

# MEDIA RELEASE

August 25, 2011

## THE BANK OF NOVA SCOTIA JAMAICA LIMITED

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

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

Unaudited (\$ 000)	For the three months ended			For the nine months ended	
	July 2011	April 2011	Restated July 2010	July 2011	July 2010
<b>Gross Operating Income</b>	7,819,973	7,919,231	8,077,445	23,948,166	26,450,988
Interest Income	6,142,221	6,025,236	6,461,577	18,627,157	21,367,002
Interest Expense	(1,232,860)	(1,273,726)	(1,753,373)	(3,912,431)	(6,320,775)
Net Interest Income	4,909,361	4,751,510	4,708,204	14,714,726	15,046,227
Impairment losses on loans	(359,141)	(131,175)	(399,867)	(981,202)	(1,285,166)
Net interest income after impairment losses	4,550,220	4,620,335	4,308,337	13,733,524	13,761,061
Net fee and commission income	998,353	1,038,239	1,015,556	3,009,819	2,604,478
Insurance revenue	416,415	593,053	384,838	1,502,760	1,563,410
Net foreign exchange trading income	262,685	262,703	233,767	805,333	723,111
Other revenue	299	-	(18,293)	3,097	192,987
	1,677,752	1,893,995	1,615,868	5,321,009	5,083,986
<b>Total Operating Income</b>	6,227,972	6,514,330	5,924,205	19,054,533	18,845,047
<b>Operating Expenses</b>					
Salaries and staff benefits	1,888,684	1,963,881	1,642,020	5,691,063	5,362,730
Property expenses, including depreciation	495,621	439,429	445,134	1,372,420	1,318,499
Other operating expenses	992,490	949,481	1,042,539	3,036,770	3,123,081
	3,376,795	3,352,791	3,129,693	10,100,253	9,804,310
<b>Profit before taxation</b>	2,851,177	3,161,539	2,794,512	8,954,280	9,040,737
Taxation	(747,029)	(821,656)	(727,233)	(2,233,588)	(2,172,811)
<b>Profit for the period</b>	2,104,148	2,339,883	2,067,279	6,720,692	6,867,926
<b>Attributable to stockholders of parent company</b>	2,104,148	2,339,883	2,067,279	6,720,692	6,867,926
Earnings per share based on 2,927,232,000 shares (cents)	72	80	71	230	235
Return on average equity (annualized)	17.05%	19.74%	19.66%	18.85%	22.69%
Return on assets (annualized)	3.20%	3.51%	3.31%	3.41%	3.67%
Productivity ratio	56.72%	52.43%	55.81%	55.31%	55.09%



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## Scotiabank Media Release



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

Unaudited (\$ 000)	For the three months ended			For the nine months ended	
	July 2011	April 2011	Restated July 2010	July 2011	Restated July 2010
Profit for the period	2,104,148	2,339,883	2,067,279	6,720,692	6,867,926
Other comprehensive income					
Unrealised gains on available for sale financial assets	1,299,676	544,601	145,651	2,330,197	1,142,551
Realised gains on available for sale financial assets	(6,827)	(1,980)	13,945	(8,807)	(89,322)
	1,292,849	542,621	159,596	2,321,390	1,053,229
Taxation	(239,322)	(55,327)	(5,595)	(371,128)	(307,861)
Other comprehensive income, net of tax	1,053,527	487,294	154,001	1,950,262	745,368
<b>Total comprehensive income for the period</b>	<b>3,157,675</b>	<b>2,827,177</b>	<b>2,221,279</b>	<b>8,670,954</b>	<b>7,613,294</b>
<b>Attributable to stockholders of parent company</b>	<b>3,157,675</b>	<b>2,827,177</b>	<b>2,221,279</b>	<b>8,670,954</b>	<b>7,613,294</b>

