors at the Annual General Meeting, each Director effectively serves a term of one year except for Directors who would have been appointed by the Board during the year.

Directors may be appointed to the Board prior to attaining the age of 70.

BOARD EXPERTISE	Independent (I)/Non - Independent (NI)	General Management	Finance & Audit	Strategic Management	Banking	H.R. & Education	Legal
Barbara Alexander	I	√		√			√
Bruce Bowen	NI	√	√	√	√		
Anthony Chang	I	√	√	√			
Sylvia Chrominska	NI	√	√	√	√	√	
Jeffrey Hall	I	√		√			√
Charles Johnston, CD	I	√	√	√			
Warren McDonald, JP	I	√	√	√			
Claude Norfolk	NI	√	√	√	√	√	
Brian Porter	NI	√	√	√	√		
Dr. Herbert Thompson, CD	I	√		√		√	
Prof. Stephen Vasciannie	I	√		√		√	√

Any director employed to the Company shall cease to be a director upon termination of any employment contract with the Company.

Director Compensation

The Board determines the form and amount of Director compensation based on an annual review of director compensation in the marketplace. Directors who are employees of any of the subsidiary companies are not compensated in their capacity as directors.

Guidelines for Business Conduct

The Board of Directors, the management and all employees of the Group, its subsidiaries and affiliates are required to observe the Group's Guidelines for Business Conduct and in this regard, annual certification of due compliance is required.

The Guidelines for Business Conduct outline the Group's rules and expectations regarding proper business conduct and ethical behaviour of directors, officers and employees of the subsidiaries, including:

- following the law wherever the Group and its subsidiaries do business;
- avoiding putting themselves or any of the subsidiaries in a conflict of interest;
- conducting themselves honestly and with integrity;
- keeping the subsidiaries' transactions, communications and information accurate, confidential and secure, and all customers' assets safe; and
- treating everyone fairly and equitably - whether customers, suppliers, employees or others who deal with the Group and its subsidiaries.

In keeping with the established code of conduct, Board members and senior management officers of the Group's subsidiaries are subject to our "insider trading policy" in respect of trading in the securities of the Company, its subsidiaries and affiliates.

Board Annual Self Evaluation

The Group's Board and the Boards of each subsidiary conduct an annual self evaluation of performance during the year. Directors are required to complete a Corporate Governance questionnaire which tests a wide range of issues including the information provided to the Board by management, the operation of any Committee and to assess the Board, Chairperson and management performance during the year.

The results are reviewed in detail by the Executive and Enterprise Risk Committee and appropriate action implemented to remedy any areas of concern or areas requiring improvement.

COMMITTEES OF THE BOARD

Scotia Group Jamaica Limited has an Audit and Conduct Review Committee which oversees the Group and The Bank of Nova Scotia Jamaica Limited (the "Bank") and its

subsidiaries.

Audit and Conduct Review Committee

The Terms of Reference of the Group's Audit and Conduct Review Committee are reviewed by the Committee and recommended to the Board for approval. In accordance with its Terms of Reference, the Audit and Conduct Review Committee has oversight responsibility for the Group and the Bank in relation to the following areas:

- The integrity of the financial reporting of the Bank and the Group, disclosures and system of internal control procedures over financial reporting;
- Ensuring compliance with legal and regulatory requirements;
- The performance of the internal audit and external auditors;
- To develop and implement policies to identify and resolve conflict of interest which may arise from transactions conducted by the Group and its subsidiaries.

During the year, the Committee met with external Auditors to the exclusion of Management and undertook the following matters:-

Review and approval of:

- Management Accounts for the Group and the Bank
- Audited Financial Statements
- Internal Audit Plan
- Engagement Letter of the external Auditors
- Internal Audit Reports
- Connected Party List & Transactions
- Compliance Reports
- Management Letter (KPMG)

This Committee is comprised of five (5) independent Directors: Anthony Chang (Chairman), Charles Johnston, Barbara Alexander, Warren McDonald and Professor Stephen Vasciannie. The Audit & Conduct Review Committee met four (4) times during the year and has a strong attendance record of its members at each meeting.

Board Committees of The Bank of Nova Scotia Jamaica Limited

The Bank has two (2) sub Committees; the Human Resources and Pensions Committee and the Executive and Enterprise Risk Committee. These Committees were reconstituted in May 2011 after an extensive review of the existing mandates for the Human Resource, Pension and Executive Committees respectively. The respective Terms of Reference which outline the remit of each Committee were reviewed by each Committee respectively and recommended to the Board for approval.

Outlined below are the Terms of Reference of each of these Committees and matters reviewed and approved during the year.

Executive & Enterprise Risk Committee

The Executive & Enterprise Risk Committee has responsibility for the following areas:-

- Corporate Strategy and Profit Plan of the Bank and its subsidiaries;
- Review of Board nominees prior to appointment;
- Appointment and/or reappointment of the Auditors;
- Review of the Corporate Governance Policy;
- Enterprise wide risk management (credit, market, operational and liquidity risks)

The principal activities undertaken by the Committee during the year included the review and recommendation to the Board of the following matters:-

- Annual Profit Plan
- Amendments to Committee Terms of Reference
- Evaluation of Board performance
- Quarterly Press Releases on financial results
- Market, Operational, Credit and Liquidity Risk Reports
- Revised Risk Management Policies and Limits
- Revised Corporate Governance Policy

The Executive and Enterprise Risk Committee is comprised of five (5) members; three (3) of whom are independent Directors. The members of the Committee are Charles Johnston (Chairman), Bruce Bowen, Anthony Chang, Sylvia Chrominska and Dr. Herbert Thompson.

Human Resources and Pension Committee

The mandate of the Human Resources and Pension Committee is to primarily review the following areas:-

- Staff compensation, including incentive programmes;
- Senior level organizational structure and staffing needs;
- Mandates for the negotiation of collective bargaining agreements;
- Performance of the Executive Team and Board appointed officers;
- Pension Plan design and Investment policies;
- Monitoring Fund performance against its policies, objectives and strategies;
- Appointment and/or removal of the Sponsor Trustees of the Pension Fund;
- Review of actuarial reports, audited financial statement of the Fund and proposed changes to the Pension Plan Rules and benefits.

During the year, the Committee undertook a review and approval of the following matters:-

- Administrative and Fund Management fees
- Revised Terms of Reference
- Collective Bargaining Strategy for 2012
- Overall Pension Fund performance
- Pension Plan Enhancements
- Senior Management changes
- Executive Team performance

The Human Resources & Pension Committee is comprised of six (6) members; four (4) of whom are independent Directors. The members of the Committee are Jeffrey Hall (Chairman), Dr. Herbert Thompson, Barbara Alexander, Warren McDonald, Bruce Bowen and Claude Norfolk.

Below is the attendance record of Directors at the Annual General Meeting, Board and Committee meetings.

	AGM (SGJL)	Board Meeting (SGJL)	Audit & Conduct Review (SGJL/BNSJ)	Executive (BNSJ)	Human Resources (BNSJ)	Pension (BNSJ)
No. of Meetings	1	7	4	1	1	2
Barbara Alexander	1	7	4	—	—	2
Bruce Bowen	1	7	—	1	—	2
Anthony Chang	1	6	3	—	—	2
Sylvia Chrominska	1	7	—	—	—	—
Jeffrey Hall ■	1	7	—	—	1	—
Charles Johnston, CD ■	1	6	4	1	—	—
Warren McDonald, JP	1	6	—	—	1	—
Hon. Mayer Matalon, OJ (Deputy Chairman) ***■	—	—	—	—	—	—
Claude Norfolk	1	6	—	—	—	—
Robert Pitfield*	—	1	—	—	—	—
Brian Porter (Chairman)**	1	4	—	—	—	—
Dr. Herbert Thompson, CD	0	5	—	1	1	—
Prof. Stephen Vasciannie	1	5	3	1	—	2

■ Audit & Conduct Review Committee Chairman

■ Executive Committee Chairman

■ Human Resources Committee Chairman



*Resigned January 24, 2011

**Appointed January 25, 2011

***Resigned May 12, 2011

[Note: The Executive, Human Resources, and Pension Committees were reconstituted by the Board of Directors at its meeting held on May 26, 2011. The record shown overleaf on page 9, reflects attendance, prior to the restructuring of the Committees]

Below is the attendance record of Committee members of the newly constituted Committees of the Bank.

	Human Resources & Pension Committee (BNSJ)	Executive and Enterprise Risk Committee (BNSJ)
Number of Meetings for the Year	2	1
Barbara Alexander	1	—
Bruce Bowen	2	1
Anthony Chang	—	—
Sylvia Chrominska	—	1
Jeffrey Hall 	2	—
Charles Johnston, CD 	—	1
Warren McDonald, JP	2	—
Claude Norfolk	2	—
Dr. Herbert Thompson, CD	—	—

 Executive and Enterprise Risk Chairman  Human Resources & Pension Committee Chairman

Scotia Group is committed to good corporate governance practices and to that end continues to comply with the law and regulations, international best practices and guidance from the Jamaica Stock Exchange and regulators of our various subsidiaries (Bank of Jamaica and the Financial Services Commission). We continually strive to preserve shareholder value and confidence in the long term viability and profitability of the Group.

Board of Directors

R. H. Pitfield

Chairman (Former)

Mr. Robert Pitfield is Group Head and Chief Risk Officer of the parent company, The Bank of Nova Scotia (BNS), with responsibility for enterprise-wide risk management. Prior to this appointment on October 1, 2010, he was Group Head, International Banking Division, and was responsible for all of the Bank's retail and commercial operations outside of Canada and the USA. He joined Scotiabank in Toronto in August 1983 as a General Office Trainee Commercial Officer. He was appointed Chairman of The Bank of Nova Scotia Jamaica Limited on May 22, 2003 and Scotia Group Jamaica Limited on March 15, 2007.

Mr. Pitfield resigned on January 24, 2011 to assume the position of Group Head and Chief Risk Officer of BNS.

Mr. Pitfield is a graduate of the University of Toronto and the University of Ottawa and is a member of the Law Society of Upper Canada.

(Resigned as Chairman January 24, 2011)

B. Porter

Chairman

Mr. Brian Porter is Group Head International Banking Division of the parent Company, The Bank of Nova Scotia and oversees all of the Bank's personal, small business and commercial banking operations in some 50 countries outside of Canada. He joined Scotiabank in 1981 and held a variety of management positions, including Deputy Chairman, Scotia Capital prior to his appointment as Executive Vice-President and Chief Risk Officer, in 2005.

Mr. Porter was appointed Chairman of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited on January 25, 2011.

Mr. Porter is the past Chairman of the Investment Dealers Association of Canada (IDA) and a member of the Faculty of Management Board of Advisors, Dalhousie University. He received a Bachelor of Commerce degree from Dalhousie University and is a graduate of the Advanced Management Programme of Harvard Business School.

(Appointed Chairman January 25, 2011)

The Honourable M. M. Matalon, ou

Deputy Chairman (Former)

The Honourable Mayer Matalon is the Deputy Chairman of the I.C.D. Group Limited. He has been the Deputy Chairman of the Boards of The Bank of Nova Scotia Jamaica Limited and of Scotia Group Jamaica Limited up until his resignations from these Boards effective May 12, 2011.

Mr. Matalon has been a Director of The Bank of Nova Scotia Jamaica Limited since 1966.

Mr. Matalon is the recipient of a Doctor of Laws Honoris Causa by the University of the West Indies, and an Honorary Doctorate from the University of Technology.

(Resigned May 12, 2011)



B. F. Bowen

Mr. Bruce Bowen is the President & CEO of Scotia Group Jamaica Limited since November 27, 2008.

He began his career with Scotiabank in 1990 in the International Division. His career at Scotiabank has exposed him to various areas in banking and has taken him on assignments for Scotiabank to the Cayman Islands, Trinidad & Tobago, Jamaica and Puerto Rico.

Mr. Bowen was appointed to the Board of Scotia Group Jamaica Limited on November 27, 2008 and is a member of the Executive and Enterprise Risk Committee and the Human Resources & Pension Committee of the Board. He is also a Director of The Bank of Nova Scotia Jamaica Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia Investments Jamaica Limited, Scotiabank Jamaica Foundation and Scotia Jamaica Microfinance Co. Limited.

Mr. Bowen holds an Honours Bachelor of Business Administration degree from Wilfrid Laurier University in Waterloo, Ontario, Canada.

B. A. Alexander

Ms. Barbara Alexander was appointed to the Board on November 26, 2007. She has been an Attorney-at-Law and Partner in the law firm Myers, Fletcher & Gordon since 1980, and is now the Managing Partner of the law firm. Her experience includes Banking and Finance, Project Finance, Real Estate and Commercial Law. She is a member of the Audit & Conduct Review Committee and the Human Resources and Pensions Committee of the Board, a Director of Scotia Investments Jamaica Limited, Scotia Asset Management (Jamaica) Limited, The Scotia Jamaica Building Society, United Way of Jamaica and the Arts Foundation of the Edna Manley College.

