

***Date: May 22, 2009***

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***President & CEO***

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## **THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

**The Board of Directors is pleased to present the following results of The Bank of Nova Scotia Jamaica Limited for the second quarter ending April 30, 2009.**

CONSOLIDATED FINANCIAL STATEMENTS



(Unaudited) (\$ millions)	For the three months ended			For the six months ended	
	April	January	April	April	April
	2009	2009	2008	2009	2008
<b>GROSS OPERATING INCOME</b>	<b>9,190</b>	<b>8,737</b>	<b>7,825</b>	<b>17,927</b>	<b>15,329</b>
<b>INTEREST INCOME</b>					
Loans and deposits with banks	4,543	5,178	4,170	9,721	8,283
Securities	3,322	2,188	2,069	5,510	4,144
	7,865	7,366	6,239	15,231	12,427
<b>INTEREST EXPENSE</b>					
Deposits and repurchase agreements	1,497	1,560	1,360	3,057	2,813
Net interest income	6,368	5,806	4,879	12,174	9,614
Provision for credit losses	(474)	(362)	(99)	(836)	(185)
Net interest income after provision for credit losses	5,894	5,444	4,780	11,338	9,429
Net fee and commission income	926	855	914	1,781	1,800
Insurance premium income	183	194	198	377	388
Gains less losses from foreign currencies	215	322	225	537	464
Other operating income	1	-	249	1	250
	1,325	1,371	1,586	2,696	2,902
<b>TOTAL OPERATING INCOME</b>	<b>7,219</b>	<b>6,815</b>	<b>6,366</b>	<b>14,034</b>	<b>12,331</b>
<b>OPERATING EXPENSES</b>					
Staff costs	1,770	1,651	1,381	3,421	2,932
Premises and equipment, including depreciation	530	565	580	1,095	954
Changes in policyholders' reserves	948	846	711	1,794	1,376
Other operating expenses	660	772	618	1,432	1,322
	3,908	3,834	3,290	7,742	6,584
<b>PROFIT BEFORE TAXATION</b>	<b>3,311</b>	<b>2,981</b>	<b>3,076</b>	<b>6,292</b>	<b>5,747</b>
Taxation	(814)	(805)	(772)	(1,619)	(1,503)
<b>NET PROFIT</b>	<b>2,497</b>	<b>2,176</b>	<b>2,304</b>	<b>4,673</b>	<b>4,244</b>
Earnings per share based on 2,927,232,000 shares (cents)	85	74	79	160	145
Return on average equity (annualised)	29.91%	27.08%	31.14%	28.47%	29.27%
Return on assets (annualised)	4.26%	3.84%	4.25%	3.98%	3.91%
Productivity ratio	56.96%	58.47%	52.42%	57.69%	54.08%
Productivity ratio (excluding Life Insurance Business)	45.72%	47.97%	42.73%	46.81%	44.47%

**The Bank of Nova Scotia Jamaica Limited**  
**Consolidated Balance Sheet**

	Period ended April 30	Year ended October 31	Period ended April 30
<i>Unaudited</i> (\$ millions)	2009	2008	2008
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	63,993	55,420	62,269
<b>INVESTMENTS</b>			
Held To Maturity	38,071	36,154	32,486
Securities available for sale	22,992	18,939	20,639
	<u>61,063</u>	<u>55,093</u>	<u>53,125</u>
<b>PLEGDED ASSETS</b>	3,701	1,301	3,929
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	625	523	471
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	89,525	86,152	79,880
<b>OTHER ASSETS</b>			
Customers' Liability under acceptances, guarantees and letters of credit	6,446	6,228	7,583
Real estate & equipment at cost, less depreciation	3,045	2,808	2,655
Retirement Benefit Asset	5,630	5,402	5,075
Taxation Recoverable	527	892	940
Other assets	79	642	1,138
	<u>15,727</u>	<u>15,972</u>	<u>17,391</u>
<b>TOTAL ASSETS</b>	<b>234,634</b>	<b>214,461</b>	<b>217,065</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by public	141,752	126,918	135,001
Deposits due to other financial institutions	2,193	2,386	2,217
Other deposits	10,274	9,306	5,651
	<u>154,219</u>	<u>138,610</u>	<u>142,869</u>
<b>OTHER LIABILITIES</b>			
Acceptances, guarantees & Letters of Credit	6,446	6,228	7,583
Liabilities under repurchase agreements	890	-	302
Redeemable Preference Shares	100	100	100
Deferred Taxation	1,473	1,568	1,749
Retirement Benefit Obligation	1,034	931	826
Other liabilities	4,200	4,747	4,633
	<u>14,143</u>	<u>13,574</u>	<u>15,193</u>
<b>POLICY HOLDERS' FUND</b>	32,073	30,561	28,773
<b>SHAREHOLDERS' EQUITY</b>			
Capital- Authorized, 3,000,000,000 ordinary shares Issued and fully paid, 2,927,232,000			
Ordinary stock units of \$1 each	2,927	2,927	2,927
Reserve Fund	3,158	3,158	3,158
Capital Reserves	9	9	1,659
Retained Earnings Reserve	10,302	8,702	6,443
Loan Loss Reserve	1,579	1,295	1,017
Other Reserves	3	3	17
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(1,282)	(1,023)	51
Unappropriated Profits	17,503	16,645	14,958
	<u>34,199</u>	<u>31,716</u>	<u>30,230</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>234,634</b>	<b>214,461</b>	<b>217,065</b>