# Scotiabank Media Release



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

	Period ended July 31	Year Ended October 31	Period ended July 31
<i>Unaudited</i> (\$ thousands)	2011	2010	2010
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	57,485,032	55,813,802	51,904,165
<b>INVESTMENTS</b>			
Held to maturity	13,454,060	14,469,614	15,965,923
Available for sale	73,434,527	71,199,051	69,487,756
	<u>86,888,587</u>	<u>85,668,665</u>	<u>85,453,679</u>
<b>PLEDGED ASSETS</b>	605,824	578,561	543,098
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	1,453,607	200,116	675,589
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	99,955,040	95,402,701	93,930,748
<b>OTHER ASSETS</b>			
Customers' Liability under acceptances, guarantees and letters of credit	4,919,467	5,320,358	5,867,688
Property, plant, and equipment	3,626,244	3,521,924	3,399,728
Retirement Benefit Asset	7,117,917	6,641,659	6,295,869
Taxation Recoverable	566,760	1,078,487	970,972
Other assets	363,681	884,866	442,006
	<u>16,594,069</u>	<u>17,447,294</u>	<u>16,976,263</u>
<b>TOTAL ASSETS</b>	<b>262,982,159</b>	<b>255,111,139</b>	<b>249,483,542</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by public	147,168,042	145,669,819	142,991,348
Deposits due to other financial institutions	3,082,299	3,611,781	3,899,114
Other deposits	9,432,230	9,962,793	9,689,478
	<u>159,682,571</u>	<u>159,244,393</u>	<u>156,579,940</u>
<b>OTHER LIABILITIES</b>			
Acceptances, Guarantees & Letters of Credit	4,919,467	5,320,358	5,896,140
Redeemable Preference Shares	100,000	100,000	100,000
Deferred Taxation	3,036,963	2,665,835	2,530,017
Retirement Benefit Obligation	1,814,628	1,502,123	1,407,729
Other liabilities	4,583,451	4,497,203	4,086,600
	<u>14,454,509</u>	<u>14,085,519</u>	<u>14,020,486</u>
<b>POLICY HOLDERS' FUND</b>	38,419,134	36,891,170	36,234,766
<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	2,927,232	2,927,232	2,927,232
Reserve Fund	3,158,481	3,158,481	3,158,481
Capital Reserves	9,383	9,383	9,383
Retained Earnings Reserve	12,202,091	11,902,091	11,902,091
Loan Loss Reserve	2,208,501	2,082,465	1,985,656
Other Reserves	2,928	2,928	2,928
Investment Cumulative Remeasurement result from			
Available for Sale Financial Assets	3,059,224	1,108,962	387,257
Unappropriated Profits	26,858,105	23,698,515	22,275,322
	<u>50,425,945</u>	<u>44,890,057</u>	<u>42,648,350</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>262,982,159</b>	<b>255,111,139</b>	<b>249,483,542</b>

  
Director

  
Director

## Scotiabank Media Release



THE BANK OF NOVA SCOTIA JAMAICA LIMITED

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

Unaudited (\$thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement result from Available for Sale financial assets	Unappropriated Profits	Total
Balance at 31 October 2009	2,927,232	3,158,481	10,902,091	9,383	2,928	1,709,767	(358,111)	19,818,350	38,170,121
Net profit	-	-	-	-	-	-	-	6,867,926	6,867,926
Other Comprehensive Income									
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	-	-	821,543	-	821,543
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	-	-	(76,175)	-	(76,175)
Total Comprehensive Income	-	-	-	-	-	-	745,368	6,867,926	7,613,294
Transfer to retained earnings reserve	-	-	1,000,000	-	-	-	-	(1,000,000)	-
Transfer to loan loss reserve	-	-	-	-	-	275,889	-	(275,889)	-
Dividends Paid	-	-	-	-	-	-	-	(3,135,065)	(3,135,065)
Balance at 31 July 2010	2,927,232	3,158,481	11,902,091	9,383	2,928	1,985,656	387,257	22,275,322	42,648,350
Balance as at 31 October 2010	2,927,232	3,158,481	11,902,091	9,383	2,928	2,082,465	1,108,962	23,698,515	44,890,057
Net profit	-	-	-	-	-	-	-	6,720,692	6,720,692
Other Comprehensive Income									
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	-	-	1,958,134	-	1,958,134
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	-	-	(5,872)	-	(5,872)
Total Comprehensive Income	-	-	-	-	-	-	1,950,262	6,720,692	8,670,954
Transfer to retained earnings reserve	-	-	300,000	-	-	-	-	(300,000)	-
Transfer to loan loss reserve	-	-	-	-	-	126,036	-	(126,036)	-
Dividends Paid	-	-	-	-	-	-	-	(3,135,066)	(3,135,066)
Balance as at 31 July 2011	2,927,232	3,158,481	12,202,091	9,383	2,928	2,208,501	3,059,224	26,858,105	50,425,945

