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MEDIA RELEASE

SCOTIA GROUP JAMAICA REPORTS STRONG FIRST QUARTER RESULTS.

FIRST QUARTER 2009 HIGHLIGHTS (YEAR TO DATE)

- **Net Income of $2,507 million, up 14% over the same period in 2008**
- **Net Income available to common shareholders of $2,431 million**
- **Earnings per share of $0.78**
- **Return on Average Equity 25.34%**
- **Productivity ratio of 56.98%**
- **First Quarter dividend of 34 cents per share**

Scotia Group Jamaica Limited (Scotia Group) today reported strong first quarter results of $2,431 million net income available to common shareholders, an increase of $296 million or 14% when compared with the same period last year.

Earnings per share (EPS) for the quarter was $0.78, compared to $0.69 for last year, while Return on Average Equity (ROE) remains very strong at 25.34%.

The Board of Directors today approved an interim dividend of 34 cents per stock unit, payable on April 6, 2009 to stockholders on record at March 16, 2009.

Bruce F. Bowen, President and CEO said “Despite the challenging economic conditions, Scotia Group delivered strong results for the first quarter of fiscal 2009. Our strategy of diversifying across business lines; banking, insurance and brokerage, and our strengths in risk management continue to serve us well in generating consistent revenue streams. The impact of the global financial crisis continues to affect the Jamaican economy. However, Scotiabank’s prudent risk management policies and our focus on operating efficiencies will enable us to minimize the impact on the Group. At the same time, during periods of economic uncertainty many Jamaicans recognize the strength of Scotiabank and move their business to a financial institution that has stood safe and strong for over 100 years.”

The contribution to net income by major subsidiaries is outlined below:-

	$'Million	% Contribution
	Year to Date	Year to Date
The Bank of Nova Scotia Jamaica Limited (BNSJ)	1,363	56.07%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	702	28.88%
Scotia DBG Investments Limited (Scotia DBG)	256	10.53%
Scotia Jamaica Building Society (SJBS)	110	4.52%
Net Income attributable to common shareholders	2,431	100.00%

REVENUES

Total Revenue, comprising net interest revenue and other income, was $7,959 million for the quarter, an increase of $1,252 million or 18.67% from the prior year.

NET INTEREST INCOME

Net interest income was $6,429 million, up $1,257 million when compared to last year. This is as a result of improved interest margins, resulting from increased market interest rates. There was also good volume growth in our loans, deposits with banks, pledged assets and investment portfolios.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was $1,336 million, marginally down when compared with last year. This was due to less fee income earned on assets under management and mutual funds. Insurance Premium Income is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance marketed by Scotia Jamaica Life Insurance Company (SJLIC). SJLIC reported gross premium income of $1.4 billion for the three month period.

NON-INTEREST EXPENSES AND PRODUCTIVITY

The Group continues to pay close attention to expense control and risk management. Our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 56.98%. 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 47.51%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses, excluding Change in Policyholders' Reserve and Loan Loss Provisions, were $3,325 million, an increase of $373 million over last year. This was due mainly to increased staff costs, premises and computer related expenses. Policyholders Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Non-performing Loans at January 31, 2009 were $3,551 million. This was an increase of $1,396 million when compared to a year ago, and $580 million above the previous quarter ended October 31, 2008. The increase reflects the impact of the current economic conditions, especially on retail loan customers. Scotia Group's non-performing loans now represent 3.96% of total loans and 1.21% of total assets compared to 1.75% and 0.65% respectively one year ago.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the Bank of Jamaica 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 $925 million, of which $653 million is specific and $272 million is general.

The loan loss provision as determined by Regulatory Requirement is $2,510 million. Over the years, Scotia Group has continued to experience significant growth in its loan portfolio, however Scotiabank's strong credit policy and loan administration procedures continue to ensure the high quality of the loan portfolio.

