

MEDIA RELEASE

March 1, 2011

THE BANK OF NOVA SCOTIA JAMAICA LIMITED



The Bank of Nova Scotia Jamaica Limited first quarter results for the period ended January 31, 2011.

The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Income
Period ended January 31, 2011

Unaudited (\$millions)	For the three months ended		
	January 2011	October 2010	Restated January 2010
Gross Operating Income	8,209	8,057	9,415
Interest Income	6,460	6,504	8,147
Interest Expense	(1,406)	(1,487)	(2,574)
Net Interest Income	5,054	5,017	5,573
Impairment losses on loans	(491)	(267)	(421)
Net interest income after impairment losses	4,563	4,750	5,152
Net fee and commission income	973	995	743
Insurance revenue	493	302	263
Net foreign exchange trading income	280	270	246
Other revenue	3	(14)	16
	1,749	1,553	1,268
Total Operating Income	6,312	6,303	6,420
Operating Expenses			
Salaries and staff benefits	1,838	1,612	1,855
Property expenses, including depreciation	437	419	425
Other operating expenses	1,095	1,122	1,068
	3,370	3,153	3,348
Profit before taxation	2,942	3,150	3,072
Taxation	(665)	(585)	(771)
Profit for the period	2,277	2,565	2,301
Attributable to stockholders of parent company	2,277	2,565	2,301
Earnings per share based on 2,927,232,000 shares (cents)	78	88	79
Return on average equity (annualized)	19.92%	23.44%	23.81%
Return on assets (annualized)	3.57%	4.02%	3.69%
Productivity ratio	56.75%	52.06%	55.09%



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The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Comprehensive Income
Period ended January 31, 2011

Unaudited (\$ millions)	For the three months ended	
	January 2011	January 2010
Profit for the period	2,277	2,301
Other comprehensive income		
Unrealised gains/ (losses) on available for sale financial assets	486	(409)
Taxation	(77)	121
Other comprehensive income, net of tax	409	(288)
Total comprehensive income for the period	2,686	2,013
Attributable to stockholders of parent company	2,686	2,013


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The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Financial Position
January 31, 2011

	Period ended January 31	Year Ended October 31	Period ended January 31
<i>Unaudited (\$ millions)</i>	2011	2010	2010
ASSETS			
CASH RESOURCES	53,859	55,814	59,972
INVESTMENTS			
Held to maturity	14,758	14,470	54,015
Securities available for sale	74,335	71,199	25,185
	89,093	85,669	79,200
PLEDGED ASSETS	606	579	1,043
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	751	200	142
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	93,498	95,403	90,318
OTHER ASSETS			
Customers' liabilities under acceptances, guarantees and letters of credit	5,638	5,320	8,376
Property, plant, and equipment	3,487	3,522	3,408
Retirement benefit asset	6,800	6,642	5,983
Taxation recoverable	856	1,078	763
Other assets	270	884	306
	17,051	17,446	18,836
TOTAL ASSETS	254,858	255,111	249,511
LIABILITIES			
DEPOSITS			
Deposits by public	143,040	145,670	145,141
Deposits due to other financial institutions	3,496	3,612	2,406
Other deposits	9,695	9,963	11,234
	156,231	159,245	158,781
OTHER LIABILITIES			
Acceptances, guarantees & letters of credit	5,638	5,320	8,376
Liabilities under repurchase agreements	-	-	358
Redeemable preference shares	100	100	100
Deferred taxation	2,742	2,666	2,101
Retirement benefit obligation	1,606	1,502	1,220
Other liabilities	4,629	4,497	3,956
	14,715	14,085	16,111
POLICY HOLDERS' FUND	37,382	36,891	35,481
SHAREHOLDERS' EQUITY			
Share capital	2,927	2,927	2,927
Reserve fund	3,158	3,158	3,158
Capital reserves	9	9	9
Retained earnings reserve	11,902	11,902	11,202
Loan loss reserve	2,213	2,082	1,982
Other reserves	3	3	3
Cumulative Remeasurement result from available for sale financial assets	1,518	1,109	(645)
Unappropriated profits	24,800	23,700	20,502
	46,530	44,890	39,138
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	254,858	255,111	249,511

Approved for issue by the Board of Directors on March 1, 2011 and signed on its behalf by:


Director


Director

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THE BANK OF NOVA SCOTIA JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity January 31, 2011

Unaudited

(\$ millions)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Financial Assets	Unappropriated Profits	Total
Balance at 31 October 2009	2,927	3,158	10,902	9	3	1,710	(357)	19,818	38,170
Net profit	-	-	-	-	-	-	-	2,301	2,301
Other Comprehensive income									
Unrealised losses on available-for-sale securities, net of taxes	-	-	-	-	-	-	(288)	-	(288)
Total Comprehensive Income	-	-	-	-	-	-	(288)	2,301	2,013
Transfer to Retained Earnings Reserve	-	-	300	-	-	-	-	(300)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	272	-	(272)	-
Dividends paid	-	-	-	-	-	-	-	(1,045)	(1,045)
Balance as at 31 January 2010	2,927	3,158	11,202	9	3	1,982	(645)	20,502	39,138
Balance at 31 October 2010	2,927	3,158	11,902	9	3	2,082	1,109	23,700	44,890
Net profit	-	-	-	-	-	-	-	2,277	2,277
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	-	-	409	-	409
Total Comprehensive Income	-	-	-	-	-	-	409	2,277	2,686
Transfer to Retained Earnings Reserve	-	-	-	-	-	-	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	131	-	(131)	-
Dividends paid	-	-	-	-	-	-	-	(1,046)	(1,046)
Balance at 31 January 2011	2,927	3,158	11,902	9	3	2,213	1,518	24,800	46,530