Ms. Alexander is a graduate of the University of the West Indies and is a member of the Jamaican Bar Association and the Law Society of England, United Kingdom.

A. V. Chang

Mr. Anthony Chang was appointed to the Board of The Bank of Nova Scotia Jamaica Limited on February 5, 2001 and is a member of the Audit & Conduct Review and the Executive and Enterprise Risk Committees of the Board. Mr. Chang is the Chairman of Scotia Jamaica Life Insurance Company Limited, and sits on the board of Scotia Investments Jamaica Limited.

He is a graduate of Richard Ivey School of Business, University of Western Ontario. He is also the recipient of the Hubert H. Humphrey fellow at American University, Washington, DC which was awarded by the Government of the United States of America. He has completed professional courses with several organizations some of which include York & Wharton University.



S. D. Chrominska

Ms. Sylvia Chrominska joined Scotiabank in 1979 and has served in several capacities including Senior Vice-President, Corporate Credit and Executive Vice-President, Human Resources. In 2008, she was appointed Group Head, Global Human Resources and Communications.

She serves on the Board of Directors of Emera Inc., and The Bank of Nova Scotia Jamaica Limited and is a member of the Executive and Enterprise Risk Committee of the Board.

In 2007, Ms. Chrominska was inducted in the Hall of Fame of Canada's Top 100 Most Powerful Women. In 2010, she was the inaugural recipient of the Catalyst Canada Honours in the category of Human Resources/Diversity Leader.

J. M. Hall

Mr. Jeffrey Hall is Chief Executive Officer of Jamaica Producers Group Limited and has worked with that Company since 2002. Mr. Hall was appointed to the Board of Directors of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited (BNSJ) on November 26, 2007. He is the Chairman of the Human Resources and Pension Committee of BNSJ. Mr. Hall currently serves as a director of the Blue Power Group Limited, the Agro-Invest Corporation, the Institute of Jamaica Museums and Jamaica Investment Promotions (JAMPRO). He has practiced as an Attorney-at-Law and has served as a Director of the Jamaica Stock Exchange and the Bank of Jamaica.

Mr. Hall is a graduate of Harvard Law School and holds a Bachelor's degree in Economics from the Washington University and a Masters in Public Policy from Harvard University.

C. H. Johnston, cd

Mr. Charles Johnston is the Chairman and Managing Director of Jamaica Fruit and Shipping Company Limited and Chairman of Jamaica Producers Group. He was appointed to the Board of The Bank of Nova Scotia Jamaica Limited on August 22, 2002 and is the Chairman of the Executive & Enterprise Risk Committee and a member of the Audit & Conduct Review Committee.

Mr. Johnston is a graduate of the Wharton School of Finance & Commerce, at the University of Pennsylvania.



W. A. McDonald, JP

Mr. Warren McDonald is the Managing Director and Chief Executive Officer of Berger Paints Jamaica Ltd. He is also the Managing Director for Berger in the Caribbean and supervises the Berger subsidiaries in Trinidad & Tobago and Barbados.

He was appointed to the Board of Directors of Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited (BNSJ) on February 5, 2001. Mr. McDonald is a member of the Audit & Conduct Review Committee and the Human Resources & Pension Committee of BNSJ.

Mr. McDonald is the Vice-President of the Jamaica Chamber of Commerce, and the Chairman of the Board of the Portmore Community College. Mr. McDonald is a Honours graduate from the University of the West Indies, a Fellow of the Chartered Association of Certified Accountants of the United Kingdom and the Institute of Chartered Accountants of Jamaica.

C. S. Norfolk

Mr. Claude Norfolk is the Senior Vice-President, International Banking - Caribbean Region of The Bank of Nova Scotia.

He is Vice-Chairman of Scotiabank's affiliate, Maduro & Curriel's Bank in the Netherland Antilles.

Mr. Norfolk is on the Board of Directors of Scotiabank Trinidad & Tobago Limited, Scotiabank and Scotia Merchant Bank Trinidad and Tobago Limited, where he is a member of the Audit Committee. He also sits on the Board of Directors of Scotiabank Bahamas Limited and The Bank of Nova Scotia Jamaica Limited and is a member of the Human Resources and Pension Committee.

Mr. Norfolk has a Masters of Business Administration, Financial Services from Dalhousie University and holds the ICD. D certification for Corporate Directorship 2010.



Dr. H. J. Thompson, CD

Dr. Herbert Thompson is the Pro Chancellor of the University College of the Caribbean. He was appointed to the Board of The Bank of Nova Scotia Jamaica Limited on August 19, 1998 and is a member of the Executive and Enterprise Risk Committee and the Human Resources and Pension Committee of the Board. Dr. Thompson is also Chairman of the Board of The Scotia Jamaica Building Society.

Dr. Thompson is a motivational speaker and an author. He is a graduate of Northern Caribbean University, the University of the West Indies, with a Doctorate in Philosophy, (PhD) Biochemistry and Masters in Physiology from Loma Linda University.

Prof. S. C. Vasciannie

Professor Stephen Vasciannie is the Principal of the Norman Manley Law School. He was appointed a Director of The Bank of Nova Scotia Jamaica Limited on September 1, 2005, and is currently a member of the Audit and Conduct Review Committee. Professor Vasciannie is a director of Scotia Jamaica Life Insurance Company Limited and Chairman of Scotia Investments Jamaica Limited.

He is a graduate of the Universities of Oxford, Cambridge and the University of the West Indies. Since 2006, he has been a member of the United Nations International Law Commission, Geneva, and served as the Rapporteur for the 2010 Session of the Commission. He is Chairman of the Kingston College, a member of the Jamaican Bar Association, the American Society of International Law, the British Institute of International and Comparative Law, and has served as a member of the Inter-American Juridical Committee.



Executive Management Team

Bruce Bowen

President and CEO
Scotiabank Group

1

Bruce Bowen is the President and CEO, Scotiabank Group Jamaica Limited. He assumed this position on November 1, 2008, coming from Scotiabank de Puerto Rico where he held a similar position.

Bruce Bowen began his career with Scotiabank in 1990 in the International Division. His career at Scotiabank has exposed him to various areas in banking and has taken him on assignments for Scotiabank to the Cayman Islands, Trinidad & Tobago, Jamaica and Puerto Rico.

Bruce was appointed to the Board of Scotia Group Jamaica Limited on November 27, 2008 and is a member of the Executive and Pension Committees of the Board. He is also a Director of the The Bank of Nova Scotia Jamaica Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia Investments Jamaica Limited and Scotiabank Jamaica Foundation and Scotia Jamaica Microfinance Co. Limited.

Bruce holds an Honours Bachelor of Business Administration degree from Wilfrid Laurier University in Waterloo, Ontario, Canada.

Monique French

Senior Vice-President
Credit Risk Management

2

As the Senior Vice-President - Risk Management, Monique French is responsible for the structure, risk profile, and quality of the retail, commercial and corporate credit portfolios of Scotiabank Group (Jamaica).

Monique possesses over a decade of experience in Credit & Market Risk Management, Corporate Banking and Treasury & Derivatives. During her career, she has held Senior Management positions in Risk Management and Treasury, and led or served on several industry and private sector committees.

Monique holds a BSc Accounting Degree (First Class Honours) from the University of the West Indies, and a Master of Business Administration Degree from the Richard Ivey Business School, University of Western Ontario, Canada. She has completed the Canadian Securities Course, is a CFA Charter Holder and an IBM Scholar. Monique serves as a Justice of the Peace for Kingston.

Monique is a member of the Asset and Liability Committee (ALCO) & Investment Committees, and an alternate Director for The Bank of Nova Scotia Jamaica Limited.

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Michael Jones

Senior Vice-President
Human Resources

3

Michael Jones has held key roles across the company, including Manager-Accounting, Assistant General Manager - Operations, and currently Senior Vice-President - Human Resources, Scotiabank Group.

Michael completed under-graduate studies in Banking at CAST/University of Technology, and is a graduate Associate of both the UK Chartered Institute of Bankers (ACIB), as well the Institute of Chartered Secretaries and Administrators (ACIS). He holds a MSc in Social Sciences from the University of Leicester, and a MBA (Distinction) from the Manchester Business School/University of Wales. Michael is also a graduate of the Executive Human Resource Management programme of the University of Michigan.

Michael is a Director on the Board of the Scotiabank Jamaica Foundation and is Chairman of the ScotiaBRIDGE Board of Trustees. He also serves the wider community as President of the Human Resource Management Association of Jamaica, chair of the JIFS executive committee, Director on the UWI Career and Placement Board, and the Hope Gardens/Nature Preservation Foundation. He also serves as a member of the PSOJ Education Committee.

Rosemarie Pilliner

Executive Vice-President
Operations & Shared Services

6

Rosemarie Pilliner currently holds the position of Executive Vice-President, Operations and Shared Services. She has direct responsibility for Lending Services, Processing Support, Procurement, Operations and Shared Services, Security & Investigations, Facilities Management among other functional areas.

Rosemarie has extensive knowledge of Scotiabank's core operations. Her wide-ranging expertise spans varying positions within the organization, including management positions in central operations, Branch Manager and Assistant General Manager of The System Support Centre.

Rosemarie has benefited from several management training courses to hone her credit, leadership, operations and organization developmental skill sets. She currently sits on the Board of the Scotiabank Jamaica Foundation.

Hugh Miller

Vice-President
Treasury

4

Hugh Miller joined Scotiabank in 1998 and has worked in Securities Trading & Investments, as well as, Pension & Assets Management. Hugh is currently responsible for the strategic management of the Group's treasury operations, investment and trading activities, and foreign exchange trading activities.

Hugh holds a Bachelor of Science (B.Sc.) degree with Honours in Economics (Accounting minor) from the University of the West Indies, and is a CFA Charterholder.

He serves on the Board of Trustees of ScotiaBRIDGE and Scotiabank's Pension Plan. He is a member of Scotia Investments' Asset and Liability Committee, Scotia Investments' Managed Funds Investment Committee and Scotiabank's Asset and Liability Committee.

H. Wayne Powell

Executive Vice-President
Retail Banking

7

A career banker of many years, Wayne Powell is Executive Vice-President, Retail Banking with responsibility for the management of the Branch Network, Small and Medium Enterprise Business Banking, Customer Experience and Non-Branch Sales. He also has oversight responsibilities for The Scotia Jamaica Building Society.

He is an Associate of the Chartered Institute of Bankers and has a MBA from Barry University, as well as Certificates in Marketing Management and Executive Management from the Ivey School of Business, University of Western Ontario.

Wayne is a Justice of the Peace, an alternate Director of the Scotiabank Board, Chairman of The Scotiabank Jamaica Foundation and serves on several additional corporate boards. In 2010, Wayne was inducted as a Life Member of the Cambridge Who's Who Registry of Executives, Professionals and Entrepreneurs.

Lissant Mitchell

Chief Operating Officer
Scotia Investments Jamaica Limited

5

Lissant Mitchell has over 18 years experience in the local financial industry. He joined Scotia Investments in October 2007 as Senior Vice-President Treasury and Capital Markets and was promoted to Chief Operating Officer in October 2010. Lissant has served as the President of the Primary Dealers Association and is currently the Secretary of the Jamaica Security Dealers Association. Lissant sits on the Scotiabank and Scotia Investments Asset and Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a Director of Scotia Asset Management Jamaica Limited, Scotia Caribbean Income Fund and the Jamaica Stock Exchange. Lissant holds a MBA from the University of Manchester and a BSc in Accounting and Economics from the University of the West Indies.

Hugh Reid

Senior Vice-President
& General Manager
Scotia Jamaica Life Insurance
Company Limited

8

Hugh Reid has a wealth of experience in the financial sector and in his capacity as General Manager, he is responsible for driving the growth and profitability of Scotia Insurance.

Prior to joining Scotiabank Group, Hugh held the post of Senior Vice-President & Chief Operating Officer at Victoria Mutual Building Society. He has also held executive level positions at National Housing Trust, Prime Life Assurance Company, and the former Life of Jamaica.

Hugh currently holds a Masters of Science in Accounting and a Bachelor of Science in Economics from the University of the West Indies. He is also a Fellow of the Life Management Institute (US), Institute of Chartered Accountants (Jamaica) and the Chartered Association of Certified Accountants (UK). Hugh is also a Fellow of the Jamaican Institute of Management in recognition of his sterling service to the private and public sectors as well as the Kiwanis movement. He currently serves as an independent member on the Audit sub-committee of the Early Childhood Commission.

Jacqueline Sharp

Senior Vice-President
Chief Financial Officer &
Chief Administrative Officer

8

In her current role, Jackie is responsible for various functions including Financial and Regulatory reporting, Financial Risk Management, Strategic Planning, Legal, Compliance, and oversight of the Systems Support Centre for the Group. She has over 16 years experience in the financial services industry, and has worked with Scotiabank since 1997 in several areas including Treasury, Finance, Private Banking and as head of Scotia Jamaica Life Insurance Company Limited.