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Director

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Director



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

**Consolidated Statement of Changes in Shareholders' Equity**

*Unaudited*

	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Financial Assets	Unappropriated Profits	Total
<i>(\$ millions)</i>									
<b>Balance as at 31 October 2007</b>	<b>2,927</b>	<b>3,158</b>	<b>5,993</b>	<b>1,659</b>	<b>17</b>	<b>1,017</b>	<b>110</b>	<b>12,920</b>	<b>27,801</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(1,128)	-	(1,128)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(5)	-	(5)
Net profit	-	-	-	-	-	-	-	8,619	8,619
Transfer of reserves relating to subsidiary	-	-	-	-	(9)	-	-	9	-
Transfer of reserves relating to liquidation of subsidiary	-	-	-	9	(5)	-	-	(4)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	278	-	(278)	-
Transfer to Retained Earnings Reserve	-	-	2,709	(1,659)	-	-	-	(1,050)	-
Dividends paid	-	-	-	-	-	-	-	(3,571)	(3,571)
<b>Balance as at 31 October 2008</b>	<b>2,927</b>	<b>3,158</b>	<b>8,702</b>	<b>9</b>	<b>3</b>	<b>1,295</b>	<b>(1,023)</b>	<b>16,645</b>	<b>31,716</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(275)	-	(275)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	16	-	16
Net profit	-	-	-	-	-	-	-	4,673	4,673
Loan loss reserve transfer	-	-	-	-	-	284	-	(284)	-
Transfer to Retained Earnings Reserve	-	-	1,600	-	-	-	-	(1,600)	-
Dividends paid	-	-	-	-	-	-	-	(1,931)	(1,931)
<b>Balance as at 30 April 2009</b>	<b>2,927</b>	<b>3,158</b>	<b>10,302</b>	<b>9</b>	<b>3</b>	<b>1,579</b>	<b>(1,282)</b>	<b>17,503</b>	<b>34,199</b>



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

<i>(Unaudited)</i> <i>(\$ millions)</i>	<b>Six Months Ended April 30, 2009</b>	<b>Six Months Ended April 30, 2008</b>
<b>Cash flows provided by / (used in) operating activities</b>		
Net Income	4,673	4,244
Adjustments to net income		
Depreciation	173	157
Impairment losses on loans	836	185
Other, net	(13,793)	(8,114)
	<u>(8,111)</u>	<u>(3,528)</u>
Changes in operating assets and liabilities		
Loans	(4,221)	(6,936)
Deposits	14,825	7,141
Securities sold under repurchase agreement	888	66
Policyholders reserve	1,511	1,799
Other, net	8,934	(11,460)
	<u>13,826</u>	<u>(12,918)</u>
<b>Cash flows provided by / (used in) investing activities</b>		
Investments	(9,488)	208
Repurchase Agreements, net	(102)	998
Property, plant and equipment, net	(411)	(256)
	<u>(10,001)</u>	<u>950</u>
<b>Cash flows used in financing activities</b>		
Dividends paid	(1,931)	(1,756)
	<u>(1,931)</u>	<u>(1,756)</u>
Effect of exchange rate on cash and cash equivalents	1,658	(52)
Net change in cash and cash equivalents	3,552	(13,776)
Cash and cash equivalents at beginning of year	10,824	27,227
<b>Cash and cash equivalents at end of period</b>	<b>14,376</b>	<b>13,451</b>
<b>Represented by :</b>		
Cash resources	63,993	62,269
Statutory reserves at Bank of Jamaica	(17,530)	(11,107)
Less amounts due from Bank of Jamaica greater than ninety days	(23,945)	(22,699)
Less amounts due from other banks greater than ninety days	(4,593)	(11,736)
Less accrued interest on cash resources	(1,041)	(755)
Cheques and other instruments in transit, net	(2,508)	(2,521)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>14,376</b>	<b>13,451</b>