BALANCE SHEET

Total assets increased year over year by $21 Billion or 7.68% to $292 Billion as at January 31, 2009. The Group's performing loans were $86 billion, up $5 Billion or 6% over the previous year, as we experienced growth in both retail and commercial loans. Cash resources, investments, pledged assets and repurchase agreements increased by $15.6 Billion.

Deposits grew to $149 billion, up $7.4 billion from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotia Group's capital base continues to be very strong. Total shareholders equity grew to $41 billion, $3 Billion more than the prior year. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

COMMITMENT TO THE COMMUNITY

Scotiabank continues to demonstrate a commitment to Corporate Social Responsibility through its support of projects and programmes with a strong focus on children and improving the standard of care offered in our hospitals.

Both the Bank and the Scotiabank Jamaica Foundation contributed a total of $11.7 million to new and ongoing projects supporting education, health and community outreach activities.

The Bank also continued its focus on building awareness of HIV and AIDS among primary aged children with a major parenting seminar in Montego Bay and the launch of the 2008-2009 "Speak Up! Speak Out!" Education Programme in December. ScotiaVolunteers, the Group's corps of volunteer staff, also partnered with international reggae superstar Shaggy in hosting a Christmas treat at the Bustamante Hospital for Children and being the official ushers at the Shaggy and Friends fundraising concert.

In Heath Care, the Bank donated an orthopedic drill valued at $1.9 million to the Kingston Public Hospital and an intra-aortic balloon pump valued at $4.9 million to the University Hospital of the West Indies. The funds for the pump were raised through fundraising efforts by the staff with a matching donation from the Bank.

In Community Care, the Bank hosted the launch of the annual Salvation Army Christmas Kettle Appeal with the Group's President and CEO, Bruce Bowen, making the first donation of $500,000.

COMMITMENT TO JAMAICA

During these challenging economic times, Scotia Group Jamaica is committed to supporting its customers who are experiencing temporary difficulties. During December 2008 Scotiabank launched a Customer Assistance Programme, designed to help those clients that are having short term cash flow difficulties to maintain their loans in good standing. Customers are encouraged to contact the Bank and talk with their banking officer to discuss options that may be available.

On February 10, 2009, Scotiabank Jamaica loaned the Government of Jamaica US$100 million to support the national budget and assist the Government in funding the €200 million Euro Bond repayment due on February 11, 2009. This is a demonstration of Scotia Group Jamaica's continued confidence and commitment to Jamaica.

SCOTIABANK RATED AS ONE OF THE TOP TEN BANKS DURING THE RECENT CREDIT CRISIS

In a recent report on the 'State of the Financial Services Industry, 2009' prepared by international management consulting firm, Oliver Wyman, Scotiabank was listed as one of the top ten performing banks in the world during the recent credit crisis. The report cited that the Bank's "robust liquidity and capital position allowed diversification through strategic acquisitions across geographies, business lines and products." The Oliver Wyman report reinforces an October 2008 Competitive and Prosperity report issued by the World Economic Forum that ranked Canada as having the soundest banks in the world.