Jackie holds a Bachelor of Science (BSc.) degree with honours in Accounting from the University of the West Indies, is a CFA Charter Holder and has successfully completed the Certified Public Accountant (CPA) examinations.

She serves as a member of the Board of Scotia Asset Management (Jamaica) Limited, the Group's Asset and Liability Committee, SJLIC Investment Advisory Committee and is Chair of the Board of Trustees of BNSJ's Pension Plan. Jackie also serves as the Treasurer of the Private Sector Organization of Jamaica.

Anya Schnoor

Executive Vice-President
Wealth Management & Insurance and
CEO, Scotia Investments Limited

9

As Executive Vice-President, Wealth Management & Insurance, Anya Schnoor is responsible for the Group's Wealth Management & Insurance Division which includes Scotia Jamaica Life Insurance Company Limited, Scotia Private Client Group and Scotia Investments Jamaica Limited, of which she is the Chief Executive Officer.

Anya Schnoor has over 18 years of experience in the areas of wealth management and banking. She holds an MBA from Barry University and a BA in Finance and International Business from Florida International University.

Anya served as the Past President of the Jamaica Security Dealers Association and sits on the Boards of Scotia Investments Jamaica Limited, Scotia Fund Managers Limited, Asset Management Company Limited, Scotia Caribbean Income Fund, The Jamaica Stock Exchange and The Jamaica Cricket Development Foundation. In addition she is also a member of Scotiabank Jamaica's Asset and Liability Committee (ALCO) and the Finance Committee of Heart Trust NTA.

Michael Thompson

Senior Vice-President
Corporate & Commercial Banking
(CCBC)

10

Michael Thompson is a career banker and has held several leadership positions in retail, commercial and merchant banking. He has distinguished himself as a sales leader with a passion for working with teams to achieve their goals. Michael has received several awards for his outstanding achievement in sales (loans and investments) in both Canada and Jamaica. He joined the CCBC team in January 2011 and is responsible for the overall success of the Corporate & Commercial Business line within the country. Prior to his current role, Michael served as DVP, District North; Assistant General Manager, Business Development, CCBC as well as Senior Relationship Manager, CCBC.

Michael holds a Banking Diploma from the Chartered Institute of Bankers, London, England and a Bachelor of Business Administration (Finance) from the University of the District of Columbia, U.S.A. He has also completed the Diploma programme in Bank Management at the Sparbanks Universitetet, Stockholm, Sweden as well as a Project Management Course at York University, Toronto, Canada.

Monique Todd

Vice-President
Marketing, Public & Corporate Affairs

11

Monique Todd leads the Marketing, Public & Corporate Affairs team with responsibility for formulating and directing the Group's marketing, public and corporate affairs strategies to improve brand equity, positioning and portfolio growth.

Monique has over 14 years experience in marketing with 10 of those years specifically focused in the financial industry. She joined Scotiabank in 2006 as Senior Marketing Manager and during her tenure her role was expanded to Marketing Director for Wealth Management.

Monique holds a Bachelor of Business Administration, Honours from Wilfrid Laurier University in Ontario, Canada. Monique is the Co-Chair of the Jamaica Bankers Association Marketing & Public Relations Committee and is the Past Chair of the Insurance Association of Jamaica's Public Relations Committee. She also serves as a member of the Bank's Service Management Committee and Product Pricing ALCO Committee; and Scotia Jamaica Life Insurance Company Limited's Investment Advisory Committee. She is also a Director of the Scotiabank Jamaica Foundation.

Gladstone Whitelocke

Vice-President Non-Branch Sales
& General Manager
The Scotia Jamaica Building Society

12

Gladstone Whitelocke has been with Scotiabank for over 25 years with a career that has spanned Retail Banking, Loan Recoveries, Project Management, and Residential Mortgages. He also received extensive training overseas in the Domestic Bank, in the areas of Retail & Commercial Lending and Mortgages.

In his current role, Gladstone is responsible for the Group's mortgage loan business as well as Retail business development in non-branch environments.

He completed courses in Banking and Finance at the University of Technology, Certificates in Project Management and Sales Management from the University of New Orleans and holds an MBA (Finance) from Manchester Business School.

Gladstone currently serves on the Asset and Liability Committee of Scotia Group Jamaica Limited.



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Management's Discussion & Analysis

OVERVIEW

PRINCIPAL ACTIVITIES

Scotia Group Jamaica Limited (Scotia Group) is one of the largest banking and financial service organisations in Jamaica, with assets of \$326 billion as at October 31, 2011. Scotia Group delivers banking, mortgage-financing, investment and insurance services, through its main subsidiaries to a wide base of personal, commercial, corporate and government clients across Jamaica. In October 2011, we formed our newest subsidiary, Scotia Jamaica Microfinance Company Limited (CrediScotia), which will provide access to credit for entrepreneurs within the microfinance industry.

Scotia Group has been operating in Jamaica for over 122 years and is supported by a network of some 50 offices and 2,335 employees. Our parent company, The Bank of Nova Scotia, is headquartered in Toronto, Canada.

Strategic Priorities

Our strategic priorities are the roadmap for our continued long-term success, as we strive to remain the institution of choice in the Jamaican financial services sector. Our strategic goals are aligned to benefit our customers, shareholders, staff and Jamaica.

(1) Sustainable Revenue Growth

Strengthening existing customer relationships and acquiring new customers is key to growing our revenue sources in a sustainable and profitable way. This year, we continued to deliver new products and services to meet the changing needs of our diverse customer base, while working towards creating a seamless customer experience across the Group.

(2) Expense Control / Efficiencies

Our culture of managing expenses and operating efficiently is a hallmark of our tradition. We monitored our spending growth, improved our procurement practices, and pursued opportunities to improve productivity throughout the year. We continued to consolidate key support functions across the Group and the Caribbean, thereby creating centres of excellence and improving efficiency in our operations.

(3) Leadership & Capability Development

Successful execution of our strategies is dependent on having the right leaders in place throughout the organisation. We continued to focus on identifying and developing top talent, and recruiting the right people for the right job. Leadership development also ensured that we have an adequate talent pool of individuals ready to assume responsibility for key positions within the Group.

Our strategy is grounded in our robust risk management culture where risks must be understood, measured and managed. Our risk management framework incorporates risk principles and risk appetite measures which guide the management of our business lines. We continued to strengthen our risk management framework and processes throughout the year.

We are confident about our strategic direction and our ability to execute based on our committed team and infrastructure, which is supported by the global strength of Scotiabank, and the strength of our capital base.

GROUP FINANCIAL PERFORMANCE

Scotia Group reported Net Income available to common shareholders for the year of \$10,618 million, a decrease of \$84 million or 0.8% when compared to the same period last year.

Financial Highlights

	2011 \$ millions	2010 \$ millions
Total Assets	332,041	325,824
Investment Securities	157,018	151,896
Loans net of provisions for losses	99,976	95,814
Deposits by the public	144,670	145,664
Liabilities under repurchase agreements and other client obligations	58,942	60,182
Policyholders' Fund	39,020	36,891
Shareholders' equity	60,311	53,155
Net Profit after tax	10,618	10,702
Return on equity	17.59%	20.78%
Earnings per share (cents)	328	334
Dividend per share (cents)	148	148

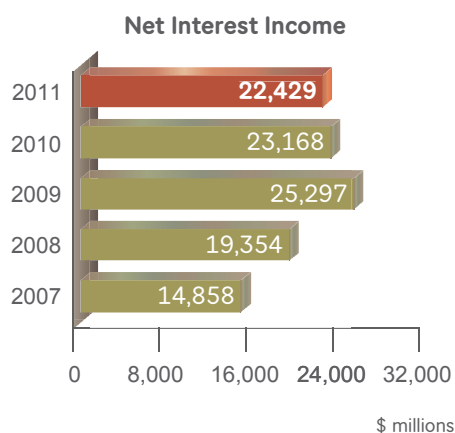
Total Revenue

Total revenue was \$30,467 million in 2011, a decrease of 0.1% or \$28 million compared to the prior year. Revenues from our investment management and retail banking segments both increased by 8% this year. The retail loan portfolio recorded growth of 10.7% during the year despite the challenging economic environment and weak consumer loan demand. We also increased our securities trading income, and fee income from our Mutual Fund and Unit Trust business. Corporate & Commercial Banking and Treasury revenues declined relative to last year due to lower portfolio volumes and lower yields on investment securities as market interest rates declined during the year.

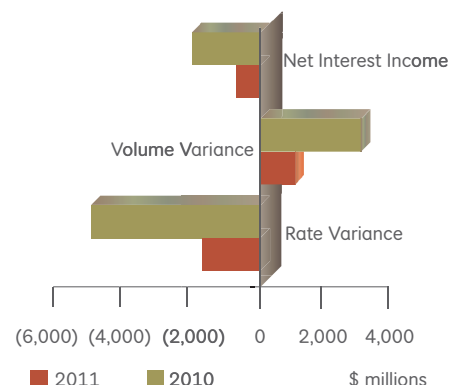
Total Revenue	2011 \$'000	2010 \$'000	Change \$'000	Change %
Retail Banking	12,425,165	11,504,813	920,352	8%
Corporate & Commercial Banking	6,524,034	6,855,015	(330,981)	-5%
Treasury	2,392,034	3,097,665	(705,631)	-23%
Insurance Services	5,285,973	5,392,943	(106,970)	-2%
Investment Management Services	3,873,755	3,575,033	298,722	8%
Other	(33,885)	69,112	(102,997)	-149%
	30,467,076	30,494,581	(27,505)	-0.1%

Net Interest Income

Net Interest income was \$22,429 million in 2011, down \$739 million from last year. The Group's average earning assets increased by 3% to \$307,407 million, while the net interest margin (net interest income as a percentage of average earning assets) declined relative to prior year by 47 basis points to 7.3%. Year-over-year, we experienced positive changes in the mix and volume of the portfolios that impact net interest margin. The increase in volumes contributed a positive \$1,010 million to the changes in net interest income, however the negative impact from declining asset yields of \$1,749 million was more significant. The Jamaica Debt Exchange (JDX) programme initiated the reduction in interest rates in February 2010, and there have been further reductions in market and lending rates throughout 2011.



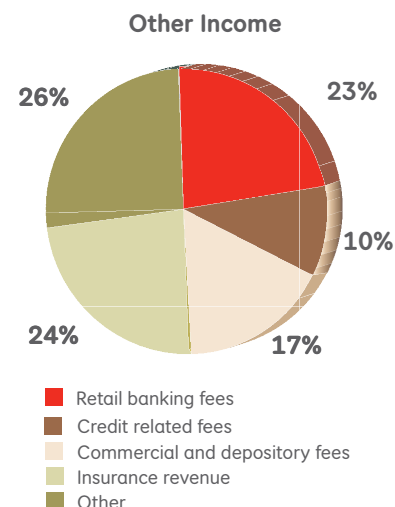
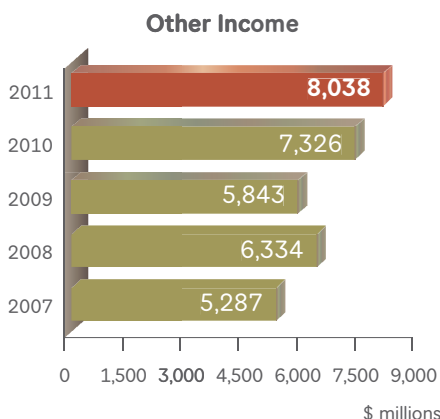
Rate & Volume Analysis of Changes in Net Interest Income



Other Income

Other income, defined as all income other than interest income, was \$8,038 million for this year, up \$712 million over last year. Fee and commission income increased by \$646 million due to increased retail banking transaction volumes and growth in our Unit Trust and Mutual Fund portfolios.

The larger portions of our income came from retail banking fees (23%), insurance revenues (24%), and commercial and depository fees (17%), similar to the prior year.



Non-Interest Expenses

Non-Interest expenses for the year totalled \$14,837 million, up \$358 million or 2.5% over last year. The growth in expenses was contained below the inflation rate of 6% due to our heightened focus on expense management and initiatives implemented to improve operating efficiencies. During the year, we continued to consolidate support functions and rationalize our network. We closed the Victoria and Blake branch, and consolidated some of our Scotia Investments offices.