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The Bank of Nova Scotia Jamaica Limited
Condensed Statement of Consolidated Cash Flows
January 31, 2011

<i>Unaudited</i> (\$ millions)	2011	2010
Cash flows provided by / (used in) operating activities		
Profit for the year	2,277	2,301
Items not affecting cash:		
Depreciation	119	106
Impairment losses on loans	491	421
Other, net	(4,392)	(4,802)
	(1,505)	(1,974)
Changes in operating assets and liabilities		
Loans	1,380	(1,379)
Deposits	(2,663)	5,707
Securities sold under repurchase agreement	-	91
Policyholders reserve	491	1,073
Other, net	5,673	7,951
	3,376	11,469
Cash flows provided by / (used in) investing activities		
Investments	(2,447)	(3,945)
Repurchase Agreements	-	545
Property, plant and equipment, net	(81)	(157)
	(2,528)	(3,557)
Cash flows used in financing activities		
Dividends paid	(1,046)	(1,045)
	(1,046)	(1,045)
Effect of exchange rate on cash and cash equivalents	27	48
Net change in cash and cash equivalents	(171)	6,915
Cash and cash equivalents at beginning of period	28,295	13,859
Cash and cash equivalents at end of period	28,124	20,774
Represented by :		
Cash resources	53,859	59,972
Less statutory reserves at Bank of Jamaica	(15,421)	(17,702)
Less amounts due from Bank of Jamaica greater than ninety days	-	(16,520)
Less amounts due from other banks greater than ninety days	(8,291)	(2,928)
Less accrued interest on cash resources	(95)	(2,297)
Reverse repurchase agreements and bonds less than ninety days	750	2,500
Cheques and other instruments in transit, net	(2,678)	(2,251)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	28,124	20,774

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THE BANK OF NOVA SCOTIA JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

January 31, 2011

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	1,235	2,839	1,302	1,424	3	-	6,803
Revenues from other segments	(584)	258	323	10	-	(7)	-
Total Revenues	651	3,097	1,625	1,434	3	(7)	6,803
Expenses	(17)	(2,285)	(1,348)	(218)	-	7	(3,861)
Unallocated expenses							
Profit Before Tax	634	812	277	1,216	3	-	2,942
Taxation							(665)
Profit for the period							2,277

Consolidated Balance Sheet

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	83,088	57,459	52,232	56,083	1,090	(2,363)	247,589
Unallocated assets							7,269
Total Assets							254,858
Segment liabilities	-	89,864	75,135	37,782	58	(1,297)	201,542
Unallocated liabilities							6,786
Total liabilities							208,328
Other Segment items:							
Capital Expenditure	-	33	53	-	-		86
Impairment losses on loans	-	236	255	-	-		491
Depreciation	-	79	39	1	-		119

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THE BANK OF NOVA SCOTIA JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

January 31, 2010

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	1,989	2,147	1,274	1,425	6	-	6,841
Revenues from other segments	(1,178)	607	570	1	-	-	-
Total Revenues	811	2,754	1,844	1,426	6	-	6,841
Expenses	(17)	(2,436)	(1,105)	(211)	-	-	(3,769)
Unallocated expenses							
Profit Before Tax	794	318	739	1,215	6	-	3,072
Taxation							(771)
Profit for the period							2,301

Consolidated Balance Sheet

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	87,816	51,252	55,811	49,200	168	(1,023)	243,224
Unallocated assets							6,287
Total Assets							249,511
Segment liabilities	358	88,860	81,341	35,847	59	(835)	205,630
Unallocated liabilities							4,743
Total liabilities							210,373
Other Segment items:							
Capital Expenditure	-	87	70	-	-	-	157
Impairment losses on loans	-	399	22	-	-	-	421
Depreciation	-	59	46	1	-	-	106

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THE BANK OF NOVA SCOTIA JAMAICA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JANUARY 31, 2011



1. Identification

The Bank of Nova Scotia Jamaica Limited (Bank) is a 100% subsidiary of Scotia Group Jamaica Limited which is incorporated and domiciled in Jamaica.

Scotia Group Jamaica Limited is a 71.78% subsidiary of the Bank of Nova Scotia which is incorporated and domiciled in Canada and is the ultimate parent.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. New and revised standards that became effective this year did not have any material impact on the financial statements and the accounting policies are consistent with those applied in the audited financial statements for the year ended October 31, 2010. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of the Bank and its subsidiaries presented as a single economic entity. Intra-group transactions, balances, and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Comparative information

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

3. Financial Assets

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

Financial Assets at Fair Value through Profit and Loss

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

Loans and receivables

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

Held-to-Maturity

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

Available-for-sale

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

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

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THE BANK OF NOVA SCOTIA JAMAICA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JANUARY 31, 2011

4. Pledged Assets

Assets are pledged as collateral under repurchase agreements with counterparties, as well as mandatory reserve deposits held with The Bank of Jamaica (BOJ).

\$millions	Asset		Related Liability	
	2011	2010	2011	2010
Securities Sold under Repurchase Agreements	-	500	-	358
Securities with BOJ and other Financial Institutions	<u>606</u>	<u>543</u>	<u>-</u>	<u>-</u>
	<u>606</u>	<u>1,043</u>	<u>-</u>	<u>358</u>

5. Insurance and investment contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

6. Loan loss provision

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

7. Employee benefits

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

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

8. Deferred taxation

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

9. Property, plant and equipment

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

10. Cash and cash equivalents

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

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THE BANK OF NOVA SCOTIA JAMAICA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JANUARY 31, 2011

11. Segment reporting

The Group is organized into five main business segments:

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

Transactions between the business segments are on normal commercial terms and conditions. The Group's operations are located mainly in Jamaica.