

BANK OF NOVA SCOTIA JAMAICA LTD.

FOR THE SIX MONTHS ENDED APRIL 30, 2004

SCOTIABANK'S STRONG EARNINGS TREND CONTINUES INTO THE SECOND QUARTER OF 2004

SECOND QUARTER HIGHLIGHTS

Second quarter unaudited results (year to date) compared to last year

Net Profit of \$3,310 million, up \$1,231 million or 59%
Earnings per share of \$2.26, up 59%
ROE 35.80%, compared to 28.49%
Productivity ratio of 48.25%, compared to 52.47%
Second interim dividend of 45 cents per share

Scotiabank today announced results for the second quarter of 2004, reporting net profit of \$1,625 million, an increase of \$545 million over net profit for the second quarter of 2003, and \$60 million below net profit for the quarter ended January 31, 2004. Net profit for the six months ended April 30, 2004 was \$3,310 million compared with \$2,079 million for the previous year, an increase of 59%.

Earnings Per Share (EPS) for the quarter were \$1.11, compared to 74 cents for last year, and \$1.15 at the end of the previous quarter. Return on Average Equity (ROE) annualized for the quarter was 34.37%. Year-to-date EPS grew to \$2.26 up from \$1.42, while Return on Average Equity was 35.80%

The Board of Directors at its meeting held today, approved a second interim dividend of 45 cents per stock unit, payable on July 1, 2004 to stockholders on record at June 10, 2004.

Mr. W. E. Clarke, Managing Director, said "Scotiabank continues to deliver outstanding results which is a demonstration of the quality of our earnings and the ability of the business lines' to deliver strong results in spite of unstable market conditions. The significant reduction in

market interest rates since the start of the year poses a challenge to maintaining the growth momentum experienced during previous quarters. Scotiabank is however, cognizant of this and is placing even more emphasis on expense control and stringent risk management in order to mitigate any adverse impact that may arise".

REVENUES

Total revenue (comprising net interest income and other revenue) grew by 46% over last year to \$8,768 million.

NET INTEREST INCOME

Net interest income was \$7,462 million, up \$2,595 million or 53% from last year. The increase was primarily due to growth in average total earning assets and improved yields year over year.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was \$1,169 million, up \$140 million when compared with last year. Insurance Premium is attributable to ScotiaMINT, the interest sensitive life insurance policy, marketed by Scotia Jamaica Life Insurance Company Limited. Net premium income increased by \$39 million (an increase of 40%) when compared with the same period last year. ScotiaMINT continues to enjoy the largest share of the local interest sensitive insurance market reporting gross premium income totaling \$2.3 billion for the period.

NON-INTEREST EXPENSES

Scotiabank's productivity ratio continues to lead the banking industry and is a significant factor in our Bank's strong performance. The productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost effectiveness - was 48.25%. 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 37.06%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$3,199 million, an increase of \$633 million over last year, which is primarily due to increases in staff related costs. Actuarial Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Non-performing Loans at the end of the quarter was \$958 million (versus \$950 million last year), which was \$30 million below the \$988 million outstanding as at January 31, 2004. The Group's non-performing loans now represent 1.89% of total loans and 0.59% of total assets versus 2.04% of total loans and 0.69% of total assets at the end of the second quarter of 2003.

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 loan loss provision as determined by IFRS is \$667 million, of which \$369 million is specific and \$298 million is general. The loan loss provision as determined by Regulatory Requirement is \$1,474 million of which \$733 million is specific and \$741 million is general. The total regulatory provision of \$1,474 million exceeds total non-performing loans by \$516 million, hence these loans are more than fully provided for.