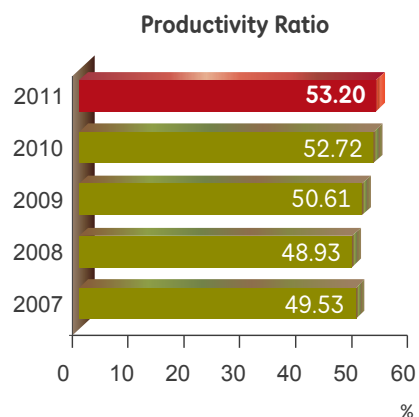
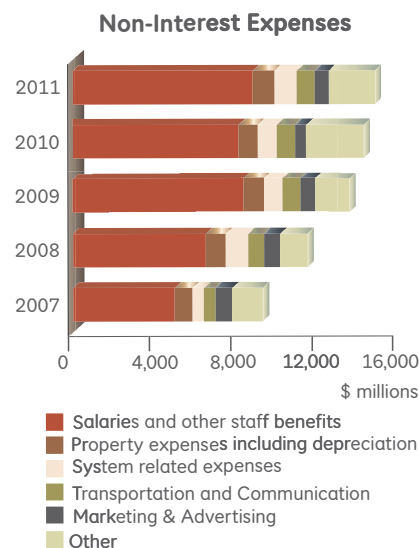
Our salaries and employee benefits costs, the largest component of our expenses, were \$8,294 million, up \$600 million or 7.8% over last year. This was mainly due to a contractual salary increase of 11% at the start of the financial year. Marketing and advertising expenses increased by \$125 million to \$629 million due to increased promotional activities, as we launched new products during the year. Property expenses including depreciation totalled \$1,970 million, up \$88 million or 4.8% over last year.

In contrast, other expenses declined by \$435 million as a result of efficiency gains being achieved through leveraging our infrastructure to provide services within the Caribbean; reduction in professional fees; as well as the effective implementation of measures to address losses from card skimming.

Our productivity ratio, operating expense as a percentage of total revenue, was 53.20%, compared with 52.72% in 2010. The decline in productivity in 2011 is attributable to the net effect of the decline in total revenues coupled with the increased operating costs.

Taxes

In 2011, the provision for current income and deferred taxes was \$3,627 million, down \$88 million or 2.3% from last year. Current year income tax decreased over the prior year, mainly due to the decrease in the investment income tax paid by Scotia Insurance. The Group's overall effective tax rate was 25.5%, down slightly from last year.



Taxation Charge

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Profit Before Taxes	14,244,620	14,417,094	15,379,659	13,119,095	10,167,221
Current Income Tax:					
Income tax calculated at 33 1/3%	2,615,111	2,691,532	2,681,103	2,431,611	2,143,822
Income tax calculated at 30%	237,560	197,563	194,427	192,037	164,227
Premium tax calculated at 3%	112,800	96,444	81,383	93,199	81,226
Investment Income tax calculated at 15%	501,632	664,339	447,420	183,590	122,913
	3,467,103	3,649,878	3,404,333	2,900,437	2,512,188
Deferred Income Tax	159,862	65,449	369,867	594,601	44,973
Taxation Charge	3,626,965	3,715,327	3,774,200	3,495,038	2,557,161
Effective Tax Rate	25.5%	25.8%	24.5%	26.6%	25.2%

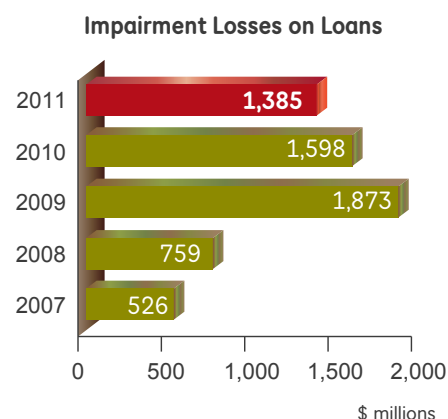
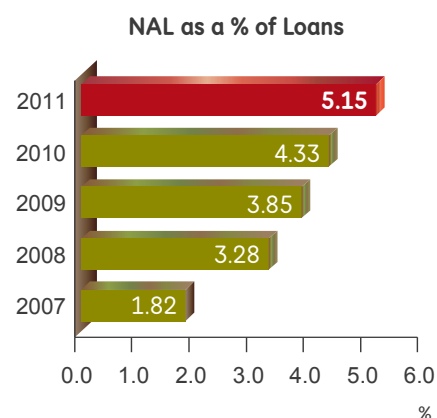
Credit Quality

Non-performing loans (NALs) as at October 31, 2011 totalled \$5,257 million (2010: \$4,215), representing 5.2% (2010: 4.33%) of total loans and 1.6% (2010: 1.3%) of total assets. The increase in NALs in 2011 was due primarily to the classification of a large commercial loan as non-performing in the last quarter of the year. Commercial NALs now represent 2.66% of total loans, compared to 1.71% last year. Retail NALs on the other hand, now represent 2.50% of total loans, a decrease from 2.62% last year, as the quality of this portfolio improved.

Loan losses expensed for the year were \$1,385 million, down \$213 million or 13% from last year. This reflects a 3.34% decline in provisions provided during the year, particularly on the retail portfolio; coupled with a 17.43% increase in recoveries as we stepped up our collections efforts during the year.

The total allowance for loan losses reflects the higher of IFRS provisions and the Regulatory provisions. Changes in the IFRS provisions are charged to the income statement, while Regulatory provision requirements in excess of the IFRS provision are credited to a non-distributable loan loss reserve. The table below shows the IFRS and Regulatory provisions for the past three years.

The increases in NALs and loan loss provisions are a reflection of the continued difficulties being faced by our borrowers in the current challenging business environment, particularly in the tourism sector. Against this background, we continued to enhance our loan underwriting policies, and tightly manage our past-due loans throughout the year. The debt-management strategy pursued by the Government has resulted in a lower and more stable interest rate environment, however the growth signals for our economy remain weak and recovery will be slow. We continue to take pro-active steps to work with our customers that are experiencing challenges, to mitigate the impact on the quality of the Group's loan portfolio.


Loan Loss Provision (LLP) Analysis

	2011 \$'000	2010 \$'000	2009 \$'000
Gross Loans	101,992,844	97,409,156	93,264,752
Non Accrual Loans	5,257,217	4,215,254	3,587,030
IFRS LLP	2,016,405	1,594,659	1,086,441
IFRS LLP as a % of Gross Loans	1.98%	1.64%	1.16%
IFRS LLP as a % of Non Accrual Loans	38.35%	37.83%	30.29%
Loan Loss Reserve	2,251,257	2,093,499	1,715,750
Total Regulatory LLP	4,267,662	3,688,158	2,802,191
Total Regulatory LLP as a % of Gross Loans	4.18%	3.79%	3.00%
Total Regulatory LLP as a % of Non Accrual Loans	81.18%	87.50%	78.12%

Summary of Quarterly Results

Scotia Group experienced four quarters of strong performance during a time of continued sluggish growth in the economy. Since February 2010 after the successful completion of the JDX, market interest rates have declined to historical lows. Net income has been relatively stable

throughout the year, having peaked in the second quarter. Operating expenses have been carefully managed and declined in the last quarter. Our return on equity (ROE) however, has been declining in line with the decline in benchmark interest rates.

\$ billions	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Operating Income	12.0	11.0	9.7	9.8	9.9	9.5	9.4	9.3
Total Operating Income	7.9	7.9	7.1	7.5	7.3	7.5	7.2	7.1
Operating Expenses	3.7	3.8	3.4	3.6	3.7	3.7	3.8	3.6
Net Income	2.8	2.7	2.4	2.9	2.7	2.8	2.5	2.7
Earnings per share (cents)	90c	85c	74c	90c	83c	85c	78c	81c
ROE (percentage)	24.20%	22.06%	18.29%	19.63%	19.16%	18.95%	16.66%	16.83%
Total Assets	321	324	316	326	326	338	335	332
Shareholders' Equity	47	49	51	53	55	57	59	60

GROUP FINANCIAL CONDITION

Assets

The Group's total assets increased year-over-year by \$6 billion or 2% to \$332 billion as at October 31, 2011. Growth took place primarily in the investment securities and loan portfolios held by the Group.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$53 billion (2010: \$57 billion). During the year, we maintained adequate liquidity levels to enable us to respond effectively to changes in our cash flow positions.

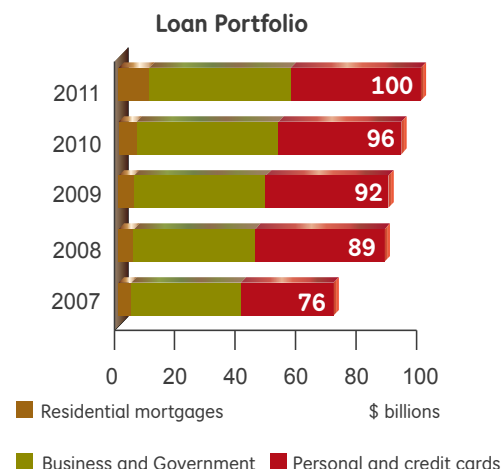
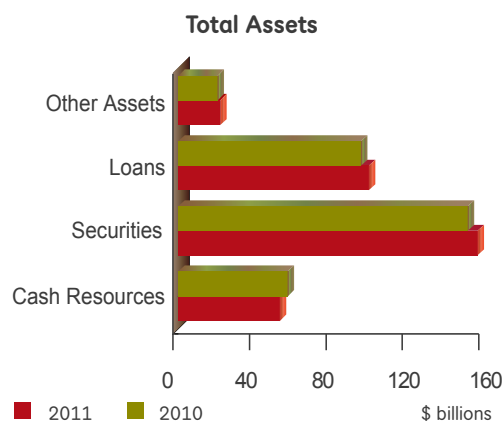
Securities

Total investment securities, including pledged assets, increased from \$152 billion to \$157 billion. Pledged assets, mainly relating to securities sold under repurchase

agreements and the capital management accounts, now stands at \$65 billion, compared to \$64 billion last year. Other investments increased by \$2 billion to \$90 billion at October 31, 2011. This is mainly attributable to growth in Policyholders' Fund for Scotia Insurance.

Loans

Our loan portfolio grew by 4% this year, with loans, after allowance for impairment losses, growing to just under \$100 billion. Our Building Society recorded a \$2.7 billion or 36% growth in the Residential Mortgage portfolio year-over-year. Growth in our personal and credit card loan portfolio was also significant; however this was offset by a decline in foreign currency commercial loans.

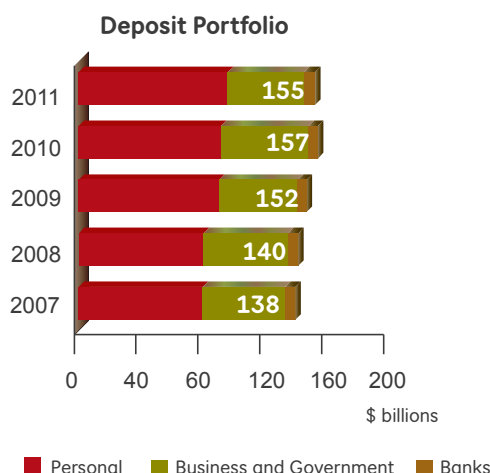


Liabilities

Total liabilities were \$269 billion as at October 31, 2011, a decrease of \$1 billion or 1% from last year.

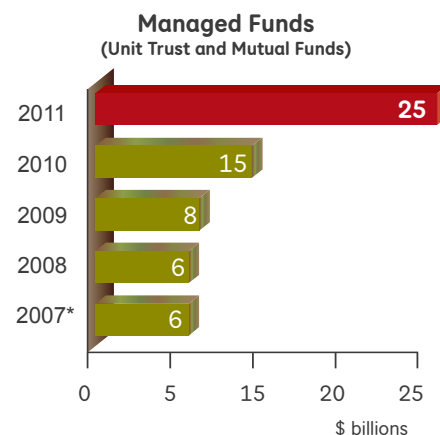
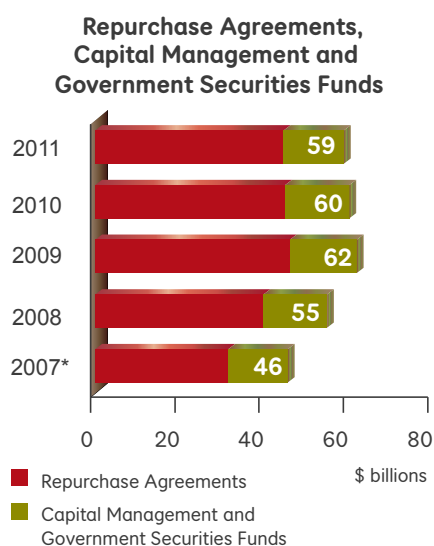
Deposits

Deposits declined to \$155 billion, down \$2 billion from the previous year. The major area of decline was in Business and Government deposit balances, which tend to fluctuate based on cash flow needs and cash management generally. Our retail base of core deposits remain strong reflecting the confidence felt by our customers in Scotiabank, especially with the uncertainty caused by the volatility in the local and global markets.



