Date: August 23, 2007

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

MEDIA RELEASE

SCOTIA GROUP JAMAICA LIMITED REPORTS SOLID RESULTS FOR THE THIRD QUARTER

THIRD QUARTER 2007 HIGHLIGHTS (Year to Date)

- Net Income of \$5,401 million
- Earnings per share of \$1.72
- Return on Average Equity 24.29%
- Productivity ratio of 54.89%
- Third Quarter dividend of 30 cents per share

Scotia Group Jamaica Limited (Scotia Group) today reported net income of \$2,008 million for the third quarter, this was \$229 million above the net income for the quarter ended April 30, 2007 and \$323 million above the net income for the quarter ended July 31, 2006. For the nine months ended July 31, 2007 net income was \$5,401 million compared to net income of \$4,984 million for the same period last year.

William E. Clarke, President and CEO said "During the quarter, we completed the reorganization of Scotiabank Jamaica, resulting in The Bank of Nova Scotia Jamaica Limited and Dehring Bunting and Golding Limited (DB&G) becoming subsidiaries of Scotia Group Jamaica Limited. On July 1, 2007 Scotia Investments became a wholly owned subsidiary of DB&G in our quest to consolidate the investment management activities within the Group to achieve efficiencies and economies of scale. This reorganization has positioned Scotia Group to become a larger player in the financial services sector and has laid the foundation for us to become the leader in wealth management and wealth creation".

Our retail portfolio continues to achieve solid results with excellent growth in our Scotia Plan Loans, Mortgages (SJBS) and Credit card portfolios. We also continue to pay close attention to expense control.

Earnings per share (EPS) for the quarter was 63 cents, compared to 58 cents last year and 61 cents at the end of the previous quarter. Year to date EPS was \$1.72, while Return on Average Equity (ROE) annualized remains very strong at 24.29%.

The Board of Directors today, approved an interim dividend of 30 cents per stock unit, payable on October 4, 2007 to stockholders on record at September 14, 2007.

REVENUES

Total Revenue comprising net interest revenue and other income was \$16,430 million, an increase of \$1,958 million.

NET INTEREST INCOME

Net interest income was \$12,711 million, up \$1,233 million when compared to last year. This is as a result of strong portfolio volume growth primarily in our retail portfolio, as net interest margin continue to trend downwards in line with market interest rates. Interest income earned from securities also increased, due to volume growth in the investment and repurchase agreement portfolios.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was \$3,275 million, up \$585 million when compared with last year driven mainly by the growth in fees earned from electronic services, as well as loan fees. Insurance Premium is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance, marketed by Scotia Jamaica Life Insurance Company Limited. Combined net premium income for both products increased by approximately \$140 million when compared to the same period last year. SJLIC reported gross premium income of \$3.7 billion for the nine months.

NON-INTEREST EXPENSES AND PRODUCTIVITY

Our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 54.89%. If insurance premium and related actuarial expenses were excluded, to recognize the significant dissimilarities between the revenue/expense pattern of the insurance business and the other financial services offered by the Scotiabank group, the productivity ratio for the period was 45.07%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$6,805 million, an increase of \$942 million over last year of which \$280 Million relate to the inclusion of DB&G in the consolidated results. The balance of \$662 million was due to increased staff costs, advertising and public relations (sponsorship of World Cup Cricket) and security expenses. Policyholders Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Non-performing Loans at July 31, 2007 were \$1,618 million, of which \$392 million relates to the consolidation of DB&G. The non-performing loans for BNSJ were \$1,226 million, this was an increase of \$282 million when compared to \$944 million a year ago, and \$99 million above the previous quarter ended April 30, 2007. BNSJ's non-performing loans now represent 1.76% of total loans and 0.62% of total assets compared to 1.58% and 0.49% respectively in prior year.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the Regulatory requirement. The difference in the amount computed under the two methodologies is reported as Loan Loss Reserve in the equity component of the Balance Sheet. The Group's loan loss provision as determined by IFRS is \$718 million, of which \$544 million is specific and \$174 million is general.

The loan loss provision as determined by Regulatory Requirement is \$1,526 million, of which \$163 million relates to provisions established by DB&G. BNSJ's loan loss provision is \$1,363 million which exceeds total non-performing loans by \$137 million, and provides coverage of 111% of BNSJ's non performing loans. Over the years, we continue to experience significant growth in the loan portfolio, however the loan loss provision has remained relatively stable, due to Scotiabank's strong credit policy and loan administration procedures, which has ensured the high quality of the loan portfolio.

BALANCE SHEET

Total assets increased year over year by \$64 Billion or 33% to \$258 Billion as at July 31, 2007. The consolidation of DB&G contributed \$37 Billion to the growth in assets. The Group's performing loans were \$73 billion, up \$14 Billion over the previous year, as we continue to experience significant growth in retail lending, however, commercial loan demand continues to be weak. Investments and repurchase agreements increased by \$42 Billion of which \$30 Billion relates to the consolidation of DB&G. Retirement Benefit Asset represents the net of the present value of pension obligation and the fair value of the pension plan assets as determined by independent actuaries.

Deposits grew to \$132.6 billion, up \$15 billion from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotia Group's capital base continues to be very strong. Total shareholders equity (excluding minority interest) grew to \$33 billion, \$4.2 Billion more than the previous quarter, this was due mainly to an increase of \$3.6 Billion in the share capital of Scotia Group Jamaica Limited consistent with the Scheme of Arrangement.

OUR COMMITMENT TO THE COMMUNITY

Scotiabank demonstrated its commitment to nation building through its funding of projects in the education and health sectors, as well as through voluntary support from the Scotiabank Volunteers.