BALANCE SHEET

Total assets as at April 30, 2004, were \$162 billion, an increase of \$23 billion (17%) from the previous year and \$9 billion above January 31, 2004. Loans increased by \$4.3 billion (9.4%) year over year and Performing Loans as at April 30, 2004 were \$49.6 billion, up \$6.6 billion over the previous year. Cash Resources increased by \$3.4 billion due mainly to growth in deposits held with the Central Bank, while Investments and Repurchase Agreements increased by \$13.9 billion, which was the highest growth among all asset categories. 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 \$101.5 billion, up 17.47% from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotiabank continued to strengthen its capital through solid growth in earnings. Total stockholders' equity grew to \$19.5 billion, \$1.2 billion or 6.3% higher than the previous quarter and \$4.4 billion or 29.35% higher than last year.

SCOTIABANK'S COMMITMENT TO THE COMMUNITY

During the quarter Scotiabank Jamaica Foundation donated \$10.4 million to various projects in the areas of health, education and community development.

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Scotiabank Jamaica takes this opportunity to thank all of our stakeholders. To our shareholders, thank you for the commitment, trust and confidence you continue to show in Scotiabank. To our customers, thank you for your loyalty and your business. Our continued success is as a result of great execution by our 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

Consolidated Statement of Income

Unaudited (\$ millions)	For the three months ended			Six months ended	
	April 2004	January 2004	April 2003	April 2004	April 2003
GROSS OPERATING INCOME	5,631	5,857	4,353	11,488	8,506
INTEREST INCOME					
Loans and deposits with banks	3,321	3,388	2,630	6,709	5,157
Securities	1,694	1,779	1,135	3,473	2,222
	5,015	5,167	3,765	10,182	7,379
INTEREST EXPENSE					
Deposits	1,363	1,357	1,285	2,720	2,512
Net interest income	3,652	3,810	2,480	7,462	4,867
Provision for credit losses	(45)	(25)	10	(70)	(9)
Net interest income after provision for credit losses	3,607	3,785	2,490	7,392	4,858
Net fee and commission income	433	469	336	902	649
Insurance premium income	57	80	51	137	98
Gains less losses from foreign currencies	117	141	201	258	352
Other operating income	9	0	0	9	28
	616	690	588	1,306	1,127
TOTAL OPERATING INCOME	4,223	4,475	3,078	8,698	5,985
OPERATING EXPENSES					
Staff costs	972	957	806	1,929	1,591

Promises and equipment, including depreciation	229	243	203	472	402
Changes in policyholders' reserves	453	578	307	1,031	579
Other operating expenses	354	374	283	728	564
	<u>2,008</u>	<u>2,152</u>	<u>1,599</u>	<u>4,160</u>	<u>3,136</u>
PROFIT BEFORE TAXATION	2,215	2,323	1,479	4,538	2,849
Taxation	(590)	(638)	(399)	1,228	(770)
NET PROFIT	1,625	1,685	1,080	3,310	2,079
Earnings per share based on 1,463,616,000 shares (cents)	111	115	74	226	142
Dividend per share (cents)	45.0	40.0	30.5	85.0	61.0
Dividend payout ratio	40.53%	34.75%	41.34%	37.59%	42.93%
Return on average equity (annualised)	34.37%	37.45%	29.11%	35.80%	28.49%
Return on assets (annualised)	4.00%	4.41%	3.11%	4.08%	2.99%
Book value per common shares	12.63	12.29	9.97	12.63	9.97
P/E Multiple	13.91	6.21	4.50	13.65	4.67
Productivity ratio	48.10%	48.38%	51.79%	48.25%	52.47%
Productivity ratio (excluding Life Insurance Business)	37.99%	36.17%	42.48%	37.06%	43.52%

Note:

These consolidated financial statements have been prepared in accordance with and comply with standards issued by the International Accounting Standards Board. Where necessary, certain comparative amounts have been restated to conform to current year's presentation based on International Financial Reporting Standards (IFRS).