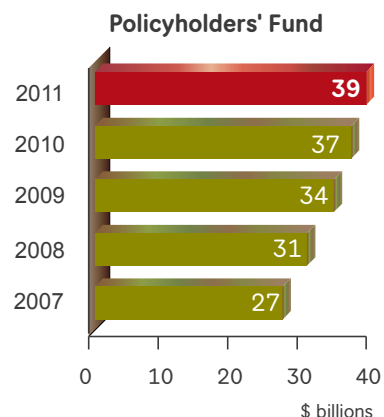
Obligations related to repurchase agreements, capital management and government securities funds

These represent funds invested by clients of Scotia Investments. These obligations fell slightly to \$59 billion, in keeping with our strategy to transition to an off-balance sheet funds management business model in Scotia Investments. We have experienced exponential growth in our Mutual Fund and Unit Trust business, with funds under management growing by \$10 billion, exceeding our expectations.



Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund increased to \$39 billion, an increase of \$2 billion or 6% over 2010. This was due to strong sales performance, resulting in an increase in gross premium income of 9.8% year-over-year.



Shareholders' Equity

Scotia Group maintains a strong capital base to support the risks associated with its diversified businesses. This base contributes to safety for the Group's customers, and fosters investor confidence, while allowing the Group to take advantage of growth opportunities that may arise.

Total shareholders' equity rose to \$60 billion in 2011, \$7 billion more than prior year fuelled by internally generated capital. Our risk based capital adequacy ratios, a measure of the Group's overall strength, continues to exceed the regulatory requirements and remain among the highest of its peer group.



	Regulatory Requirement	Excess over Regulatory Requirement	Capital Adequacy Ratio
Banking and Building Society	10.0%	5.8%	15.8%
Investment Management	10.0%	37.8%	47.8%
Life Insurance*	150.0%	737.0%	887.0%

* Minimum Continuing Capital on Surplus Ratio

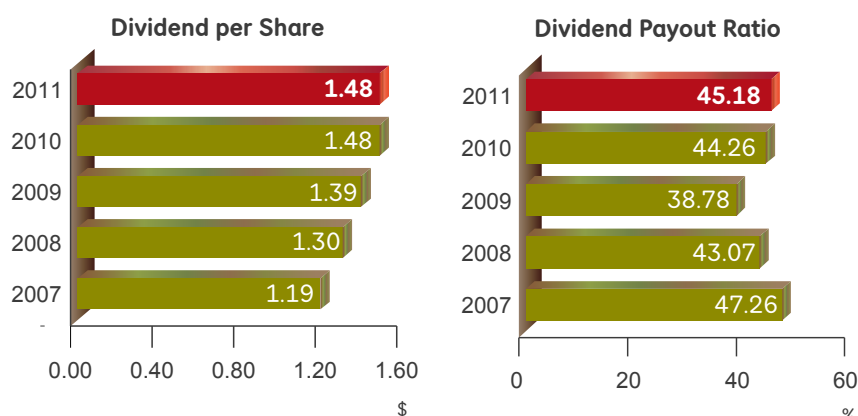
Shareholders' Return

Our total shareholder return (including both dividends and change in price of the Group's common shares) increased substantially over the prior year to 29%. This compares favourably with returns on other listed companies on the JSE

Index, which grew by 8%. Share prices for the blue chip financial services stocks have generally increased year-over-year, resulting in the JSE Select Index return of 46%.

	Dividends Reinvested			Share Price Movements		
	Over 1 Year	Over 3 Years	Over 5 Years	Over 1 Year	Over 3 Years	Over 5 Years
Total Shareholders' return	29%	15%	9%	21%	7%	2%
Benchmarks:						
JSE Index	8%	5%	5%	14%	1%	2%
JSE Select Index	46%	10%	15%	38%	5%	3%

Shareholders continued to receive quarterly dividends, which totalled \$1.48 per share for this year. We remain focused on achieving sustainable, long-term earnings growth and stable dividend income streams to our shareholders. The dividend payout ratio for 2011 was 45.18% compared to 44.26% last year.



Overview of Business Lines

RETAIL BANKING

DEEPENING ROOTS WITH INNOVATION

The Retail Banking Division deepened its roots in the market place in 2011 with a slate of innovative strategies that promoted growth in both our loan and deposit portfolios, and contributed some \$12 billion to the Group's revenues.

We continued to seek new and convenient ways of delivering our products and services to our customers in order to improve their financial well-being; and we also made inroads in untapped and underserved segments of the market.

A 20% increase in auto loans was recorded this year, attributable to our long-standing relationship with the new car industry and our more recent alliance with the Jamaica Used Car Dealers Association. Strategic partnerships were also formed with organisations whose members benefited from preferential terms on Scotia Plan Loans and mortgages. We also launched "Open for Business" with special lending rates and incentives to assist our retail and small business customers to meet their financial needs. Quarterly direct mail offers to targeted customers supported our drive to deliver convenient, hassle-free banking solutions.

Scotiabank further streamlined efficiencies across the branch network during 2011, with the establishment of a Lending Services Unit which now manages administrative and processing functions. This has allowed Banking Officers more time with customers, and has also facilitated greater speed and efficiency in the turnaround time for loan applications.

Optimizing Service Channels

The Bank expanded its off-site services with the installation of Automated Banking Machines (ABMs) at seven new locations islandwide. Eighty-one older machines were also replaced and 32 were upgraded. The new ABMs boast special anti-skimming features to protect customers against fraud.

Usage of the Internet Banking and Mobile Banking services increased during the year and several enhanced features were introduced on these channels, as we sought to provide a comprehensive, user-friendly banking experience. These features include third-party transfers and cross currency

FINANCIAL PERFORMANCE RETAIL BANKING

	2011 \$ millions	2010 \$ millions
Revenues	12,425	11,504
Expenses	(9,083)	(9,159)
Profit before taxes	3,342	2,345

capabilities and customers using our new Mobile Application (APP) can now locate branches and ABMs, sign in to mobile banking and access foreign exchange rates.

Our credit card portfolio was expanded during the year under review with the addition of the Scotia Aero Platinum MasterCard®, which provides premium cardholders with unparalleled travel rewards. Cardholders also benefited from the "More for You" Merchant Partner programme which guaranteed discounts of up to 50% at specific merchants.

At year-end, the Bank won the coveted award of **Top Magna Rewards Partner for 2011**.

Strengthening Our Offering

We will continue to deepen our presence in select markets in an effort to further grow market share in key product lines in 2012; while also improving our service delivery across multiple channels. Among our priorities is the introduction of a new suite of deposit products designed to promote consistent savings and assist customers in managing their funds and banking costs more effectively. We will further expand our ABM network, and add new functionalities and services on our Internet, and Mobile Banking channels as we seek to enhance the customer experience.



“REAL TIME” SALES AND SERVICE

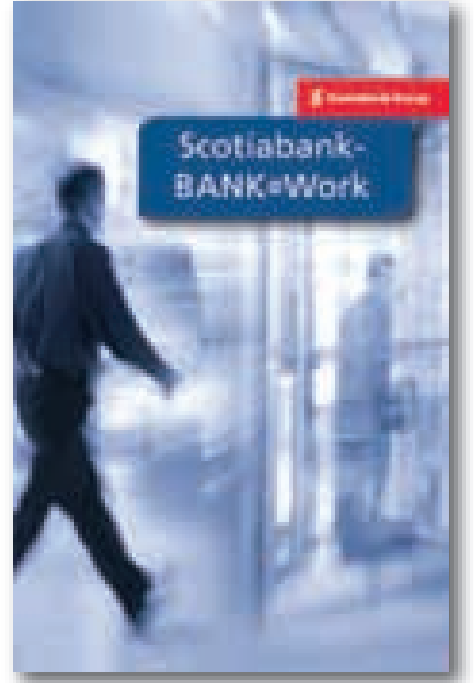
Our non-branch sales initiative, was successfully piloted in 2010, as part of our ongoing effort to improve the banking experience.

Under this programme, our sales channels are being expanded to provide a range of convenient, value-added services outside of the formal branch network.

During the year, a dedicated team of Sales Associates was assigned to pursue motor vehicle financing and credit card sales opportunities.

We also launched an innovative BANK@Work programme, where we offer “convenient and real time” service to employees in corporate offices, providing them with basic retail banking services, and saving them the time and hassle of travelling to the Bank.

In the wake of positive customer feedback, we intend to expand the BANK@Work programme in 2012 for the benefit of customers across the island.



BRANCH BANKING TEAM - (from left to right)

Michael Shaw, District
Vice-President, Metro North
Wayne Powell, Executive
Vice-President, Retail Banking
Peter Walters, District
Vice-President, Metro West
Courtney Sylvester, District
Vice-President, Metro East

SMALL & MEDIUM BUSINESS BANKING

Promoting Sustained SME Development

Ongoing capacity-building initiatives among entrepreneurs and the strengthening of alliances across the sector provided the momentum for a 31% growth in the Small & Medium Enterprise Unit's portfolio in 2011.

Capacity-building initiatives in the sector included the training of some 567 entrepreneurs under the Business Enterprise Empowerment Programme (BEEP), undertaken jointly with the Micro Small and Medium Enterprise Alliance (MSME). The Unit also continued its support for the Mona School of Business' Venture Capital Programme which highlights the principles of entrepreneurship and, in particular, the importance of a well-conceived and written Business Plan.

As part of the ongoing relationship with the Scotiabank Chair at the University of

Overview of Business Lines (continued)

Technology, two lecture programmes were conducted during the year. Plans are also being made to expand the Enterprise-wide Risk Management Programme, aimed at reducing credit default risk and promoting sustainability of SMEs.

Training and development of our internal team to provide value-added service to customers was a critical component of the SME strategy and as such Business Banking Officers went through various training programmes to equip them with the necessary skills and knowledge.

Funding Support

During the year, a J\$500 million Productive Sector Growth Fund, the second of its kind, was launched to stimulate growth in businesses with J\$50 million specifically earmarked for start-up businesses. At year-end, 75% of the overall fund was allocated.



THE SMALL AND MEDIUM ENTERPRISES TEAM

- (from left to right) **Asquith Brown**, Manager, Product & Portfolio, **Pamela Douglas**, Senior Manager, SME Projects and **Mrs. Patsy Latchman Atterbury**, Vice-President, Small & Medium Enterprises

Health care professionals, pharmacists, accountants, lawyers and architects, are among the targeted beneficiaries of the Scotia Professional Plan which was launched in 2011 to provide financing for working capital and equipment needs.

The installation of a new loan processing platform during the year has improved the Unit's efficiency, and the reduced turn-around time in processing loans has facilitated greater customer contact.

Spawning Productive Collaborations

The Unit extended its reach in the marketplace in 2011, forging alliances with several key groups in the SME sector. These include a J\$2 billion partnership under a five-year agreement with the Medical Association of Jamaica (MAJ); and working with members of the fashion industry to determine their funding needs and craft relevant financial solutions.

HEEDING OUR CUSTOMERS

The Customer Experience bar was raised in 2011, as employees in the Scotiabank Group increased their appreciation of the "direct link between quality customer experience and increased revenue flows."

Initiatives were implemented in order to entrench a culture of excellence and accountability at all levels of the organization. Targeted training was provided through skills-building sessions led by the newly-appointed Service Champions, to drive service excellence in our branches.

At the heart of the service thrust is a Customer Feedback mechanism. A monthly survey, which is administered across the Bank's branch network, has facilitated closer monitoring of critical service delivery functions; and has improved the ability of branches to quickly assess and respond to customer needs. The survey instrument and our specially-designed system to track and resolve complaints have allowed for targeted interventions to improve service delivery.

Customer Service Checklists designed to promote correct practices and consistent high standards of performance, mystery shopping in branches to assess customer experience first-hand and internal competitions aimed at correcting specific weaknesses were among other strategies adopted. This thrust will be continued in 2012.

CORPORATE & COMMERCIAL BANKING

Amidst an environment characterised by sluggish loan demand, weak credit fundamentals, and reduced lending rates, the Corporate and Commercial Banking Centre (CCBC) reported revenues of \$6.5 billion.

BREAKING NEW GROUND WITH CUTTING-EDGE SERVICES

Various ground-breaking banking solutions introduced by the CCBC over the past year effectively positioned the Division for a new era of global business to meet the needs of customers in the national, regional and international markets.

Our Electronic Commercial Services Unit was rebranded to Global Transaction Banking to reflect the comprehensive, cutting-edge services offered by the CCBC across geographic borders and customer segments.

During the year, our Cash Management Services were

FINANCIAL PERFORMANCE CORPORATE AND COMMERCIAL BANKING

	2011 \$ millions	2010 \$ millions
Revenues	6,524	6,855
Expenses	(4,758)	(4,457)
Profit before taxes	1,766	2,398

enhanced by the Scotia On-line for Business solution which offers several new features and functionalities with improved security. These include an Information Reporting Dashboard which allows customers to manage day-to-day transactions across accounts and provides quick links to important information. Third-party transfers, wire payments, cross currency transactions, money management, and outbound reporting services through which customers may view their accounts in other Caribbean territories through relationship banks, are among other innovations.