Over 200 volunteers assisted with the replanting of bamboo trees at Holland Bamboo in St. Elizabeth which was the Group's major project for National Labour Day. Our volunteers also built a new house for a needy family in Rocky Point, St. Thomas.

"The deployment of our volunteers to work in communities is another way of enhancing our commitment to giving back to our country and we are very pleased that our staff have embraced the vision of giving of their time and expertise to compliment what we give through the Scotiabank Jamaica Foundation", said William Clarke, President and Chief Executive Officer.

During the quarter, the Scotiabank Jamaica Foundation contributed \$11.2 million to various projects aimed at helping organizations and individuals in need, as well as in promoting academic excellence.

The major focus was on education with the awarding of 21 new scholarships for the coming school year to students who excelled in the Grade Six Achievement Test and the Speak Up! Speak Out! National Primary Schools HIV and AIDS Debating Competition. These scholarships varying from one to seven years have an approximate value of \$14 million.

The Foundation also donated \$10.2 million to education projects, which include new and on going scholarships as well as the construction of the Scotiabank-sponsored multi-million dollar Lecture Theatre at the Montego Bay Community College, which is near completion. Scotiabank has committed \$25 million towards the construction of the Theatre.

Scotiabank continued its commitment to the health sector with donations totaling \$321,000 to the Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital for ongoing maintenance of equipment.

Donation of \$655,000 was made to the Golden Age Home in Kingston for the provision of meals for the residents of Cluster F.

Scotia Group takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in us. Our continued success is as a result of great execution by our team of skilled and dedicated Scotiabankers and their consistent focus on customer satisfaction. We thank them for their professionalism, commitment and for being a great team.

CONSOLIDATED FINANCIAL STATEMENTS

Scotia Group Jamaica Limited Statement of Consolidated Revenues & Expenses

	For the three	ee months en	ded	For the nine months ended		
Unaudited	July	April	July	July	July	
(\$ millions)	2007	2007	2006	2007	2006	
GROSS OPERATING INCOME	8,676	7,096	6,755	22,761	19,813	
INTEREST INCOME						
Loans and deposits with banks	3,869	3,543	3,448	10,879	10,062	
Securities	3,376	2,328	2,302	8,163	6,757	
	7,245	5,871	5,750	19,042	16,819	
			4 000			
Deposits and repurchase agreements	2,682	1,819	1,820	6,331	5,341	
Net interest income	4,563	4,052	3,930	12,711	11,478	
Provision for credit losses	(101)	(141)	(107)	(402)	(199)	
Net interest income after provision for credit losses	4,462	3,911	3,823	12,309	11,279	
		- 1 -		1	, .	
Net fee and commission income	748	844	706	2,290	2,026	
Insurance premium income	152	151	102	444	304	
Gains less losses from foreign currencies	293	211	196	706	662	
Other operating income	238	19	1	279	2	
	1,431	1,225	1,005	3,719	2,994	
TOTAL OPERATING INCOME	5,893	5,136	4,828	16,028	14,273	
OPERATING EXPENSES						
Staff costs	1,411	1,218	1,132	3,913	3,498	
Premises and equipment, including depreciation	434	325	328	1.097	902	
Changes in policyholders' reserves	647	580	543	1,812	1,592	
Other operating expenses	711	536	525	1,795	1,463	
	3,203	2,659	2,528	8,617	7,455	
PROFIT BEFORE TAXATION	2,690	2,477	2,300	7,411	6,818	
Taxation	(682)	(698)	(615)	(2,010)	(1,834)	
PROFIT AFTER TAXATION	2,008	1,779	1,685	5,401	4,984	
Stockholders of the company	1,974	1,779	1,685	5,367	4,984	
Minority interest	34	-	-	34	-	
	2,008	1,779	1,685	5,401	4,984	
Earnings per share based on 3,111,572,984 shares (cents)	63	61	58	172	170	
Return on average equity	25.34%	24.88%	26.67%	24.29%	26.76%	
Return on assets annualised	3.06%	3.30%	3.48%	2.77%	3.43%	
Productivity ratio	55.12%	53.25%	53.39%	54.89%	52.88%	
Productivity ratio (excluding Life Insurance Business)	45.48%	43.47%	43.29%	45.07%	42.78%	