Consolidated Balance Sheet

Unaudited (\$ millions)	Six months ended April 30 2004	Year ended October 31 2003	Six months ended April 30 2003
ASSETS			
CASH RESOURCES	39,575	35,343	36,193
INVESTMENTS			
Originated Securities	28,764	25,910	23,810
Securities available for sale	7,125	5,220	3,020
	35,889	31,130	26,830
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	20,859	17,249	15,995
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	49,928	48,075	45,639
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	3,086	4,721	5,993
Real estate & equipment at cost, less depreciation	2,001	1,994	1,795
Deferred Taxation	87	116	139
Retirement Benefit Asset	3,120	2,978	2,885
Other assets	7,734	6,549	3,617
	16,028	16,358	14,429
TOTAL ASSETS	162,279	148,155	139,086
LIABILITIES			
DEPOSITS			
Deposits by public	96,702	87,067	82,841
Other deposits	4,771	4,248	3,542
	101,473	91,315	86,383
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	3,086	4,721	5,993
Liabilities under repurchase agreements	16,872	15,293	15,854
Deferred Taxation	1,163	1,110	1,040
Retirement Benefit Obligation	245	235	204

Other liabilities	6,017	6,350	4,919
	<u>27,383</u>	<u>27,709</u>	<u>28,010</u>
POLICY HOLDER'S FUND	13,937	11,475	9,628
SHAREHOLDERS' EQUITY			
Capital- Authorized, 1,500,000,000 ordinary shares			
Issued and fully paid, 1,463,616,000			
Ordinary stock units of \$1 each	1,464	1,464	1,464
Reserve Fund	1,695	1,695	1,695
Retained Earnings Reserve	6,220	5,920	5,370
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from			
Available for Sale Financial Assets	268	23	(166)
Dividends Proposed	659	1,142	446
Unappropriated Profits	8,346	6,578	5,422
	<u>19,486</u>	<u>17,656</u>	<u>15,065</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	162,279	148,155	139,086

Consolidated Statement of Changes in Shareholders' Equity

Unaudited	Retained					Cumulative Remeasure- ment from AFS
	Share	Reserve	Earnings	Other	Loan Loss	
Paid and						
Proposed Unappropriated						

(\$ millions)			Capital	Fund	Reserve	Reserves	Reserve	assets
<u>Dividends</u>	<u>Profits</u>	<u>Total</u>						
Balance at 31 October 2002			1,464	1,735	5,299	27	807	23
446	4,266	14,067						
Net profit			-	-	-	-	-	-
-	5,457	5,457						
Retained earnings transfer			-	-	850	-	-	-
-	(850)	-						
Transfers			-	(40)	(229)	-	-	-
-	269							
Dividends paid			-	-	-	-	-	-
(446)	1,420	(1,866)						
Dividends proposed			-	-	-	-	-	-
1,142	(1,142)							
Gains/(losses) from changes in fair value, net of tax			-	-	-	-	-	-
-								
Balance at 31 October 2003			1,464	1,695	5,920	27	807	23
1,142	6,580	17,658						
Net profit			-	-	-	-	-	-
-	3,310	3,310						
Retained earnings transfer			-	-	300	-	-	-
-	(300)							
Dividends paid			-	-	-	-	-	-
(1,142)	(585)	(1,727)						
Dividends proposed			-	-	-	-	-	-
659	(659)	-						
Gains/(losses) from changes in fair value, net of tax			-	-	-	-	-	245
-	-	245						
Balance at 30 April 2004			1,464	1,695	6,220	27	807	268
659	8,346	19,486						

Consolidated Statement of Cash Flows

Unaudited	Six months ended	Six months ended
(\$ millions)	April 30	April 30
	2004	2003
Cash flows provided by operating activities		
Net Income	3,310	2,079
Adjustments to net income to determine Net Cash Flows:		
Depreciation	156	123
Gain on sale of investment	0	0
Policyholders reserve	2,462	1,295
Other, net	345	1,003
	<u>6,273</u>	<u>4,500</u>
Cash flows provided by/ (used in) investing activities		
Investment securities (net purchases and proceeds)	(4,513)	295
Loans	(1,891)	(6,224)
Government Securities Purchased Under Repurchase Agreement	(3,610)	(1,875)
Other, net	(2,138)	(876)
	<u>(12,152)</u>	<u>(8,680)</u>
Cash flows provided by/ (used in) financing activities		
Deposits	9,635	5,893
Dividends paid	(1,727)	(893)
Other, net	2,043	2,705
	<u>9,951</u>	<u>7,705</u>
Net change in cash	4,072	3,525
Cash at beginning of period	32,669	30,011
Cash at end of period	<u>36,741</u>	<u>33,536</u>
Represented by :		
Cash Resources	39,575	36,193
Cheques and other instruments in transit, net	(2,834)	(2,657)
CASH AT END OF PERIOD	<u>36,741</u>	<u>33,536</u>