CCBC SENIOR MANAGEMENT TEAM - (from left to right) **Madgelyn Flake**, Senior Manager, Commercial Client Relationships **Horace Stephens**, Senior Manager, Commercial Client Relationships, **Marcette McLeggon**, Vice-President, Credit Solutions **Michael Thompson**, Senior Vice-President, Corporate & Commercial Banking, **Denise Brown**, Senior Manager, Corporate Client Relationships, **Kevin Reese**, Senior Manager, Commercial Client Relationships, **Nadine Haywood**, Senior Manager, Corporate & Government Relationships, **Craig Mair**, Assistant General Manager, Commercial Client Relationships & Business Development **Carlene Lyn**, Senior Manager, Credit Solutions, **Howard Ebanks**, Senior Manager, Credit Solutions.

Overview of Business Lines (continued)

CORPORATE AND COMMERCIAL BANKING (continued)

The CCBC also introduced state-of-the-art terminal technology in 2011 to enhance the card-processing capabilities of our merchants. They now have access to wireless portable terminals which facilitate convenient and cost-effective mobile card processing, Internet Protocol (IP) terminals which offer high-speed service through existing on-line connections; and an improved dial-up terminal which has significantly reduced the time frame for settlements.

In our continued effort to address the gamut of customers' financial needs in a one-stop experience, the CCBC has also added Insurance Premium Financing to its suite of products.

Best Trade Bank

Named by the internationally-recognized Trade Finance Magazine as the **Best Trade Bank in Central America and the Caribbean**, the CCBC Division continues to support business growth of our diverse client base.

The TradeExpress Elite electronic system is another user-friendly innovation which was upgraded to provide a fully-automated and secure platform for importers and exporters. The facility provides web access for the preparation and monitoring of Letters of Credit and the processing of purchase orders, among other features.

Major deals executed during 2011 included a US\$185 million multi-currency and term-secured facility to assist in the refinancing and expansion of the Facey Group of Companies whose operations in telecommunications, business solutions and the distributive sector span some 30 countries in the Caribbean, the Americas and Europe. A US\$115 million syndicated loan for upgrading of the National Water Commission's operations is expected to enhance the delivery of water in Kingston and St. Andrew; and our US\$20 million participation in a syndicated facility to West Kingston Power Partners will facilitate upgrading of electricity services in the City's western belt.

Exploiting New Opportunities

The development of value-added products, as well as new and innovative Global Transaction Banking services for our local and regional customers will be a major focus of our 2012 business programme. We also intend to grow the mid-market commercial client segment, increase our presence in niche markets that are now underserved, strengthen our customer support initiatives and leverage the full range of products and expertise in the Scotiabank Group worldwide, as we continue to position CCBC as the leading financial partner and service provider in Jamaica.



Bruce Bowen, President & CEO, Scotiabank (*left*) shakes hands with the **Hon. Dr. Horace Chang** Minister of Water and Housing, (*right*) on signing the loan deal to upgrade the National Water Commission's operations.

TREASURY

Revenues from our treasury operations declined due to the impact of lower yields on our investment portfolios and lower spreads on foreign exchange trades. Subsequent to the implementation of the Jamaica Debt Exchange (JDX) in February 2010, market interest rates have declined to historic lows as the market experienced continued stability in exchange rates and inflation.

MAINTAINING MARKET RELEVANCE

For the fourth consecutive year, Scotiabank was named as **Jamaica's Best Foreign Exchange Provider** by the influential international magazine, Global Finance, as we continued to meet the evolving needs of our customers. We grew business volumes and market share this year in a tight and competitive environment. We are now ranked second in the local industry, in respect of market share in foreign exchange sales volumes, moving up from third place in 2010.

During 2011, we deepened client relationships and focused on increasing the quantity of foreign exchange provided for on-line transactions, which has recorded double-digit growth since the service was introduced in 2010.

Proactive contact with our business customers and prospects allowed us to guide them on the latest developments in the foreign exchange market, as well as, the short-term outlook, thereby equipping them to make more informed trading decisions.

Growing With Our Customers

In 2012, we will apply more targeted approaches in garnering market intelligence, so

FINANCIAL PERFORMANCE

TREASURY

	2011 \$ millions	2010 \$ millions
Revenues	2,392	3,098
Expenses	(69)	(64)
Profit before taxes	2,323	3,034

that adequate resources can be allocated to market segments with strong growth potential.

We are looking at implementing new technology to assist decision-making by in-branch customers; and we expect to introduce this one-of-a-kind service to the local banking sector on a pilot basis in the year ahead.

We remain committed to improving our service quality, both in terms of the response time and the appropriateness of the solutions delivered.



TREASURY TEAM - (from left to right standing) **Lisa-Ann Tenn**, Foreign Exchange Trading Officer, **Gary-Vaughn White**, Director, Treasury and Foreign Exchange Trading, **Karen Bolton**, Treasury Officer, (from left to right sitting) **Keri-Leigh Radcliffe**, Foreign Exchange Trading Assistant, **Pauline Ewan**, Foreign Exchange Business Development Manager, and **Hugh Miller**, Vice-President, Treasury.

Overview of Business Lines (continued)

SCOTIA JAMAICA BUILDING SOCIETY

CHANGING LANDSCAPES IN HOUSING

Despite lackluster economic growth, Scotia Jamaica Building Society (SJBS) provided more than J\$2,700 million in mortgage loans for 2011, almost double the volume in 2010. This was the highest volume of mortgage sales in the 17 year history of the SJBS. Total assets grew by 29%.

We targeted first-time home owners and professionals and made the strategic move to lower our mortgage interest rate to 10.75%. These initiatives contributed to a surge in loan demand during the second half of the year.

Strengthening Strategic Partnerships

In the year under review, SJBS strengthened its strategic alliance with housing developers and realtors, who, as critical partners, provide quality housing solutions to satisfy our growing mortgage portfolio. One such initiative was our partnership with New Era Homes, developers of Caymanas Estates, St. Catherine.

The timely acquisition of a portfolio of mortgages enabled SJBS to extend its reach to a new group of customers who had no prior relationship with the Scotiabank Group; and these clients are now fully integrated into the Group's service network.

Consistent with our ongoing client education thrust, SJBS organised several presentations about home ownership for persons in our target market, to highlight affordable, available housing solutions; and the range of mortgage financing options which we offer.

SJBS further improved its efficiency in the processing of mortgage applications during the year; and at the same time, leveraged the extensive Scotiabank branch network in the distribution of mortgages.

A Brighter Future

Despite the current economic challenges, there are growing signs that the housing market will continue to trend upwards. With that assurance, in 2012, SJBS remains committed to its mandate to offer customers competitive interest rates; and further improve the efficiency of its operations, while leveraging an upgraded branch structure and new sales channels.



SCOTIA JAMAICA BUILDING SOCIETY SENIOR MANAGEMENT TEAM -
(from left to right) - **Linley Reynolds**, Assistant General Manager, Business Development and Non-Branch Sales, **Keron Shand**, Manager, Operations and Compliance, **Gladstone Whitelocke**, Vice-President Non-Branch Sales & General Manager and **Michelle Scott**, Manager, Financial Reporting.

SCOTIA INVESTMENTS JAMAICA LTD.

Scotia Investments Jamaica Limited (SIJL) maintained its strong position in the securities market, and has increased profitability by \$311 million or 13%. SIJL, backed by strong customer confidence, flourished in 2011, despite challenging market conditions. The funds under management by SIJL all recorded strong growth during the year under review. The Scotia Premium Growth Fund ended the year with J\$1.9 billion assets under management to become the largest equity-linked Unit Trust Fund in Jamaica; while the Scotia Premium Fixed Income Fund grew significantly to some J\$18 billion. The leading player in the local Unit Trust sector, SIJL now controls some 65% of the market.

The US dollar-denominated Scotia Caribbean Income Fund, with US\$60 million in assets at the end of the financial year, turned in another stellar performance. Our total funds under management (on and off balance sheet) grew by 13% to \$135.2 billion as at October 31, 2011.

FINANCIAL PERFORMANCE INVESTMENT MANAGEMENT SERVICES

	2011 \$ millions	2010 \$ millions
Revenues	3,874	3,575
Expenses	(1,227)	(1,239)
Profit before taxes	2,647	2,336

These outstanding results are due to the superior wealth management solutions which we offer to meet our clients unique investment needs, the Company's diversification of revenue streams and a strong sales and distribution strategy, focused on building and enhancing our clients' portfolios.



SCOTIA INVESTMENTS SENIOR MANAGEMENT TEAM

(from left to right standing)

Dr. Adrian Stokes, Vice-President
Strategic Planning, Projects and
Product Development

Karl McKenzie, Vice-President
Business Support

Berisford Grey, Vice-President
Origination & Capital Markets

Brian Frazer, Vice-President, Asset
Management and General
Manager, Scotia Asset
Management (Jamaica) Limited

Lissant Mitchell, Chief Operating
Officer

(from left to right sitting)

Andrea Tinker, Vice-President
Re-engineering Projects

Anya Schnoor, Chief Executive
Officer, **Vanessa Reid-Boothe**

Vice-President, Sales and Service
and **Yvonne Pandohie**, Vice-
President and Chief Financial
Officer.

Overview of Business Lines (continued)

SCOTIA INVESTMENTS JAMAICA LTD. (continued)

New Opportunity for Growth

During the year, Scotia Investments Jamaica Limited (SIJL) rebranded its operations to align with the globally-recognized Scotiabank International Wealth Management operations, and capitalize on the strength of the international brand.

A new Unit Trust Fund, the Scotia Premium Money Market Fund, was launched during the year. SIJL also entered into an agreement with Scotia Investments Trinidad and Tobago for distribution of the Scotia Caribbean Income Fund in that country; and the market response has been positive.

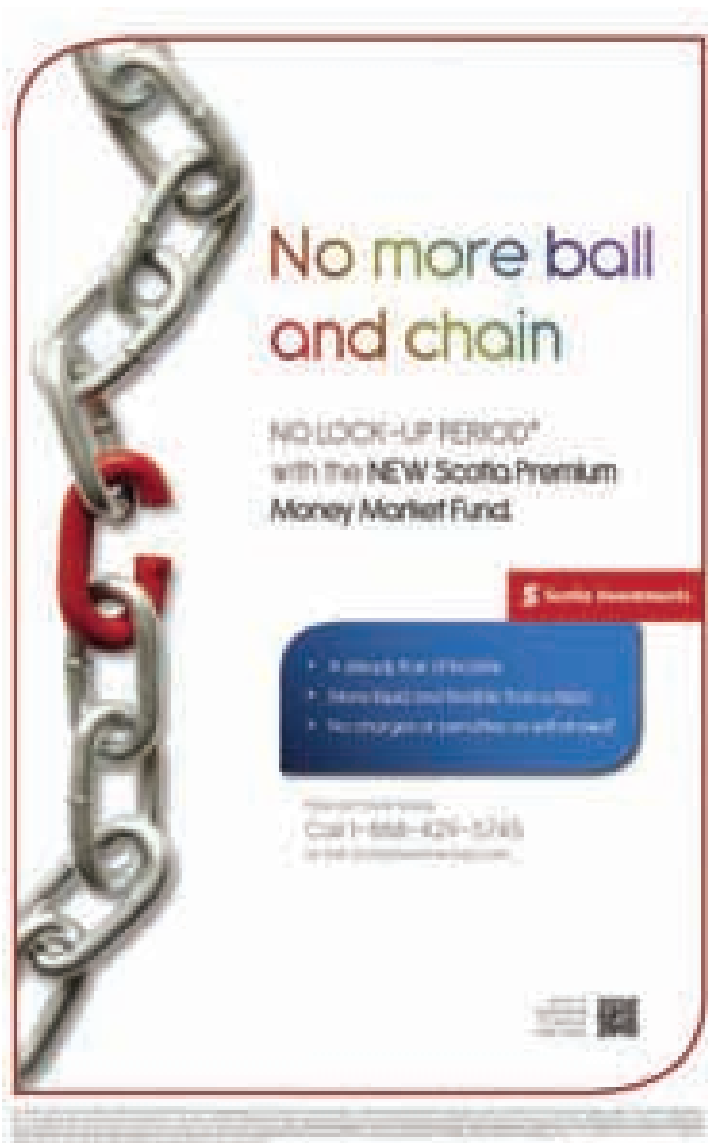
Sales and Service Focus

In 2011, we concentrated on sharpening the skills of our world-class sales team through individual coaching and specialized workshops, to promote portfolio management strategies and sales techniques for the business market.

The comprehensive update of our client database during the year under review was an essential feature of our intensified service delivery thrust; and it is also expected to provide critical information for our new core system which will come on stream in 2012.

Positioning for Growth

The roll-out of our new core system, will be a central focus of SIJL's operation in 2012, as we seek to further refine our service delivery and grow our off-balance sheet business. We will also continue training our team members to enhance their knowledge of our business and develop their leadership potential. A customer loyalty programme and the launch of several new products to meet client needs in different asset classes are also on the drawing board for what we expect will be another robust year of business.