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

Unaudited (smillons) 2007 2006 200 ASSETS CASH RESOURCES 45,168 45,930 44,79 NVESTMENTS Held To Maurity 36,026 36,715 30,32 Socurities available for sale 36,026 36,715 30,32 Socurities available for sale 36,026 36,715 30,32 CASH RESOURCES 14,44 238 222 Socurities available for sale 76,002 62,802 46,01 CAST REFERMANG PROVISIONS FOR LOSSES 74,231 59,598 60,09 OTHER ASERTS 26,722 2,330 61,69 Customers' Liability under acceptances, guarantees and letters of credit 7,628 3,961 4,267 Toxation Recoverable 1,088 675 76 76 Reitement Benefit Asset 1,641 449 38 114,909 112,907 11,999 Toxation Recoverable 1,209 7,210 6,66 7,800 7,210 6,66 Other assets 1,24,719 113,900 111,900 11,900 11,755 </th <th></th> <th>Nine months ended July 31</th> <th>Year ended October 31</th> <th>Nine months ended July 31</th>		Nine months ended July 31	Year ended October 31	Nine months ended July 31
ASSETS CASH RESOURCES 45,188 45,930 44,791 NVESTMENTS Held To Maturity Financial assets at fair vough statement of revenue and expenses 1,841 238 222 Securities available for sale 36,026 36,715 30.322 Securities available for sale 76,002 52,802 46,011 CAPITAL MANAGEMENT AND GOVERNMENT SECURITES FUND 12,736 - GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT 30,015 29,600 30,900 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,09 OTHER ASETS 2,672 2,330 2,433 Cost, less deprecietion 2,672 2,350 2,333 Defered Taxation 164 176 111 Taxation Recoverable 1,088 675 768 Other assets 1,541 468 388 Intargible Assets 2,644 -48 388 Intargible Assets 1,24,719 112,280 11,99 IOTAL ASSETS 257,981 200,017 193,800 Deposatis by public<	Unaudited (\$ millions)			2006
CASH RESOURCES 45,188 45,080 44,790 NVESTMENTS 56,026 36,715 30,022 Financial assets at fair value through statement of revenue and expenses 1,841 238 228 Securities available for sale 36,026 36,715 30,022 CASH ANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - CAST ANAGEMENT AND GOVERNMENT SECURITIES FUND 12,738 6,009 OTHER ASSETS - 2,672 2,350 2,235 CAST ANAGEMENT ANAGEMENT 2,672 2,350 4,268 4,267 4,12 Other Assets 1,008 6,757 76 76 76 76 <				
UNESTMENTS Heid To Maurity 36,026 36,715 30,22 Securities available for sale 38,135 15,849 14,86 Thennoid assess a fair value through statement of revenue and expenses 38,135 15,849 14,86 Securities available for sale 38,135 15,849 14,86 CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - CAPTAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - CARSAFTER 30,015 29,600 30,900 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,221 59,588 60,09 OTHER ASSETS Customers' Liability under acceptances, guarantes and letters of credit 7,622 3,961 4,268 Teation Recoverable 1,068 675 761 113 Taxation Recoverable 1,682 4,287 4,12 Other asets 1,541 9,809 12,097 11,99 ToTAL ASETS 257,981 200,017 133,80 Cables depresib public 124,719 113,280 111,09 Other deposits 7,628	ASSETS CASH RESOURCES	45.188	45.930	44,796
Heid To Maurity 36,026 36,715 30,927 Financial assess a fair value through statement of revenue and expenses 1,841 238 222 Securities available for sale 38,135 15,849 14,865 CAPTAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - CAPTAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - CAPTAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - CAPTAL MANAGEMENT SECURITIES UNDER REPURCHASE AGREEMENT 30,015 29,600 30,900 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,099 OTHER ASSETS 2,672 2,350 2,33 Customers' Liability under acceptances, quarantes and letters of credit 7,628 3,961 4,626 Tazation Recoverable 1,641 164 388 11,841 176 Torotal ASSETS 257,981 200,017 113,80 111,09 Torotal ASSETS 257,981 200,017 138,80 Torotal ASSETS 257,981 200,017 138,80 Torotal ASSETS <t< td=""><td></td><td>-,</td><td>-,</td><td>,</td></t<>		-,	-,	,
Financial assets at fair value through statement of revenue and expenses 1,441 238 22 Securities available for sale 38,135 15,849 14,86 38,135 15,849 14,86 CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT 30,015 29,600 30,900 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,099 OTHER ASSETS 7,622 3,961 4,269 Customers' Liability under acceptances, quarantees and letters of credit 7,622 3,961 4,269 Fread estate and equipment at cost, less depreciation 2,677 2,237 4,12 Other assets 1,644 648 48 48 Intangible Assets 1,9809 12,097 11,980 Intangible Assets 257,981 200,017 133,800 Deposits by public 7,803 7,210 6,65 Other deposits 7,803 7,210 6,65 Other deposits 10,207 11,980 11,000	INVESTMENTS			
Securities available for sale 33,135 15,849 14,86 76,002 52,802 46,01 CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 - GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT 30,015 29,600 30,800 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,09 OTHER ASSETS 2,872 2,350 2,33 Quarantees and letters of credit 7,628 3,961 4,261 Real estate and equipment at create and equipment				