# Scotiabank Media Release



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

<i>Unaudited</i> \$ 000	2011	Restated 2010
<b>Cash flows provided by / (used in) operating activities</b>		
Profit for the year	6,720,692	6,867,926
Items not affecting cash:		
Depreciation	339,526	315,519
Impairment losses on loans	981,202	1,285,166
Other, net	(12,483,938)	(12,882,518)
	(4,442,518)	(4,413,907)
Changes in operating assets and liabilities		
Loans	(5,545,813)	(4,015,175)
Deposits	1,491,921	1,497,412
Securities sold under repurchase agreement	-	(267,311)
Policyholders reserve	1,527,964	1,826,889
Other, net	16,416,715	32,673,350
	9,448,269	27,301,258
<b>Cash flows provided by / (used in) investing activities</b>		
Investments	1,224,168	(9,937,545)
Repurchase Agreements	(39)	1,135,198
Property, plant and equipment, net	(441,046)	(357,081)
Proceeds from sale of shares	-	537,811
	783,083	(8,621,617)
<b>Cash flows used in financing activities</b>		
Dividends paid	(3,135,066)	(3,135,065)
	(3,135,066)	(3,135,065)
Effect of exchange rate on cash and cash equivalents	181,777	(577,018)
Net change in cash and cash equivalents	7,278,063	14,967,558
Cash and cash equivalents at beginning of period	28,294,954	13,859,020
<b>Cash and cash equivalents at end of period</b>	<b>35,573,017</b>	<b>28,826,578</b>
<b>Represented by :</b>		
Cash resources	57,485,032	51,904,165
Less statutory reserves at Bank of Jamaica	(15,884,657)	(15,847,568)
Less amounts due from other banks greater than ninety days	(5,501,874)	(6,312,512)
Less accrued interest on cash resources	(100,121)	(91,270)
Reverse repurchase agreements and bonds less than ninety days	1,450,000	1,672,943
Cheques and other instruments in transit, net	(1,875,363)	(2,499,180)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>35,573,017</b>	<b>28,826,578</b>

## Scotiabank Media Release



THE BANK OF NOVA SCOTIA JAMAICA LIMITED

### Segment Reporting Information

#### Consolidated Statement of Income

July 31, 2011

Unaudited

(\$ 000's)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	3,412,839	8,668,815	3,910,343	4,034,724	9,014	-	20,035,735
Revenues from other segments	(1,608,475)	596,463	1,022,612	11,385	(2,006)	(19,979)	-
<b>Total Revenues</b>	<b>1,804,364</b>	<b>9,265,278</b>	<b>4,932,955</b>	<b>4,046,109</b>	<b>7,008</b>	<b>(19,979)</b>	<b>20,035,735</b>
Expenses	(52,275)	(6,954,534)	(3,429,178)	(664,619)	(828)	19,979	(11,081,455)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>1,752,089</b>	<b>2,310,744</b>	<b>1,503,777</b>	<b>3,381,490</b>	<b>6,180</b>	<b>-</b>	<b>8,954,280</b>
Taxation							(2,233,588)
<b>Profit for the period</b>							<b>6,720,692</b>