SCOTIA JAMAICA LIFE INSURANCE COMPANY LIMITED

INDUSTRY PLAYER

While 2011 was a challenging year for Scotia Jamaica Life Insurance Company Limited (SJLIC), we exceeded our sales targets, and further boosted our market share.

At the end of 2010, we held 71% market share in the Approved Retirement Schemes (ARS) market and in 2011, we have consistently been ranked first in terms of annualized premiums per agent and second, in terms of gross premium income and number of policies sold.

SJLIC contributed \$4.3 billion to the earnings of the Scotiabank Group in 2011. During the year, we started distribution of the Heritage Education Savings Plan through 11 branches and the response has been very positive.

Other product enhancements included an increase in the coverage limits on our flagship product, ScotiaMINT. We also increased coverage on our Scotia CitiCare plan for which benefits of up to \$3 million are now being offered. We introduced two CitiCare product options – an affordable

FINANCIAL PERFORMANCE INSURANCE SERVICES

	2011 \$ millions	2010 \$ millions
Revenues	5,286	5,393
Expenses	(957)	(925)
Profit before taxes	4,329	4,468

Base Plan and a refund of premium option. During the year, we pioneered telemarketing of these products through our Contact Centre.

Achievements Recognized

SJLIC has established a strong tradition of sales excellence in the insurance sector, earning the local industry's top bancassurance sales award for three consecutive years. Jermin Vanzie, Senior Insurance Advisor, Savanna-La-Mar Branch, received the **2010 Top (Bancassurance) Production Member of the Year Award**, presented by the Jamaica Association of Insurance and Financial Advisors (JAIFA). In addition, 14 SJLIC Agents qualified for the 2010 Annual Million Dollar Round Table, which recognizes the top 1% of life insurance sales agents in the world.

New Horizons

As part of our strategy to expand our business into a multi-line, multi-product entity, SJLIC will launch new products and distribute additional third party products in 2012 to satisfy the growing demand for selective insurance policies. We also plan to explore new distribution channels in an effort to strengthen our market presence.



THE SCOTIA INSURANCE SENIOR MANAGEMENT TEAM - (from left to right) -
Kenroy Wedderburn, Manager, Operations Development and Credit Insurance
Hugh Reid, Senior Vice-President & General Manager, **Denton Campbell**, Manager Operations and Service, **Marsha Williams**, Manager, Finance & Reporting, **Lorna Gordon Elliott**, Compliance Manager, **Lana Forbes**, Director Sales and Channel Delivery, and **Erica Anderson**, Product Development Manager.

Overview of Business Lines (continued)

SCOTIA PRIVATE CLIENT GROUP

LAYING THE FOUNDATION FOR FUTURE GROWTH

The Scotia Private Client Group (SPCG) recorded strong financial performance in 2011, with growth in all key areas of operations. Key results for the year included growth of 54% in the total loan portfolio, and 116% in Non-Interest Revenue.

We strengthened our leading position in this segment of the market through a diverse offering spanning private banking, investment and wealth structuring. We continue to build on that advantage by ensuring that the complex financial needs of our high net-worth clients are served effectively.

Our customized borrowing solution is one of the key areas which has contributed to our success. In the prevailing low interest rate environment, this solution has allowed clients to leverage their existing assets and augment their wealth through timely investments.

During the year, we also achieved a 22% increase in our client base, due in part to the decision to extend our service outside of Kingston. Supported by our Corporate & Commercial and Retail Banking partners, as well as our dedicated Team of Experts, SPCG has made impressive gains in this area.

Exclusive Services

We continue to deepen our client relationships through various customer facing activities. We held a workshop on "Succession and Legacy Planning for Families," which provided a timely focus on the importance of planning for the seamless transition of assets from one generation to the next and long-term wealth preservation.

During the year we rolled out new benefits to our clients including Priority/Pass access to the new and exclusive Club Kingston and Club Montego Bay airport lounges. Priority Pass is offered through MasterCard® Black, SPCG's exclusive credit card.

In the coming year, we will expand our team to more effectively serve our growing client base and broaden our investment advisory services. Other initiatives in the pipeline include enhancements to our core offering, and continued strengthening of the team's skill and expertise.

SCOTIA PRIVATE CLIENT GROUP MANAGEMENT TEAM

(Left to right) **Richelle Ehikhametolor**, Relationship Officer, **Paula Brown**, Financial Advisor, **Debra Lopez-Spence**, Centre Director, **Heather Walker-Boyd**, Relationship Officer, **Richard Bertram**, Financial Advisor, **Christine Morrison**, Relationship Manager, **Roger Grant**, Financial Consultant, **Elaine Paul**, Senior Client Service Officer, **Opal Levy-Clarke**, Relationship Manager.



Risk Management

Overview

Our risk management framework has been developed to address the diversity of the Group's business activities. We manage risk through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned with the activities of our business units. This framework is supported by a robust risk management culture and a strong commitment to active management of risks by the Board of Directors, senior executive team and business line management.

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are predictable and consistent with the Group's objectives and risk tolerance, and that there is an appropriate balance between risk and reward in order to maximize shareholder returns. Effective execution of these activities will ensure that we protect the safety and stability of customers' funds that are placed in our fiduciary care.

We have a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed in our business activities. These include credit, market, liquidity, operational and reputational risks. The framework is integrated with the Group's strategic and business planning processes.

The framework has four main components:

1. Policies and Limits
2. Guidelines
3. Processes and Standards
4. Measurement and Reporting

Each of these components is continually reviewed and updated to ensure that they are consistent with risk-taking activities, and remain relevant to the business and financial strategies of the Group.

Risk Management Framework

Policies & Limits

Policies define the Group's overall risk appetite, and are developed based on the risk culture desired by the units and the requirements of regulatory authorities, with input from the Board of Directors and senior executive management. Policies set the boundaries on the types of risks the Group is prepared to assume and specify the manner in which the Group assumes these risks. Limits are set for two purposes. First, limits control risk-taking activities within the tolerances established by the Board of Directors and senior executive management. Second, limits establish accountability for key tasks in the risk-taking process and establish the level or

conditions under which transactions may be approved or executed.

Guidelines

Guidelines are the directives provided to implement policies. These may relate to aggregate concentrations and exposures, risk/return benchmarks, and acceptable liquidity levels. These may change from time-to-time, due to market or other circumstances.

Processes & Standards

Processes are the activities associated with identifying, evaluating, documenting, reporting and controlling risk. Standards define the breadth and quality of information required to make a decision, and the expectations in terms of quality of analysis and presentation.

Measurement, Monitoring and Reporting

Measurement tools quantify risk across products and businesses and are used, among other things, to determine risk exposure. The Credit Risk, Market Risk, and Operational Risk units of the Group, operate independently of the business lines and are responsible for developing and maintaining an appropriate suite of such tools to support the operations of the Group. A comprehensive summary of the Group's risk profile and performance of the portfolio against defined goals is presented quarterly to the Board of Directors.

Internal Audit independently monitors the effectiveness these policies, procedures and internal controls through periodic testing of the design and operation of the processes. Internal Audit reports independently to the Audit and Conduct Review Committee of the Board on the effectiveness of these policies, procedures and internal controls.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Group.

Credit risk is created in the Group's direct lending operations, and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Group. The effective management of credit risk requires the establishment of an appropriate credit risk culture. Key credit risk policies and credit risk management strategies are important elements used to create this culture.

Scotia Group's credit risk is managed through strategies, policies and limits that are approved by the Board of Directors. The credit risk strategy defines target markets and risk tolerances that are developed at an all-Group level, and

Risk Management (continued)

then further refined at the business line level. The objectives of the credit risk strategy are to ensure that for the Group, including the individual business lines:

- target markets and product offerings are well defined,
- the risk parameters for new underwritings and for the portfolios as a whole are clearly specified, and
- transactions, including origination and syndication are managed in a manner to ensure the goals for the overall portfolio are met.

The Group's credit risk rating systems are designed to provide for a meaningful differentiation of risk, and allows for reasonable estimation of loss characteristics at the portfolio and risk grade level. The credit risk rating systems provide consistency in terms of credit adjudication, minimum lending standards by risk ratings, and reporting of credit risk. The Group periodically reassesses its risk rating methodologies and makes enhancements when necessary.

The Group's portfolio management methodologies are designed to facilitate consistent underwriting and early identification of problem loans. The Groups retail and commercial collections units are organised to support the efficient recovery of late payments and outstanding amounts on credit facilities which are in default.

Corporate and Commercial

Portfolio management objectives and risk diversification are key factors in setting policies and limits. Credit risk limits covering specified industries and exposures are reviewed and approved by the Board of Directors annually, and applied through the credit origination and review process.

Credit exposures are managed through limits, lending criteria and guidelines relevant to each particular risk type.

Borrower limits are set within the context of established guidelines for individual borrowers, particular business segments, and certain types of lending, to ensure the Group does not have excessive concentration in any single borrower, or related group of borrowers. Through the portfolio management process, loans may be syndicated or other actions pursued to reduce overall exposure to a single name. The Group's credit risk limits to counterparties in the financial and government sectors are also managed centrally to optimize the use of credit availability and to avoid excessive risk concentration.

The decision-making process for corporate and commercial credit exposures is intended to ensure that risks are adequately assessed, properly approved, continually monitored and actively managed. All significant credit requests are processed through the credit adjudication units of the Group.

The Group uses a dual risk rating system which separately assesses the risk of borrowers and their associated credit facilities. Borrower risk is evaluated using methodologies that are specific to particular industry sectors and/or business lines. The risk associated with facilities of a given borrower is assessed by considering the facilities' structural and collateral-related elements.

Borrower and facility risk ratings are assigned when a facility is first authorized, and are promptly re-evaluated and adjusted, if necessary, as a result of changes to the customer's financial condition or business prospects. Reevaluation is an ongoing process, and is done in the context of general economic changes, specific industry prospects, and event risks, such as revised financial projections, interim financial results and extraordinary announcements.

The risk ratings also determine the management level at which the facilities can be authorized or amended. Lower-rated credits require increasingly more senior management involvement.

Retail

Key factors considered in the assessment of the credit risk of the individual borrower include: the borrower's current and projected income, debt servicing commitments and credit record; and economic trends. Based on this assessment, a risk rating is assigned to the individual borrower and the appropriate amount and structure of credit to the individual is determined.

Individual credit exposures are regularly monitored by the business line units for signs of deterioration. In addition, a review and risk analysis of each borrower is conducted annually, or more frequently for higher-risk borrowers.

Portfolio reports reviewed by Credit Risk Management serve to identify risk-related trends in the Group's portfolio.

The credit risk exposure for the Group is summarized in Note 48 (b).

Market Risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices, and foreign exchange rates), the correlations among them, and their levels of volatility.

The Group assumes market risk in both its trading and non-trading (funding and investment) activities. Market risk exposures are managed through specific operating policies, and limits at the product, portfolio, business unit and business line levels, and for the Group in total.

These policies and limits are established by the Board of Directors, and are reviewed and approved at least annually.

The Group's Market Risk unit provides independent oversight of all significant market risks, and supports the business units and Assets & Liabilities Committee (ALCO) with analysis, risk measurement, monitoring, and reporting. The Group uses a variety of metrics and models to measure and control market risk exposures. The measurements used are selected based on an assessment of the nature of risks in a particular activity. The principal measurement techniques are Value at Risk (VAR), stress testing, sensitivity analysis and simulation modeling, and gap analysis. Models are independently validated prior to implementation and are subject to formal periodic review. To ensure compliance with policies and limits, market risk exposures are independently monitored on a continuing basis, either by the Market Risk unit or by the back office. Senior management, business units, ALCO, and the Board of Directors are provided with regular reports of market risk exposures by business line and risk type.

Interest rate risk

Interest rate risk is the risk of loss due to: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; and mortgage prepayment rates.

The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk is managed in accordance with Board-approved policies and limits, which are designed to control the risk to income and economic value of shareholders' equity. The income limit controls the effect of a specified shift in interest rates on the Group's annual net income, while the economic value limit controls the impact of a specified change in interest rates on the present value of the Group's net assets. Interest rate exposure in individual currencies is also controlled by gap limits. Gap analysis and sensitivity analysis are used to assess exposure and for planning purposes.

The interest rate risk exposure for the Group is summarized in Note 48 (c) (i).

Foreign currency risk

Foreign currency risk is the risk of loss due to changes in spot and forward prices, and the volatility of currency exchange rates.

Foreign exchange risk arises from trading activities and foreign currency operations. In its trading activities, the Group buys and sells currencies in the spot market for its customers. Foreign exchange gains and losses from these activities are included in other income.

The Group mitigates the effect of foreign currency exposures by financing its net investments in its operations with

borrowings in the same currencies. Foreign currency risk arising from the Group's foreign currency trading is subject to Board approved limits. The ALCO reviews and manages these exposures.

The foreign exchange risk exposure for the Group is summarized in Note 48 (c) (ii).

Equity Risk

Equity risk is the risk of loss due to changes in the prices, and the volatility of individual equity instruments and equity indices.