Total Annual Section 76,002 52,802 46,011 CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND 12,736 . GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT 30,015 29,600 30,900 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,099 Customes' Liability under acceptances, guarantees and letters of credit 7,628 3,961 4,266 Real estate and equipment at Deferred Taxation 2,672 2,230 2,33 Deferred Taxation 1,644 2,675 76 Retirement Banefit Asset 4,682 4,287 4,127 Other assets 1,048 675 76 Intargible Assets 2,549 2,390 1,380 Ubenotities under repurchase agreements 1,841 6,48 389 Deposits by public 124,719 113,280 111,000 126,97 Other deposits 7,628 3,961 4,265 6,85 Other deposits 7,628 3,961 4,264 17,689 Other deposits 7,628 3,961 </td <td></td> <td></td> <td></td> <td></td>				
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT 30,015 29,600 30,900 LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,09 OTHER ASSETS			,	46,018
LOANS, AFTER MAKING PROVISIONS FOR LOSSES 74,231 59,588 60,09 DTHER ASSETS guarantees and letters of credit 7,628 3,961 4,268 Geal estate and equipment at coort, less depreciation 2,672 2,350 2,33 Deferred Taxation 184 176 111 Taxation Recoverable 1,008 675 768 Retirement Benefit Assets 2,682 4,287 4,12 Untargible Assets 1,541 648 388 Intangible Assets 2,084 - - IDEPOSITS 200,017 193,809 12,097 119,809 Deposits by public 7,890 7,210 6.65 - OTHER LASSETS 257,981 200,017 193,809 LABILITIES 122,097 113,280 111,09 Other deposits 7,850 7,210 6.65 OTHER LASSETS 39,611 4,268 4,268 Liabilities under repurchase agreements 765 - 765 - Promiscory Notes<	CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND	12,736	-	-
DHER ASSETS Customers' Liability under acceptances, guarantees and letters of credit 7,628 3,961 4,266 Real estate and equipment at cost, less depreciation 2,672 2,350 2,33 Deferred Taxation 184 176 111 Taxation Recoverable 1,008 675 768 Retirement Benefit Asset 4,682 4,287 4,212 Other assets 1,541 648 388 Intargible Assets 2,094 - - IDEPOSITS 2004 - - Deposits by public 124,719 113,280 111,09 Other deposits 7,628 3,961 4,266 TABLITIES 132,609 120,490 117,75 OTHER LIABILITIES 132,609 120,490 117,76 Capital Management and Government Securities Fund 12,736 - - Reterment Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - - Other liabilities	GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	30,015	29,600	30,902
Customers Liability under acceptances, guarantees and letters of credit 7,628 3,961 4,26i Real estate and equipment at cost, less depreciation 2,672 2,350 2,33 Deferred Taxation 184 176 111 Taxation Recoverable 1,008 675 76 Retirement Benefit Asset 4,692 4,227 4,12 Other assets 1,541 648 38 Intangible Assets 2,084 - - IOTAL ASSETS 257,981 200,017 193,809 LIABILITIES 200,017 193,809 12,097 11,920 Deposits by public 124,719 113,280 110,90 Other deposits 7,628 3,961 4,266 Total Assets 20,017 193,800 124,990 17,755 Deposits by public 124,719 113,280 111,990 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,266 Total Asset Held in Trust on behalf of Participants 100 - - <td>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</td> <td>74,231</td> <td>59,588</td> <td>60,091</td>	LOANS, AFTER MAKING PROVISIONS FOR LOSSES	74,231	59,588	60,091
Customers Liability under acceptances, guarantees and letters of credit 7,628 3,961 4,26i Real estate and equipment at cost, less depreciation 2,672 2,350 2,33 Deferred Taxation 184 176 111 Taxation Recoverable 1,008 675 76 Retirement Benefit Asset 4,692 4,227 4,12 Other assets 1,541 648 38 Intangible Assets 2,084 - - IOTAL ASSETS 257,981 200,017 193,809 LIABILITIES 200,017 193,809 12,097 11,920 Deposits by public 124,719 113,280 110,90 Other deposits 7,628 3,961 4,266 Total Assets 20,017 193,800 124,990 17,755 Deposits by public 124,719 113,280 111,990 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,266 Total Asset Held in Trust on behalf of Participants 100 - - <td>OTHED ASSETS</td> <td></td> <td></td> <td></td>	OTHED ASSETS			
guarantees and letters of credit 7,628 3,961 4,261 Real estate and equipment at cost, less depreciation 2,672 2,350 2,33 Deferred Taxation 184 176 111 Taxation Recoverable 1,008 675 766 Retirement Benefit Asset 4,692 4,287 4,12 Other assets 19,809 12,097 11,997 ITAL ASSETS 257,981 200,017 193,800 LIABILITIES 200,017 193,800 111,090 Other deposits 7,880 7,210 6,656 Other deposits 7,628 3,961 4,261 Liabilities under repurchase agreements 132,609 120,490 117,75 Other deposits 7,628 3,961 4,261 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 7,628 3,961 4,261 Liabilities under repurchase agreements 36,078 1,8234 17,680 Pothers Liabilities under repurchase agreements				
cost, less depreciation 2.672 2.360 2.331 Deferred Taxation 184 176 111 Taxation Recoverable 1.008 675 766 Retirement Benefit Asset 4.692 4.287 4.12 Other assets 1.541 648 388 Intangible Assets 2.084 - 11.99 TOTAL ASSETS 257,981 200,017 19.380 LIABILITIES 257,981 200,017 19.380 Deposits by public 124,719 113,280 111,09 Other deposits 7,690 7,210 6,65 OTHER LIABILITIES 132,609 120,490 117,75 OTHER LIABILITIES 132,609 120,490 117,75 Promisory Notes 785 - - Capital Management and Government Securities Fund 1,672 1,738 1,48 Retirment Benefit Obligation 664 487 44 Assets Held in Trust on behalf of Participants 40 - - Other liabi		7,628	3,961	4,265