Segment Reporting Information

Consolidated Statement of Income

April 30, 2004

Unaudited (\$'millions)	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
External Revenues	6,494	266	1,893	45		8,698
Revenues from other segments		6	4		(10)	-
	<u>6,494</u>	<u>272</u>	<u>1,897</u>	<u>45</u>	<u>(10)</u>	<u>8,698</u>
Operating expenses	(2,871)	(65)	(1,195)	(39)	10	(4,160)
Profit before taxation	<u>3,623</u>	<u>207</u>	<u>702</u>	<u>6</u>	<u>-</u>	<u>4,538</u>
Taxation						(1,228)
Net profit						<u>3,310</u>

April 30, 2003

Unaudited (\$'millions)	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
External Revenues	4,805	166	982	32	-	5,985

Revenues from other segments	-	2	2	-	(4)	-
	<u>4,805</u>	<u>168</u>	<u>984</u>	<u>32</u>	<u>(4)</u>	<u>5,985</u>
Operating expenses	(2,324)	(60)	(724)	(35)	7	(3,136)
Profit before taxation	<u>2,481</u>	<u>108</u>	<u>260</u>	<u>(3)</u>	<u>3</u>	<u>2,849</u>
Taxation						<u>(770)</u>
Net profit						<u>2,079</u>

January 31, 2004

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	3,395	140	955	24		4,514
Revenues from other segments		4	7		(11)	(1)
	<u>3,395</u>	<u>144</u>	<u>962</u>	<u>24</u>	<u>(11)</u>	<u>4,514</u>
Operating expenses	(1,490)	(35)	(656)	(21)	11	(2,191)
Profit before taxation	<u>1,905</u>	<u>109</u>	<u>306</u>	<u>3</u>	<u>-</u>	<u>2,323</u>
Taxation						<u>(638)</u>
Net profit						<u>1,685</u>

Consolidated Balance Sheet

As at April 30, 2004

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
Segment assets	<u>128,857</u>	<u>22,010</u>	<u>16,712</u>	<u>238</u>	<u>(5,538)</u>	<u>162,279</u>
Segment liabilities	<u>112,972</u>	<u>21,010</u>	<u>14,019</u>	<u>130</u>	<u>(5,338)</u>	<u>142,793</u>

As October 31,2003

Unaudited (\$'millions)	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	120,288	21,659	13,562	252	(7,606)	148,155
Segment liabilities	105,372	20,819	11,568	145	(7,405)	130,499

As at April 30,2003

Unaudited (\$'millions)	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	116,880	21,571	11,036	211	(10,612)	139,086
Segment liabilities	103,724	20,891	9,696	126	(10,416)	124,021

Notes to the Consolidated Financial Statements

1. Basis of presentation

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

5. Deferred taxation

Deferred income tax is provided in full, liability method, on temporary differences between the tax bases of assets and

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year-end October 31, 2003 as set out stated at cost in the 2003 Annual Report. The accounting policies used impairment in the preparation of these interim consolidated financial statements are consistent with those used in the Bank's year-end audited consolidated financial statements.

liability for

2. Investment Securities

services rendered

Investment securities are classified as originated or available for sale, and are initially recognised at cost. Management determines an appropriate classification at the time of purchase. statement, cash and

and

Originated investment securities are subsequently re-measured at amortised cost.