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 employees 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 months ended		
Unaudited	**January**	**October**	**January**
($ millions)	**2009**	**2008**	**2008**
GROSS OPERATING INCOME	**10,988**	**10,363**	**9,262**
INTEREST INCOME			
Loans and deposits with banks	5,882	6,161	4,167
Securities	3,576	2,618	3,560
	9,458	8,779	7,727
INTEREST EXPENSE			
Deposits and repurchase agreements	3,029	2,810	2,555
Net interest income	6,429	5,969	5,172
Provision for credit losses	(364)	(334)	(83)
Net interest income after provision for credit losses	6,065	5,635	5,089
Net fee and commission income	903	954	962
Insurance premium income	194	187	190
Gains less losses from foreign currencies	385	267	295
Other operating income	48	176	88
	1,530	1,584	1,535
TOTAL OPERATING INCOME	**7,595**	**7,219**	**6,624**
OPERATING EXPENSES			
Staff costs	1,822	1,580	1,717
Premises and equipment, including depreciation	601	572	399
Amortisation of intangible assets	57	76	55
Changes in policyholders' reserves	846	730	665
Other operating expenses	845	823	781
	4,171	3,781	3,617
PROFIT BEFORE TAXATION	**3,424**	**3,438**	**3,007**
Taxation	**(917)**	**(956)**	**(814)**
PROFIT AFTER TAXATION	**2,507**	**2,482**	**2,193**
ATTRIBUTABLE TO:			
Stockholders of the company	2,431	2,429	2,135
Minority interest	76	53	58
	2,507	**2,482**	**2,193**
Earnings per share based on 3,111,572,984 shares (cents)	**78**	**78**	**69**
Return on average equity (annualised)	**25.34%**	**25.59%**	**24.40%**
Return on assets (annualised)	**3.35%**	**3.49%**	**3.17%**
Productivity ratio	**56.98%**	**54.48%**	**55.17%**
Productivity ratio (excluding Life Insurance Business)	**47.51%**	**45.95%**	**46.57%**

Scotia Group Jamaica Ltd.
Consolidated Balance Sheet

Unaudited *($ millions)*	Period ended January 31 2009	Year ended October 31 2008	Period ended January 31 2008
ASSETS			
CASH RESOURCES	64,005	56,048	58,020
INVESTMENTS			
Held To Maturity	34,489	36,154	33,135
Financial assets at fair value through profit and loss	98	117	916
Securities available for sale	23,394	19,559	21,826
	57,981	55,830	55,877
PLEDGED ASSETS	61,953	58,706	54,343
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	300	408	556
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	88,763	89,697	82,390
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	6,697	6,919	8,272
Real estate and equipment at cost, less depreciation	2,990	2,911	2,745
Deferred Taxation	357	242	0
Taxation Recoverable	950	1,012	1,452
Retirement Benefit Asset	5,516	5,402	4,960
Other assets	711	821	500
Intangible Assets	2,232	2,288	2,472
	19,453	19,595	20,401
TOTAL ASSETS	**292,455**	**280,284**	**271,587**
LIABILITIES			
DEPOSITS			
Deposits by public	138,826	130,673	134,486
Other deposits	10,024	9,235	6,973
	148,850	139,908	141,459
OTHER LIABILITIES			
Acceptances, guarantees and Letters of Credit	6,697	6,919	8,272
Liabilities under repurchase agreements	40,392	39,897	31,583
Promissory Notes	421	380	627
Capital Management and Government Securities Fund	15,713	14,992	16,118
Redeemable Preference Shares	100	100	100
Deferred Taxation	1,473	1,581	1,928
Retirement Benefit Obligation	982	931	775
Assets Held in Trust on behalf of Participants	42	50	52
Other liabilities	5,796	5,209	5,291
	71,616	70,059	64,746
POLICY HOLDERS' FUND	31,372	30,561	27,731
SHAREHOLDERS' EQUITY			
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	6,570	6,570
Reserve Fund	3,200	3,200	3,185
Retained Earnings Reserve	8,610	7,310	6,328
Capital Reserve	9	9	-
Loan Loss Reserve	1,585	1,301	1,050
Other Reserves	13	13	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(2,623)	(2,105)	(120)
Unappropriated Profits	21,432	21,643	18,627
	38,796	37,941	35,667
Minority Interest	1,821	1,815	1,984
	40,617	39,756	37,651
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**292,455**	**280,284**	**271,587**