Deferred Taxation 184 176 111 Taxation Recoverable 1,008 675 769 Retirement Benefit Asset 4,692 4,287 4,12 Other assets 1,541 648 38 Intangible Assets 2,084 - - TOTAL ASSETS 257,981 200,017 193,800 LIABILITIES 257,981 200,017 193,800 Deposits by public 7,890 7,210 6,65 Other deposits 7,890 7,210 6,65 Other deposits 7,628 3,961 4,26 Izabilities under repurchase agreements 36,078 18,234 17,68 Promissory Notes 7,628 3,961 4,26 Capital Management and Government Securities Fund 12,776 - - Redeerable Preference Shares 100 - - Deferred Taxation 1,672 1,738 1,48 Retirement Benefit Obligation 664 447 444 Assets Held in Trust on beha	Real estate and equipment at			
Taxation Recoverable 1,008 675 76 Retirement Benefit Asset 4,692 4,237 4,12 Uher assets 1,541 648 388 Intangible Assets 2,084 - - TOTAL ASSETS 257,981 200,017 193,809 LABILITIES 257,981 200,017 193,809 Deposits by public 7,290 7,210 6,65 OTHER LABILITIES 122,609 120,490 117,75 OTHER LABILITIES 122,609 120,490 177,86 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,264 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - - - Deferred Taxation 1,672 1,738 - - Policity Anazim 6,676 3,961 4,247 4,444 Assets Heid in Trust on behalf of Participants 40 - - - Other liabilities 4,746		,		2,337
Reirrement Benefit Asset 4.692 4.287 4.12 Other assets 1.541 648 388 Intangible Assets 2.084 - Intangible Assets 257,981 200,017 193,800 IDEPOSITS 257,981 200,017 193,800 Deposits by public 7,890 7,210 6.65 Other deposits 7,628 3,961 4,261 Other deposits 7,628 3,961 4,261 Other deposits 7,628 3,961 4,266 Other deposits 7,628 3,961 4,266 Capital Management and Government Securities Fund 12,736 - - Reideemable Preference Shares 100 - - Deferred Taxation 1,672 1,738 1,48 Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - Other liabilities 4,746 4,008 3,199 Other liabilities 26,570 2,9				110
Other assets 1.541 648 389 Intangible Assets 2,004 - 19,809 12,097 11,997 TOTAL ASSETS 257,981 200,017 193,809 LIABILITIES Deposits 7,290 7,210 6,657 DTHER LIABILITIES 7,290 7,210 6,657 OTHER LIABILITIES 32,609 120,490 117,75 OTHER LIABILITIES 32,609 120,490 117,75 OTHER LIABILITIES 36,078 18,234 17,688 Promissory Notes 7,850 - 7 Capital Management and Government Securities Fund 12,736 - Capital Management and Government Securities Fund 16,72 1,738 1,48 Retirement Benefit Obligation 664 487 444 Assets Heid in Trust on behalf of Participants 40 - Other liabilities 4,746 4,008 3,199 64,449 28,428 27,07 POLICY HOLDER'S FUND 26,335 23,709 22,74: Capital-Issued and fully paid, 3,111,5		,		765
Intangible Assets 2,084 - 19,809 12,097 11,997 TOTAL ASSETS 257,981 200,017 193,807 LIABILITIES - - - - Deposits by public 7,890 7,210 6,65 - OTHER LIABILITIES 132,609 120,490 117,75 - Acceptances, guarantees and Letters of Credit 7,628 3,961 4,266 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - - - Capital Management and Government Securities Fund 12,736 - - Deferred Taxation 1,672 1,738 1,48 - Retirement Benefit of Degraticipants 40 - - - Other liabilities 4,746 4,008 3,191 - Capital and reserves attributable to the company's shareholders - 2,927 2,927 2,927 Capital sude and fully paid. 3,111,572,984 - - -<			,	,
19,809 12,097 11,909 TOTAL ASSETS 257,981 200,017 193,807 LIABILITIES DEPOSITS 257,981 200,017 193,807 Deposits by public Other deposits 124,719 113,280 111,097 OTHER LIABILITIES 124,719 113,280 111,097 OTHER LIABILITIES 124,719 113,280 111,097 Acceptances, guarantees and Letters of Credit 7,690 7,210 6,65 OTHER LIABILITIES 3,961 4,266 132,609 120,490 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,266 Liabilities under repurchase agreements 765 7 785 7 Capital Management and Government Securities Fund 12,736 . . Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 . . Other liabilities 4,746 4,008 3,191 Capital and reserves attributable to the company's shareholders Capital and reserves			040	
LiABILITIES DEPOSITS 124,719 113,280 111,09,000 Other deposits 7,210 6,657 6,057 6,057 6,057 6,057 132,609 120,490 117,75 6,057 6,057 6,057 132,609 120,490 117,75 6,057 6,057 6,057 6,057 142,611 110,095 6,078 18,234 17,658 7 6,057 12,736 - 765 - 765 - 765 - 7 746 4,008 12,736 - 7 748 14,87 444			12,097	11,993
DEPOSITS 124,719 113,280 111,09 Other deposits 7,890 7,210 6.65 OTHER LIABILITIES 132,609 120,490 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,264 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - - Capital Management and Government Securities Fund 12,736 - - Redeemable Preference Shares 100 - - - Deferred Taxation 1,672 1,738 1,48 - Retirement Benefit Obligation 664 487 444 - <	TOTAL ASSETS	257,981	200,017	193,800
DEPOSITS 124,719 113,280 111,09 Other deposits 7,890 7,210 6.65 OTHER LIABILITIES 132,609 120,490 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,264 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - - Capital Management and Government Securities Fund 12,736 - - Redeemable Preference Shares 100 - - - Deferred Taxation 1,672 1,738 1,48 - Retirement Benefit Obligation 664 487 444 - <				
Deposits by public 124,719 113,280 111,09 Other deposits 7,890 7,210 6,657 OTHER LIABILITIES 132,609 120,490 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,266 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - - Capital Management and Government Securities Fund 12,736 - - Redeemable Preference Shares 100 - - - Deferred Taxation 1,672 1,738 1,48 - Other liabilities 40 - - - Other liabilities 4,746 4,008 3,191 - Gapital And reserves attributable to the company's shareholders - - - - Capital Insued and fully paid, 3,111,572,984 Ordinary stock units, no par value 6,570 2,927 2,927 2,927 2,927 2,927 2,927 2,927 2,927 2,927 2,927	LIABILITIES DEPOSITS			