## Segment Reporting Information

### Consolidated Statement of Income

Unaudited	For the period ended April 30, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	3,907	6,145	3,911	3,953	10		17,926
Revenues from other segments	(2,223)	983	1,250	12	-	(22)	-
<b>Total Revenues</b>	1,684	7,128	5,161	3,965	10	(22)	17,926
Expenses	(98)	(5,889)	(3,576)	(2,093)	-	22	(11,634)
Unallocated expenses							
<b>Profit Before Tax</b>	1,586	1,239	1,585	1,872	10	-	<b>6,292</b>
Income tax expense							(1,619)
<b>Net profit</b>							<b>4,673</b>

### Consolidated Balance Sheet

	As at April 30, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	82,743	51,484	52,447	42,573	153	-468	228,932
Unallocated assets							5,702
<b>Total Assets</b>							<b>234,634</b>
Segment liabilities	890	86,515	76,953	32,263	57	-281	196,397
Unallocated liabilities							4,038
<b>Total liabilities</b>							<b>200,435</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	212	196	3	-		411
Impairment losses on loans	-	781	54	-	-		836
Depreciation	-	97	73	3	-		173



## Segment Reporting Information

### Consolidated Statement of Income

Unaudited	For the period ended April 30, 2008						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	3,704	5,714	3,145	2,758	9	-	15,330
Revenues from other segments	(2,243)	1,192	1,058	3	(2)	(8)	-
<b>Total Revenues</b>	<b>1,461</b>	<b>6,906</b>	<b>4,203</b>	<b>2,761</b>	<b>7</b>	<b>(8)</b>	<b>15,330</b>
Expenses	(40)	(4,905)	(3,043)	(1,602)	(1)	8	(9,583)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>1,421</b>	<b>2,001</b>	<b>1,160</b>	<b>1,159</b>	<b>6</b>	<b>-</b>	<b>5,747</b>
Income tax expense							(1,503)
<b>Net profit</b>							<b>4,244</b>

### Consolidated Balance Sheet

Unaudited	As at April 30, 2008						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	79,903	50,326	44,620	36,458	171	-623	210,855
Unallocated assets							6,210
<b>Total Assets</b>							<b>217,065</b>
Segment liabilities	302	79,428	73,985	28,889	57	-423	182,238
Unallocated liabilities							4,597
<b>Total liabilities</b>							<b>186,835</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	141	119	-	-		260
Impairment losses on loans	-	200	-15	-	-		185
Depreciation	-	92	63	2	-		157



# THE BANK OF NOVA SCOTIA JAMAICA LIMITED

## Notes to the Consolidated Financial Statements

### April 30, 2009

#### 1. Identification

The Bank of Nova Scotia Jamaica Limited 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. 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 Company 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.

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





**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**April 30, 2009**

**4. Pledged Assets**

Assets are pledged as collateral under Repurchase Agreements, as well as mandatory Reserve deposits held with the Bank of Jamaica (BOJ).

\$millions	Asset		Related Liability	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Securities Sold under Repurchase Agreements	2,400	302	890	302
Securities with BOJ and other Financial Institutions	<u>1,301</u>	<u>3,627</u>	<u>-</u>	<u>-</u>
	<u>3,701</u>	<u>3,929</u>	<u>890</u>	<u>302</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**

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

**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 balance sheet.

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

**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.



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**April 30, 2009**

**11. Segment reporting**

The Group is organized into four 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 insurance and retirement products;
- Other operations of the Group comprise non trading subsidiaries.

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