Available for sale investment securities are subsequently business

re-measured at fair value. On adoption, the difference between the original carrying amount and the fair value of these investments was credited to the Cumulative Re-retail and

measurement from AFS assets (see Consolidated

Statement of Changes in Shareholders Equity). Gains

and losses arising from the change in the fair value of management

these securities are recognised as changes in the

Cumulative Re-measurement from AFS assets.

the

their carrying amounts.

6. Property, plant and equipment

All property, plant and equipment are

less accumulated depreciation less any

losses.

7. Provisions

A provision is made for the estimated

annual vacation leave as a result of

by employees up to the balance sheet date.

8. Cash and cash equivalents

For the purposes of the cash flow

cash equivalents comprise cash resources

cheques in transit.

9. Segment reporting

The Group is organised into three main

segments:

- Financial services - This incorporates

corporate banking services

- Investment Management Services - This

includes investment and pension funds

management

and administartion of trust accounts

- Insurance services - This incorporates

3. Loan loss provision

A provision is established on the difference between the general 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 reserve requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the Balance Sheet.

4. 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 benefits to retirees. The method of accounting used to recognise the liability is similar to that for the defined benefit pension plan.

provision of life insurance.
Other operations of the Group comprise insurance brokering.

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Scotiabank Jamaica Foundation continued its support of The Jamaica Cancer Society's Breast Cancer screening programme by hosting the Mobile Mammography Unit at our Lucea Branch during the Unit's visit to that parish.

A contribution of \$1.5 million was made to Hands Across Jamaica For Righteousness towards the funding of its secretariat. This amount is the first tranche of a total commitment of \$5 million, which will be paid over a three year period. Hands Across Jamaica For Righteousness is a programme to promote moral and spiritual values in Jamaica.

Scotiabank Jamaica takes this opportunity to thank all of our stakeholders. To our shareholders, thank you for the commitment, trust and confidence you continue to show in Scotiabank. To our customers, thank you for your loyalty and your business. Our continued success is as a result of great execution by our 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

Consolidated Statement of Income

Unaudited (\$ millions)	<u>For the three months ended</u>			<u>Six months ended</u>	
	April 2004	January 2004	April 2003	April 2004	April 2003
GROSS OPERATING INCOME	5,631	5,857	4,353	11,488	8,506

INTEREST INCOME

Loans and deposits with banks	3,321	3,388	2,630	6,709	5,157
Securities	1,694	1,779	1,135	3,473	2,222
	<u>5,015</u>	<u>5,167</u>	<u>3,765</u>	<u>10,182</u>	<u>7,379</u>

INTEREST EXPENSE

Deposits	1,363	1,357	1,285	2,720	2,512
Net interest income	3,652	3,810	2,480	7,462	4,867
Provision for credit losses	(45)	(25)	10	(70)	(9)
Net interest income after provision for credit losses	3,607	3,785	2,490	7,392	4,858
Net fee and commission income	433	469	336	902	649
Insurance premium income	57	80	51	137	98
Gains less losses from foreign currencies	117	141	201	258	352
Other operating income	9	0	0	9	28
	<u>616</u>	<u>690</u>	<u>588</u>	<u>1,306</u>	<u>1,127</u>

TOTAL OPERATING INCOME

4,223 4,475 3,078 8,698 5,985

OPERATING EXPENSES

Staff costs	972	957	806	1,929	1,591
Promises and equipment, including depreciation	229	243	203	472	402
Changes in policyholders' reserves	453	578	307	1,031	579
Other operating expenses	354	374	283	728	564
	<u>2,008</u>	<u>2,152</u>	<u>1,599</u>	<u>4,160</u>	<u>3,136</u>

PROFIT BEFORE TAXATION

2,215 2,323 1,479 4,538 2,849

Taxation	(590)	(638)	(399)	1,228	(770)
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NET PROFIT

1,625 1,685 1,080 3,310 2,079

Earnings per share based on 1,463,616,000 shares (cents)	111	115	74	226	142
Dividend per share (cents)	45.0	40.0	30.5	85.0	61.0
Dividend payout ratio	40.53%	34.75%	41.34%	37.59%	42.93%
Return on average equity (annualised)	34.37%	37.45%	29.11%	35.80%	28.49%
Return on assets (annualised)	4.00%	4.41%	3.11%	4.08%	2.99%