Other deposits 7,890 7,210 6,657 OTHER LIABILITIES 132,609 120,490 117,75 Acceptances, guarantees and Letters of Credit 7,628 3,961 4,263 Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - - Capital Management and Government Securities Fund 12,736 - Redeemable Preference Shares 100 - Deferred Taxation 1,672 1,738 1,487 Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,191 64,449 28,428 27,079 22,742 POLICY HOLDER'S FUND 26,335 23,709 22,742 Capital and reserves attributable to the company's shareholders Capital second fully paid, 3,111,572,984 - Ordinary stock units, no par value 6,570 2,927 2,927 Restained Earnings Reserve 5,693 <td>Deposits by public</td> <td>124,719</td> <td>113,280</td> <td>111,094</td>	Deposits by public	124,719	113,280	111,094
OTHER LIABILITIES 7.628 3.961 4.261 Liabilities under repurchase agreements 36.078 18,234 17,680 Promissory Notes 785 - Capital Management and Government Securities Fund 12,736 - Redeemable Preference Shares 100 - Deferred Taxation 1,672 1,738 1.480 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,190 64,449 28,428 27,070 - POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY Capital and reserves attributable to the company's shareholders - - Capital and reserves 5,693 5,243 4,944 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from - - - Available for Sale Financial Assets (91) 275 117 Unappr		7,890	7,210	6,657
Acceptances, guarantees and Letters of Credit 7,628 3,961 4,263 Liabilities under repurchase agreements 36,078 18,234 17,688 Promissory Notes 785 - - Capital Management and Government Securities Fund 12,736 - Redeemable Preference Shares 100 - Deferred Taxation 1,672 1,738 1,48 Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,191 64,449 28,428 27,073 - POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY 26,335 23,709 22,743 Capital and reserves attributable to the company's shareholders - - Capital and reserves attributable to the company's shareholders - - Capital and reserves 3,161 3,158 3,151 Retained Earnings Reserve 808 807 808 Other Reserves 27 27 27 27		132,609	120,490	117,751
Liabilities under repurchase agreements 36,078 18,234 17,680 Promissory Notes 785 - Capital Management and Government Securities Fund 12,736 - Redeemable Preference Shares 100 - Deferred Taxation 1,672 1,738 1,483 Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 40,08 3,199 - - POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY 26,335 23,709 22,743 Capital and reserves attributable to the company's shareholders - - Capital- Issued and fully paid, 3,111,572,984 - - - Ordinary stock units, no par value 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 808 807 800 Other Reserves 27 27 27 11 Investment Cumulative Remeasurement result from - - -		7.000	0.004	4 005
Promissory Notes 785 - Capital Management and Government Securities Fund 12,736 - Redeemable Preference Shares 100 - Deferred Taxation 11,672 1,738 1,48 Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,191 64,449 28,428 27,074 POLICY HOLDER'S FUND 26,335 23,709 22,742 EQUITY Capital And reserves attributable to the company's shareholders - - Crapital - Issued and fully paid, 3,111,572,984 - - - Ordinary stock units, no par value 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from - - - Available for Sale Fin				
Capital Management and Government Securities Fund 12,736 - Redeemable Preference Shares 100 - Deferred Taxation 1,672 1,738 1,48 Retirement Benefit Obligation 664 487 444 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,191 64,449 28,428 27,073 POLICY HOLDER'S FUND 26,335 23,709 22,742 EQUITY Capital and reserves attributable to the company's shareholders - - Capital and reserves 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 808 807 807 Uan Loss Reserve 808 807 807 801 Uhappropriated Profits 17,106 14,953 14,251 33,274 27,390 26,233 Unappropriated Profits 1,314 - - - 34,588 27,390 26,233			18,234	17,000
Redeemable Preference Shares 100 - Deferred Taxation 1,672 1,738 1,48 Retirement Benefit Obligation 664 487 44 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,199 64,449 28,428 27,079 POLICY HOLDER'S FUND 26,335 23,709 22,742 EQUITY 26,335 23,709 22,742 EQUITY Capital and reserves attributable to the company's shareholders 6,570 2,927 2,927 Capital succk units, no par value 6,570 2,927 2,927 2,927 Reserve Fund 3,161 3,158 3,151 3,151 3,151 3,151 Retained Earnings Reserve 5,693 5,243 4,944 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 21 110 14,953 14,253 Unappropriated Profits 1,314 - - <			-	-
Deferred Taxation 1,672 1,738 1,48 Retirement Benefit Obligation 664 487 443 Assets Held in Trust on behalf of Participants 40 - - Other liabilities 4,746 4,008 3,199 FOLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY 26,335 23,709 22,743 EQUITY Capital and reserves attributable to the company's shareholders 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,944 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 27 Investment Cumulative Remeasurement result from 17,106 14,953 14,253 Unappropriated Profits 1,314 - - Minority Interest 1,314 - -		,	-	-