Director

Director

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity

Unaudited

$millions	**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**	**Minority Interest**	**Total Equity**
Balance as at 31 October 2007	**6,570**	**3,161**	**5,993**	**-**	**27**	**1,046**	**(212)**	**17,789**	**34,374**	**1,935**	**36,309**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(1,850)	-	**(1,850)**	(218)	**(2,068)**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(43)	-	**(43)**	(8)	**(51)**
Net profit	-	-	-	-	-	-	-	9,390	**9,390**	233	**9,623**
Movement of reserves relating to subsidiary	-	-	-	-	(9)	-	-	-	**(9)**	-	**(9)**
Transfer of reserves relating to liquidation of subsidiary	-	-	-	9	(5)	-	-	(4)	**-**	-	**-**
Transfer to Reserve Fund	-	39	-	-	-	-	-	(39)	**-**	-	**-**
Transfer to Loan Loss Reserve	-	-	-	-	-	255	-	(255)	**-**	-	**-**
Transfer to Retained Earnings Reserve	-	-	1,317	-	-	-	-	(1,317)	**-**	-	**-**
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	**-**	(25)	**(25)**
Dividends Paid	-	-	-	-	-	-	-	(3,921)	**(3,921)**	(102)	**(4,023)**
Balance as at 31 October 2008	**6,570**	**3,200**	**7,310**	**9**	**13**	**1,301**	**(2,105)**	**21,643**	**37,941**	**1,815**	**39,756**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(515)	-	(515)	(50)	**(565)**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(3)	-	(3)	(1)	**(4)**
Net profit	-	-	-	-	-	-	-	2,431	2,431	76	**2,507**
Movement of reserves relating to subsidiary	-	-	-	-	-	-	-	-	-	-	**-**
Transfer of reserves relating to liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	**-**
Transfer to Reserve Fund	-	-	-	-	-	-	-	-	-	-	**-**
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	8	**8**
Transfer to Loan Loss Reserve	-	-	-	-	-	284	-	(284)	-	-	**-**
Transfer to Retained Earnings Reserve	-	-	1,300	-	-	-	-	(1,300)	-	-	**-**
Dividends Paid	-	-	-	-	-	-	-	(1,058)	(1,058)	(27)	**(1,085)**
Balance as at 31 January 2009	**6,570**	**3,200**	**8,610**	**9**	**13**	**1,585**	**(2,623)**	**21,432**	**38,796**	**1,821**	**40,617**

Scotia Group Jamaica Limited
Condensed Consolidated Statement of Cash Flows

(Unaudited) *($ millions)*	**Three Months Ended January 31, 2009**	**Three Months Ended January 31, 2008**
Cash flows provided by / (used in) operating activities		
Net Income	2,507	2,193
Adjustments to net income		
Depreciation	95	96
Impairment losses on loans	364	83
Amortization of intangible assets	57	55
Other, net	23	1,639
	3,046	4,066
Changes in operating assets and liabilities		
Loans	617	(5,756)
Deposits	8,643	3,253
Securities sold under repurchase agreement	377	89
Financial Assets at fair value through profit and loss	19	372
Policyholders reserve	810	757
Other, net	(910)	(8,045)
	12,602	(5,264)
Cash flows provided by / (used in) investing activities		
Investments	(6,277)	405
Repurchase Agreements	110	854
Property, plant and equipment, net	(175)	(137)
	(6,342)	1,122
Cash flows used in financing activities		
Dividends paid	(1,085)	(955)
	(1,085)	(955)
Effect of exchange rate on cash and cash equivalents	1,467	(71)
Net change in cash and cash equivalents	6,642	(5,168)
Cash and cash equivalents at beginning of year	18,359	30,434
Cash and cash equivalents at end of period	**25,001**	**25,266**
Represented by :		
Cash resources	64,005	58,020
Less statutory reserves at Bank of Jamaica	(16,179)	(11,100)
Less amounts due from Bank of Jamaica greater than ninety days	(19,108)	(14,127)
Less amounts due from other banks greater than ninety days	(6,408)	(9,134)
Less accrued interest on cash resources	(2,056)	(373)
Treasury bills, bonds and repurchase agreements less than ninety days	7,555	5,042
Cheques and other instruments in transit, net	(2,808)	(3,062)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**25,001**	**25,266**