The Board sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact of the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristics of these instruments, the Group limits the amount invested in them.

The equity risk exposure for the Group is summarized in Note 48 (c) (iii).

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors and policyholders, settlement of securities borrowing and repurchase transactions, and lending and investment commitments.

Effective liquidity risk management is essential in order to maintain the confidence of depositors and counterparties, and to enable our core businesses to continue to generate revenue, even under adverse circumstances. This risk is managed within the framework of policies and limits that are approved by the Board of Directors. The Board receives reports on risk exposures and performance against approved limits.

ALCO provides senior management oversight of liquidity risk and meets monthly to review the Group's liquidity profile. The key elements of our liquidity risk framework are:

- Measurement and modeling – the Group's liquidity model measures and forecasts cash inflows and outflows on a daily basis. Risk is managed by a set of key limits over the maximum net cash outflow by currency over specified short-term horizons and a minimum level of core liquidity.
- Funding diversification – the Group actively manages the diversification of its deposit liabilities by source, type of depositor, instrument and term.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements.

Risk Management (continued)

- Core liquidity – the Group maintains a pool of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings under stressed market conditions or due to company specific events. The Group also maintains liquid assets to support its intra-day settlement obligations in payment, depository and clearing systems.
- Contingency planning – the Group maintains a liquidity contingency plan that specifies an approach for analyzing and responding to a liquidity crisis. The plan outlines the crisis management team's mandate, the internal and external parties to be contacted to ensure effective distribution of information, and the actions that need to be considered at various stages of an event.

Liquidity Profile

The Group maintains large holdings of liquid assets to support its operations. In the course of the Group's day-to-day activities, securities and other assets are pledged to secure an obligation and participate in clearing or settlement systems. Securities may also be sold under repurchase agreements.

The liquidity risk exposure for the Group is summarized in Note 48 (d).

Funding

The Group ensures that its funding sources are well diversified. Funding source concentrations are regularly monitored and analyzed by type and by industry. The principal sources of funding are capital, core deposits from retail and commercial clients through our branch network, and wholesale funding. To ensure that the Group does not place undue reliance on a single entity as a funding source, the Group maintains a limit on the amount of deposits it will accept from any one entity.

Capital commitments

Scotia Group has an ongoing programme of capital investment to provide the necessary level of technology and real estate resources to service our customers and meet new product requirements. All major capital expenditures go through a rigorous review and approval process.

Operational Risk

Operational risk is the risk of loss, whether direct or indirect, to which the Group is exposed due to external events, human error, or the inadequacy or failure of processes, procedures, systems or controls.

Operational risk, in some form, exists in each of the Group's business and support activities, and can result in financial loss, regulatory sanctions and damage to Scotia Group's reputation.

The Group has developed policies, standards and assessment methodologies to ensure that operational risk is appropriately identified, managed and controlled. The governing principles and fundamental components of the Group's operational risk management approach include:

- Accountability in the individual business lines for management and control of the significant operational risks to which they are exposed
- A robust internal control environment
- An effective organization structure through which operational risk is managed, including:
 - A Board of Directors responsible for sound corporate governance
 - Executive management who have clearly defined areas of responsibility
 - A central operational risk management unit responsible for developing methods to identify, assess and monitor operational risks – Independent specialist units responsible for developing methods to control/mitigate specific components of operational risk, including codifying policies and processes required to control those specific risks
 - Separation of duties between key functions
 - An independent internal audit department responsible for verifying that significant risks are identified and assessed, and for determining whether appropriate controls are in place to ensure that overall risk is at an acceptable level
- A variety of risk management programmes, including a programme designed to promote compliance with relevant laws and regulatory requirements. Compliance risk is managed through an established network and a process that includes: monitoring regulatory changes; conducting compliance risk assessments; implementing policies and procedures; training; and monitoring and resolving issues.

Reputational Risk

Reputational risk is the risk that negative publicity regarding the Group's conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

Reputational risk is managed and controlled throughout the Scotiabank Group by codes of conduct, governance practices and risk management programmes, policies, procedures and training. The Group has an established, Board-approved reputational risk policy, as well as a policy and procedures for managing reputational and legal risk related to structured finance transactions.

Our People

CORPORATE HUMAN RESOURCES

BUILDING OUR TEAM

Across Scotiabank Group in 2011, we sought to improve our 'bench strength' of high potential leaders through strategic training of the organisation's leadership corps, strengthening of our sales teams and aggressive trainee recruitment and development. These initiatives have positively impacted our ability to satisfy the resource needs of the organization.

In our continued effort to build human capital, we also revisited our training and development programmes. The fundamentals of coaching excellence for supervisory and management staff was re-launched as well as the mentorship programme for identified future leaders. External programmes were also supported with over \$29 million spent on educational assistance for staff members and their children

'Sowing the seeds' for our next generation of leaders, the children of staff members benefited from the redesigned **Take Our Kids to Work** programme. This programme exposes 13-18-year-olds to the world of work and provides career guidance. Some 130 youngsters participated in this year's programme that featured sessions on workplace etiquette, departmental tours, career discussions and meetings with senior management and executives.

Employee Consultations and Ombuds Services (ECOS)

Employee Consultations and Ombuds Services (ECOS) in 2011 continued to play a critical role in minimising potential conflicts and improving interpersonal relationships. With the primary focus for 2011 being conflict resolution education, employees were exposed to self-mediation techniques to bring increased awareness to the conflict management process. Through this and other conflict resolution methods and coaching, we have seen savings in management time and productivity gains.



Our Community

SCOTIABANK JAMAICA FOUNDATION

BUILDING FOR THE FUTURE

In the face of the economic challenges that confronted the nation in 2011, ScotiaFoundation responded to opportunities to make a meaningful contribution to our communities and demonstrate our corporate social responsibility. We committed some J\$70 million to support educational initiatives, health interventions, community development, environmental projects and sports, during the year.

Education

A significant portion of our investment, \$31.5 million, was channeled into education providing scholarships and bursaries to 358 students during the year and strengthening educational institutions.



Bruce Bowen, President & CEO and **Wayne Powell**, Executive Vice-President, Retail Banking, stand with our 2011 GSAT Scholars who were recognised at our annual luncheon in August.

Thirteen new ScotiaFoundation Shining Star Scholarships were awarded to students who excelled in the Grade Six Achievement Test to attend high school and to scholars studying at local colleges and universities. The existing scholars had their scholarships continued and received bursaries to cover the costs for sitting the Caribbean Examination Council and the Caribbean Advanced Proficiency Examination. The number of schools in the Breakfast Feeding Programme now stands at eight and our employees continued the mentorship programmes for students.

For the fourth consecutive year, we contributed \$6.5 million to the Scotiabank Chair in Entrepreneurship and Development at the University of Technology. The Foundation also made the first of two disbursements of

a grant totalling \$10 million for equipping the new Agricultural Laboratory at Northern Caribbean University. The laboratory is the first of its kind in the Caribbean.

Health and Community Development

We assisted the public health sector in the delivery of critical care with a donation of \$10.3 million towards the Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital, as well as the Scotiabank Accident and Emergency Units at the University Hospital of the West Indies and the Port Antonio Hospital. In addition, 10 students were treated in the Scoliosis and Spine Care programme at the Kingston Public Hospital and 6 patient monitors were donated to the hospital.

ScotiaFoundation underwrote maintenance of the Jamaica Cancer Society's (JCS) mobile mammography unit and the implementation of other JCS initiatives during the year. We also led the way and were joined by more than 800 persons islandwide for our Regional HIV/AIDS Testing Day – an initiative which the Scotiabank Group has spearheaded since 2008.

In every parish, Scotiabank contributed to various community programmes and activities, with donations totaling \$28 million. These programmes focused on creating a bright future for children, caring for the elderly at the Golden Age Home and supporting the Private Sector Organization of Jamaica's YUTE Programme to assist inner-city youngsters to find employment.

Preserving Our Environment



(From left) **Joan Gordon-Webly**, Executive Director of the National Solid Waste Management Authority, **Bruce Bowen**, President and CEO of Scotiabank, and Scotiabank Volunteers help to clear garbage from the Port Royal coastline during Scotiabank's Coastal Clean Up Day in March, 2011.

Environmental protection was a major thrust in 2011 and \$4 million was allocated for "Scotia Goes Green" initiatives which included the Scotia Eco Awards, for non-governmental organizations engaged in environmental projects. Protect the Environment Trust which operates a recycling project, emerged the winner. Also an in-house education drive among our employees saw an increase in paper recycling.

During the year, ScotiaVolunteers worked with the United Nations Environment Programme and several local organizations on three major coastal clean-up days. Some 200 volunteers participated in the effort.

In 2012, the Foundation will work with the University of the West Indies Center for Marine Sciences on a Lion Fish awareness and control pilot project.

Nurturing Sports Talent

Scotiabank has invested heavily in nurturing sports talent and molding young lives. A major initiative this past year was the funding support provided to Breds Foundation in Treasure Beach to complete construction of a multi-purpose Sports Complex.

Some 80 bicycles were also donated to children in Montego Bay through Scotiabank Canada to help encourage healthy living.

We continue to sponsor a range of team sports including football, cricket, tennis and netball.

Football

Scotiabank invested in the highly endorsed Valencia CF Next Generation Football Camp for the second year in a row. The Camp, exposes young, talented players to a higher level of discipline and commitment, enhancing their competitiveness and increasing their chances of making an earlier entry into professional football.

This year, over 210 participants took part including football coaches, children 7 to 17 years old, and the National Under 17 Football Team. An outreach component was added which enabled thirty students from Holy Family Primary and Denham Town the opportunity to attend a one hour training session and a motivational workshop from the Spanish Coaches at no cost.

Cricket

Scotiabank continues to promote the sport of cricket among youngsters across Jamaica at both the primary and preparatory level.

Forty-eight preparatory schools from across the island participated in the Scotiabank/Jamaica Cricket Association (JCA) Prep Schools' Cricket Competition in June 2011, the fourth year of The Bank's sponsorship. The top twenty cricketers of the competition went on to participate in the second staging of the biennial three day Scotiabank/JCA Cricket Camp held at Sabina Park, under the technical direction of the Ambassador, the Hon. Courtney Walsh, and former West Indies Player and National U-19 Coach, Robert Samuels, and National Senior Team Coach, Junior Bennett.



Technical Director, the **Hon. Courtney Walsh** is surrounded by campers seeking his autograph for their souvenir cricket balls at the culmination of the Scotiabank/JCA Prep. School Cricket Camp Awards Luncheon.

At the primary school level, the Scotiabank Kiddy Cricket Programme was expanded to include eight new Kiddy Cricket Coaches headed by a Kiddy Cricket Coordinator appointed by the West Indies Cricket Board. This new coaching team will oversee the programme and execute a roster of activities, including hosting of Coaching Workshops geared at delivering the fundamental skills of cricket to Physical Education teachers and volunteers. In addition, a Kiddy Cricket Motivational Series was instituted in an effort to give Kiddy Cricketers the opportunity to interact with and learn from more experienced players.

Netball

Scotiabank's investment in the development of the sport of netball continues to pay huge returns with four out of seven girls from the Scotiabank Netball Training Camp's Under 13 and Under 16 squads being invited to train with the Sunshine Girls this year. The Scotiabank Jamaica Netball Training Camp (Under 13 Nursery Programme)

also saw five new girls added to the nine member Under 13 squad this year. Coming out of the Umpires' Pathway Programme, ten out of eleven girls from the Under 13 and Under 16 squads successfully sat the Umpire Theoretical Exams and are now preparing for their practical exams in order to receive Umpire certification.

Tennis

Scotiabank continued to facilitate the transition of junior players to the professional level of tennis with 2011 marking the tenth year of the Scotiabank sponsored Amateur Tennis Tournament of the Lockett McGregor Tournament Series and the fifth year of the Scotiabank Top 16 Invitational (Professional) Tennis Tournament in July 2011. This year, both tournaments engaged approximately 100 of the country's amateur and professional players combined.



Joan Forrest-Henry, Director, Marketing Services catches a pass from Jill McIntosh, Technical Director, Jamaica Netball Association (JNA) (third from left) at the signing of the renewal of Scotiabank's \$12 million sponsorship of U13 & U16 netballers over 3 years. From left, looking on are Joy Watson, National U13 Coach, Marva Bernard, President, JNA, and Dorothy Hobson, 2nd Vice-President, JNA.

Our 2011 Awards

- **Best Bank in Jamaica** – Global Finance Magazine
- **2011 Award for Excellence** – In the category of Industry and Service Provider in recognition of outstanding contribution to the promotion of wellness and healthy lifestyles - Environment Health Foundation
- **2011 Best Consumer Internet Bank** – Global Finance Magazine
- **Silver Medal for Best Contact Centre (Americas)** – ContactCentreWorld.com
- **Best Trade Bank in Central America and the Caribbean** – Trade Finance Magazine





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