Assets Held in Trust on behalf of Participants 40 - Other liabilities 4,746 4,008 3,194 64,449 28,428 27,073 POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY 26,335 23,709 22,743 Capital and reserves attributable to the company's shareholders 6,570 2,927 2,927 Capital issued and fully paid, 3,111,572,984 0 - - - Ordinary stock units, no par value 6,570 2,927 2,927 2,927 Reserve Fund 3,161 3,158 3,151			1,738	1,481
Other liabilities 4,746 4,008 3,194 64,449 28,428 27,073 POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY 26,335 23,709 22,743 Capital and reserves attributable to the company's shareholders 6,570 2,927 2,927 Capital sued and fully paid, 3,111,572,984 6,570 2,927 2,927 2,927 Ordinary stock units, no par value 6,570 2,927 2,927 2,927 2,927 Reserve Fund 3,161 3,158 3,151 3,151 3,151 3,161 3,158 3,151 Loan Loss Reserve 808 807 800 807 800 27 27 27 Investment Cumulative Remeasurement result from 17,106 14,953 14,253 14,253 33,274 27,390 26,233 Minority Interest 1,314 - - 34,588 27,390 26,233	Retirement Benefit Obligation	664	487	445
64,449 28,428 27,074 POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY 26,335 23,709 22,743 Capital and reserves attributable to the company's shareholders 6,570 2,927 2,927 Capital issued and fully paid, 3,111,572,984 6,570 2,927 2,927 2,927 Ordinary stock units, no par value 6,570 2,927<	Assets Held in Trust on behalf of Participants	40	-	-
POLICY HOLDER'S FUND 26,335 23,709 22,743 EQUITY Capital and reserves attributable to the company's shareholders Capital and reserves attributable to the company's shareholders Capital and reserves attributable to the company's shareholders 6,570 2,927 2,927 Capital Issued and fully paid, 3,111,572,984 6,570 2,927 2,927 Ordinary stock units, no par value 6,570 2,927 2,927 2,927 Reserve Fund 3,161 3,158 3,151 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,943 4,943 Loan Loss Reserve 808 807 800 0ther Reserves 27 27 27 Investment Cumulative Remeasurement result from (91) 275 111 11,327 14,253 14,253 Unappropriated Profits 1,314 - - 34,588 27,390 26,233	Other liabilities		,	3,198
EQUITY Capital and reserves attributable to the company's shareholders Capital land reserves attributable to the company's shareholders Capital issued and fully paid, 3,111,572,984 Ordinary stock units, no par value 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,944 Loan Loss Reserve 808 807 800 Other Reserves 27 27 22 Investment Cumulative Remeasurement result from (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 Minority Interest 1,314 - -		64,449	28,428	27,075
Capital and reserves attributable to the company's shareholders Capital Issued and fully paid, 3,111,572,984 Ordinary stock units, no par value 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,943 Loan Loss Reserve 808 807 800 Other Reserves 27 27 22 Investment Cumulative Remeasurement result from 17,106 14,953 14,251 Unappropriated Profits 17,106 14,953 14,251 Minority Interest 1,314 -	POLICY HOLDER'S FUND	26,335	23,709	22,742
Capital- Issued and fully paid, 3,111,572,984 Ordinary stock units, no par value 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,943 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from 17,106 14,953 14,251 Unappropriated Profits 17,106 14,953 14,253 Minority Interest 1,314 -	EQUITY			
Ordinary stock units, no par value 6,570 2,927 2,927 Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,943 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,254 33,274 27,390 26,233 Minority Interest 1,314 - 34,588 27,390 26,233	Capital and reserves attributable to the company's shareholders			
Reserve Fund 3,161 3,158 3,151 Retained Earnings Reserve 5,693 5,243 4,943 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 Minority Interest 1,314 - 34,588 27,390 26,233			a ar-	
Retained Earnings Reserve 5,693 5,243 4,943 Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 Minority Interest 1,314 - 34,588 27,390 26,233		,		2,927
Loan Loss Reserve 808 807 800 Other Reserves 27 27 27 Investment Cumulative Remeasurement result from Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 Minority Interest 1,314 - 34,588 27,390 26,233				
Other Reserves 27 27 27 22 Investment Cumulative Remeasurement result from Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 Minority Interest 1,314 - 34,588 27,390 26,233				
Investment Cumulative Remeasurement result from Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 33,274 27,390 26,233 Minority Interest 1,314 - 34,588 27,390 26,233				27
Available for Sale Financial Assets (91) 275 111 Unappropriated Profits 17,106 14,953 14,253 33,274 27,390 26,233 Minority Interest 1,314 - 34,588 27,390 26,233				21
Unappropriated Profits 17,106 14,953 14,250 33,274 27,390 26,233 Minority Interest 1,314 - 34,588 27,390 26,233		(91)	275	112
Minority Interest 1,314 - 34,588 27,390 26,232		. ,		14,258
34,588 27,390 26,23		33,274	27,390	26,232
34,588 27,390 26,23	Minority Interest	1,314	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY 257 981 200 017 193 800	-		27,390	26,232
	TOTAL LIABILITIES AND SHAREHOLDERS' FOULTY	257 981	200 017	193,800