Book value per common shares	12.63	12.29	9.97	12.63	9.97
P/E Multiple	13.91	6.21	4.50	13.65	4.67
Productivity ratio	48.10%	48.38%	51.79%	48.25%	52.47%
Productivity ratio (excluding Life Insurance Business)	37.99%	36.17%	42.48%	37.06%	43.52%

Note:

These consolidated financial statements have been prepared in accordance with and comply with standards issued by the International Accounting Standards Board. Where necessary, certain comparative amounts have been restated to conform to current year's presentation based on International Financial Reporting Standards (IFRS).

Consolidated Balance Sheet

Unaudited (\$ millions)	Six months ended April 30 2004	Year ended October 31 2003	Six months ended April 30 2003
ASSETS			
CASH RESOURCES	39,575	35,343	36,193
INVESTMENTS			
Originated Securities	28,764	25,910	23,810
Securities available for sale	7,125	5,220	3,020
	35,889	31,130	26,830
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	20,859	17,249	15,995
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	49,928	48,075	45,639
OTHER ASSETS			

Customers' Liability under acceptances, guarantees and letters of credit	3,086	4,721	5,993
Real estate & equipment at cost, less depreciation	2,001	1,994	1,795
Deferred Taxation	87	116	139
Retirement Benefit Asset	3,120	2,978	2,885
Other assets	7,734	6,549	3,617
	<u>16,028</u>	<u>16,358</u>	<u>14,429</u>
TOTAL ASSETS	162,279	148,155	139,086
LIABILITIES			
DEPOSITS			
Deposits by public	96,702	87,067	82,841
Other deposits	4,771	4,248	3,542
	<u>101,473</u>	<u>91,315</u>	<u>86,383</u>
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	3,086	4,721	5,993
Liabilities under repurchase agreements	16,872	15,293	15,854
Deferred Taxation	1,163	1,110	1,040
Retirement Benefit Obligation	245	235	204
Other liabilities	6,017	6,350	4,919
	<u>27,383</u>	<u>27,709</u>	<u>28,010</u>
POLICY HOLDER'S FUND	13,937	11,475	9,628
SHAREHOLDERS' EQUITY			
Capital- Authorized, 1,500,000,000 ordinary shares Issued and fully paid, 1,463,616,000			
Ordinary stock units of \$1 each	1,464	1,464	1,464
Reserve Fund	1,695	1,695	1,695
Retained Earnings Reserve	6,220	5,920	5,370
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	268	23	(166)
Dividends Proposed	659	1,142	446
Unappropriated Profits	8,346	6,578	5,422

	19,486	17,656	15,065
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	162,279	148,155	139,086

Consolidated Statement of Changes in Shareholders' Equity

Unaudited	Retained					Cumulative Remeasure- ment from AFS assets
	Share Capital	Reserve Fund	Earnings Reserve	Other Reserves	Loan Loss Reserve	
Paid and Proposed Unappropriated (\$ millions)	Dividends	Profits	Total			
Balance at 31 October 2002	1,464	1,735	5,299	27	807	23
446	4,266	14,067				
Net profit	-	-	-	-	-	-
-	5,457	5,457				
Retained earnings transfer	-	-	850	-	-	-
-	(850)	-				
Transfers	-	(40)	(229)	-	-	-
-	269					
Dividends paid	-	-	-	-	-	-
(446)	1,420	(1,866)				
Dividends proposed	-	-	-	-	-	-
1,142	(1,142)					
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	-
-						

Balance at 31 October 2003	1,464	1,695	5,920	27	807	23
1,142	6,580	17,658				
Net profit	-	-	-	-	-	-
- 3,310	3,310					
Retained earnings transfer	-	-	300	-	-	-
- (300)						
Dividends paid	-	-	-	-	-	-
(1,142)	(585)	(1,727)				
Dividends proposed	-	-	-	-	-	-
659	(659)	-				
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	245
-	-	245				
Balance at 30 April 2004	1,464	1,695	6,220	27	807	268
659	8,346	19,486				