#### Consolidated Balance Sheet

(\$ 000's)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	80,614,191	62,174,240	54,365,424	59,720,101	1,091,836	(2,815,947)	255,149,845
Unallocated assets							7,832,314
<b>Total Assets</b>							<b>262,982,159</b>
Segment liabilities	-	90,654,755	76,358,715	39,399,840	58,019	(1,749,404)	204,721,925
Unallocated liabilities							7,834,289
<b>Total liabilities</b>							<b>212,556,214</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	293,907	187,675	1,764	-		483,346
Impairment losses on loans	-	916,962	64,240	-	-		981,202
Depreciation	-	224,488	110,378	4,255	405		339,526



## Scotiabank Media Release

THE BANK OF NOVA SCOTIA JAMAICA LIMITED

### Segment Reporting Information

#### Consolidated Statement of Income

July 31, 2010

Unaudited

(\$ 000's)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	4,781,810	7,158,951	3,958,926	4,219,963	10,563	-	20,130,213
Revenues from other segments	(2,420,729)	1,254,332	1,165,749	(1,336)	1,984	-	-
<b>Total Revenues</b>	<b>2,361,081</b>	<b>8,413,283</b>	<b>5,124,675</b>	<b>4,218,627</b>	<b>12,547</b>	<b>-</b>	<b>20,130,213</b>
Expenses	(48,770)	(6,930,771)	(3,451,861)	(657,255)	(819)	-	(11,089,476)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>2,312,311</b>	<b>1,482,512</b>	<b>1,672,814</b>	<b>3,561,372</b>	<b>11,728</b>	<b>-</b>	<b>9,040,737</b>
Taxation							(2,172,811)
<b>Profit for the period</b>							<b>6,867,926</b>

#### Consolidated Balance Sheet

(\$ 000's)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	82,948,849	53,432,072	55,691,106	53,188,592	172,175	(2,831,336)	242,601,458
Unallocated assets							6,882,084
<b>Total Assets</b>							<b>249,483,542</b>
Segment liabilities	580,000	90,328,423	74,861,778	37,615,491	57,501	(1,764,792)	201,678,401
Unallocated liabilities							5,156,791
<b>Total liabilities</b>							<b>206,835,192</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	190,526	166,555	-	-	-	357,081
Impairment losses on loans	-	1,145,562	139,604	-	-	-	1,285,166
Depreciation	-	206,798	104,161	4,155	405	-	315,519

## Scotiabank Media Release



### THE BANK OF NOVA SCOTIA JAMAICA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JULY 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 (IFRS). 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.

#### Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. The Statement of Income for 2010 was restated to reclassify actuarial gains and losses on the defined benefit pension plan from other comprehensive income, in order to comply with IFRS.

#### 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.



## Scotiabank Media Release

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



#### 4. Pledged Assets

Assets are pledged as collateral for inter-bank borrowings and clearing house transactions.

\$000	Asset		Related	Liability
	2011	2010	2011	2010
Securities with other financial institutions and clearing house	605,824	543,098	-	-
	<u>605,824</u>	<u>543,098</u>	<u>-</u>	<u>-</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

The Group operates a defined benefit pension plan, the assets of which are held in a separate trustee-administered fund.

**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 income in such a manner as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries. The asset or liability is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service costs.

**Other post-retirement obligations** – The Group provides post retirement healthcare and group life insurance benefits to retirees. This is measured based on the present value of the estimated future cash outflow, using estimated discount rates based on market interest rates.

#### 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.

## Scotiabank Media Release



### THE BANK OF NOVA SCOTIA JAMAICA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JULY 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.

#### 12. Subsequent Event

On August 12, 2011 at an extraordinary annual general meeting, preference shareholders of The Bank of Nova Scotia Jamaica Limited voted in favor of the scheme of arrangement to redeem the variable rate redeemable preference shares at a price of \$1.20 for each cancelled preference shares. The scheme of arrangement has now been approved by the Court.