Note:

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

5 SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity

Unaudited									
			Retained			Cumulative			
	Share	Reserve	Earnings	Other	Loan Loss	Remeasurement	Unappropriated		
(\$ millions)	Capital	Fund	Reserve	Reserves	Reserve	from AFS Assets	Profits	Minority Interest	Total
Balance at 31 October 2006	2,927	3,158	5,243	27	807	275	14,953	-	27,390
Unrealised Gains/(Losses) on available-for-sale									
investments, net of taxes						(338)			(338)
Realised (Gains)/Losses on available-for-sale investments									
transferred to Statement of Revenue & Expenses						(28)			(28)
Net profit	-	-	-	-	-	-	5,367		5,367
Reserves relating to acquisition of subsidiary		3		-	1		(33)		(29)
Issue of preference shares							(100)		(100)
Issue of shares	3,643								3,643
Retained earnings transfer	-	-	450	-	-	-	(450)		-
Minority interests' net assets of acquired subsidiaries								1,314	1,314
Dividends paid	-	-	-	-	-	-	(2,631)		(2,631)
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-		-		-
Balance as at 31 July 2007	6,570	3,161	5,693	27	808	(91)	17,106	1,314	34,588



Segment Reporting Information

Consolidated Statement of Income

Unaudited			For the per	riod ended July 3	31, 2007			
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues Revenues from other segments	4,864,881 (3,104,184)	6,892,495 2,025,725	4,337,519 1,109,997	3,163,279 79.055	3,313,161 16.396	1,368 11.940	188,495 (138,929)	22,761,198
Total Revenues	1,760,697	8,918,220	5,447,516	3,242,334	3,329,557	13,308	49,566	22,761,198
Expenses Unallocated expenses	(88,178)	(6,480,265)	(3,992,747)	(2,793,701)	(2,129,361)	(2,557)	138,929	(15,347,880) (1,437)
Profit Before Tax	1,672,519	2,437,955	1,454,769	448,633	1,200,196	10,751	188,495	7,411,881
Income tax expense Net profit								(2,010,482) 5,401,399

Consolidated Balance Sheet

			A	s at July 31, 200)7			
				Investment	_			-
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	74,739,787	41,197,467	43,362,981	62,915,214	33,025,861	173,258	(13,078,300)	242,336,268
Unallocated assets Total Assets								15,644,845 257,981,113
Segment liabilities	330,913	74,875,532	65,902,811	55,512,639	26,808,468	51,739	(3,824,063)	219,658,039
Unallocated liabilities Total liabilities								3,736,252 223,394,291
Other Segment items:		404 000	005 445		0.070			10.1.070
Capital Expenditure Impairment losses on loans	-	181,328 354,580	235,445 47,469	9,324 (102)	8,273	-		434,370 401,947
Depreciation	-	143,941	97,113	21,166	3,579	405		266,204



Segment Reporting Information

Consolidated Statement of Income

Unaudited			For the per	iod ended July	31, 2006			
<u>(</u> \$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	4,665,083	5,605,656	4,600,090	1,928,087	3,012,286	1,496		19,812,698
Revenues from other segments	(2,702,599)	2,196,661	716,046	52,441	5,378	12,247	(280,174)	(0)
Total Revenues	1,962,484	7,802,317	5,316,136	1,980,528	3,017,664	13,743	(280,174)	19,812,698
Expenses Unallocated expenses	(67,213)	(5,728,367)	(3,833,608)	(1,756,687)	(1,891,958)	3,601	280,174	(12,994,058)
Profit before taxation	1,895,271	2,073,950	1,482,528	223,841	1,125,706	17,344	-	6,818,640
Income tax expense								(1,834,378)
Net profit								4,984,262

Consolidated Balance Sheet

		As at July 31, 2006						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets Unallocated assets Total Assets	71,882,291	32,591,184	38,401,029	19,307,007	27,733,150	173,839	(880,908)	189,207,592 4,592,007 193,799,599
Segment liabilities Unallocated liabilities Total liabilities		67,645,856	57,100,544	17,857,613	22,830,059	58,475	(680,616) 	164,811,931 2,755,839 167,567,770
Other Segment items: Capital Expenditure Impairment losses on loans Depreciation	- - -	299,029 203,266 131,915	256,311 (3,737) 96,562	118 (487) 1,981	1,518 - 2,957	- - 510		556,976 199,042 233,925

SCOTIA GROUP JAMAICA LIMITED Notes to the Consolidated Financial Statements July 31, 2007

1. Scheme of Reorganization

During the period, the reorganization of Scotiabank Jamaica was completed. This resulted in The Bank of Nova Scotia Jamaica Limited and Dehring Bunting and Golding Limited becoming subsidiaries of Scotia Group Jamaica Limited with percentage ownership of 100% and 68.54% respectively.

On July 1, 2007, Dehring Bunting and Golding Limited acquired 100% interest in the subsidiary Scotia Jamaica Investment Management Limited from The Bank of Nova Scotia Jamaica Limited and issued shares as purchase consideration for the acquisition. This increased Scotia Group Jamaica Limited's ownership in Dehring Bunting and Golding Limited to 77.01%.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

In 2006, the Group assessed the relevance of all new standards, interpretations and amendments and concluded that IAS 39 and IFRS 4 resulted in a substantial change to the Group's accounting policies.

IFRS 4 has affected the disclosures and classifications with respect to insurance contracts.

IAS 39 (revised 2005), The Fair Value Option, changed the definition of financial instruments classified at fair value through the Statement of Revenue and Expenses (Trading Securities) and restricts the ability to designate financial instruments as part of this category. The Group has adopted and complied with this amendment.

On May 1, 2007, the Group adopted IFRS 3 -Business Combinations, to account for the acquisition of Dehring, Bunting and Golding.

3. Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through statement of revenue and expenses; loans and receivables; held-tomaturity; and available-for-sale financial assets.

Management determines the classification of its investments at initial recognition.

Financial Assets at Fair Value through

<u>Statement of Revenue and Expenses</u> 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 nonderivative 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 statement of revenue and expenses 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.

SCOTIA GROUP JAMAICA LIMITED Notes to the Consolidated Financial Statements July 31, 2007

4. 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.

Investment contracts are those that transfer financial risk with no significant insurance risk.

5. Loan loss provision

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

6. Employee benefits

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

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

7. 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.

8. Property, plant and equipment

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

9. Intangible Assets

This is primarily comprised of goodwill and other intangible assets arising from the acquisition of Dehring, Bunting and Golding Limited.

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.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

11. Segment reporting

The Group is organized into five main business segments:

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

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

12. Comparative information

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