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

Unaudited

For the period ended January 31, 2009

($ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	1,992	3,167	1,885	2,096	1,843	5		10,988
Revenues from other segments	(1,156)	560	603	109	11	1,059	(1,186)	-
Total Revenues	836	3,727	2,488	2,205	1,854	1,064	(1,186)	10,988
Expenses	(64)	(3,014)	(1,794)	(1,741)	(1,010)	(16)	75	(7,564)
Unallocated expenses								
Profit Before Tax	772	713	694	464	844	1,048	(1,111)	**3,424**
Income tax expense								(917)
Net profit								**2,507**

Consolidated Balance Sheet

As at January 31, 2009

($ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	84,825	51,596	50,031	67,898	40,929	10,389	(19,936)	285,732
Unallocated assets								6,723
Total Assets								292,455
Segment liabilities	2,808	85,223	76,027	61,143	31,567	769	(10,506)	247,031
Unallocated liabilities								4,807
Total liabilities								251,838
Other Segment items:								
Capital Expenditure	-	90	81	-	3	-		174
Impairment losses on loans	-	363	-	1	-	-		364
Depreciation	-	46	35	8	1	5		95

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

Unaudited

For the period ended January 31, 2008								
($ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	1,731	2,798	1,622	1,769	1,343	921	(922)	9,262
Revenues from other segments	(1,087)	612	488	7	4	1	(25)	-
Total Revenues	644	3,410	2,110	1,776	1,347	922	(947)	9,261
Expenses	(19)	(2,518)	(1,519)	(1,389)	(785)	(0)	(25)	(6,255)
Unallocated expenses								
Profit Before Tax	625	892	591	387	562	922	(972)	**3,007**
Income tax expense								(814)
Net profit								**2,193**

Consolidated Balance Sheet

As at January 31, 2008								
($ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	76,942	46,965	46,786	59,072	34,957	9,551	(7,971)	266,302
Unallocated assets								5,285
Total Assets								271,587
Segment liabilities	-	78,837	70,658	52,864	27,889	59	(881)	229,426
Unallocated liabilities								4,510
Total liabilities								233,936
Other Segment items:								
Capital Expenditure	-	71	57	6	-	-		134
Impairment losses on loans	-	97	(11)	(3)	-	-		83
Depreciation	-	47	30	18	1	-		96

1. Identification

Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of The Bank of Nova Scotia (100%), which is incorporated and domiciled in Canada and is the ultimate parent.

The Company is the parent of the Bank of Nova Scotia Jamaica Limited (100%) and Scotia DBG Investments Limited (77.01%).

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 operation 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.

Consequent on the adoption of the Amendment to IAS 39 and IFRS 7, the company and the group have reclassified certain investments from available-for-sale to loans and receivables. Management has determined that the criteria for reclassification have been met; in particular, these investments meet the definition of loans and receivables as they are not quoted in an active market and it has the intention and ability to hold these assets for the foreseeable future or until maturity.

These reclassified investments are measured at amortised cost, determined as being the fair value at the date of the reclassification. The cumulative gains or losses, previously recognized in equity, are recognised in profit or loss over the remaining life of the instruments using the effective interest method.

4. Pledged Assets

Assets are pledged as collateral under Repurchase Agreements, Capital Management Fund, and Government Securities Fund obligations, as well as mandatory Reserve deposits held with the Bank Of Jamaica (BOJ).

($millions)	Asset		Related Liability	
	2009	2008	2009	2008
Securities Sold under Repurchase Agreements	39,090	30,732	37,612	28,432
Securities with BOJ and other Financial Institutions	6,987	7,492	2,780	3,151
	46,077	38,224	40,392	31,583
Capital Management fund and Government Securities Fund	15,876	16,119	15,713	16,118
	61,953	54,343	56,105	47,701

5. Insurance 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 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.

7. Employee benefits

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

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.

Defined contribution plan- contributions to this plan are charged to the Statement of Revenue and Expenses in the period to which they relate.

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.

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 Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Investment Management Services- incorporating investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts.
- Insurance Services – incorporating the provision of life insurance;
- 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.