Consolidated Statement of Cash Flows

Unaudited	Six months ended	Six months ended
(\$ millions)	April 30	April 30
	2004	2003
Cash flows provided by operating activities		
Net Income	3,310	2,079
Adjustments to net income to determine Net Cash Flows:		
Depreciation	156	123
Gain on sale of investment	0	0
Policyholders reserve	2,462	1,295
Other, net	345	1,003

	6,273	4,500
Cash flows provided by/ (used in) investing activities		
Investment securities (net purchases and proceeds)	(4,513)	295
Loans	(1,891)	(6,224)
Government Securities Purchased Under Repurchase Agreement	(3,610)	(1,875)
Other, net	(2,138)	(876)
	<u>(12,152)</u>	<u>(8,680)</u>
Cash flows provided by/ (used in) financing activities		
Deposits	9,635	5,893
Dividends paid	(1,727)	(893)
Other, net	2,043	2,705
	<u>9,951</u>	<u>7,705</u>
Net change in cash	4,072	3,525
Cash at beginning of period	32,669	30,011
Cash at end of period	<u>36,741</u>	<u>33,536</u>
Represented by :		
Cash Resources	39,575	36,193
Cheques and other instruments in transit, net	(2,834)	(2,657)
CASH AT END OF PERIOD	<u>36,741</u>	<u>33,536</u>

Segment Reporting Information

Consolidated Statement of Income

April 30, 2004

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	6,494	266	1,893	45		8,698
Revenues from other segments		6	4		(10)	-
	<u>6,494</u>	<u>272</u>	<u>1,897</u>	<u>45</u>	<u>(10)</u>	<u>8,698</u>
Operating expenses	(2,871)	(65)	(1,195)	(39)	10	(4,160)
Profit before taxation	<u>3,623</u>	<u>207</u>	<u>702</u>	<u>6</u>	<u>-</u>	<u>4,538</u>
Taxation						<u>(1,228)</u>
Net profit						<u>3,310</u>

April 30, 2003

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	4,805	166	982	32	-	5,985
Revenues from other segments	-	2	2	-	(4)	-
	<u>4,805</u>	<u>168</u>	<u>984</u>	<u>32</u>	<u>(4)</u>	<u>5,985</u>
Operating expenses	(2,324)	(60)	(724)	(35)	7	(3,136)
Profit before taxation	<u>2,481</u>	<u>108</u>	<u>260</u>	<u>(3)</u>	<u>3</u>	<u>2,849</u>
Taxation						<u>(770)</u>
Net profit						<u>2,079</u>

January 31, 2004

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	3,395	140	955	24		4,514
Revenues from other segments		4	7		(11)	(1)
	<u>3,395</u>	<u>144</u>	<u>962</u>	<u>24</u>	<u>(11)</u>	<u>4,514</u>
Operating expenses	(1,490)	(35)	(656)	(21)	11	(2,191)

Profit before taxation	1,905	109	306	3	-	2,323
Taxation						(638)
Net profit						<u>1,685</u>

Consolidated Balance Sheet

As at April 30,2004

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
Segment assets	<u>128,857</u>	<u>22,010</u>	<u>16,712</u>	<u>238</u>	(5,538)	<u>162,279</u>
Segment liabilities	<u>112,972</u>	<u>21,010</u>	<u>14,019</u>	<u>130</u>	(5,338)	<u>142,793</u>

As October 31,2003

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
Segment assets	<u>120,288</u>	<u>21,659</u>	<u>13,562</u>	<u>252</u>	(7,606)	<u>148,155</u>
Segment liabilities	<u>105,372</u>	<u>20,819</u>	<u>11,568</u>	<u>145</u>	(7,405)	<u>130,499</u>

As at April 30,2003

Investment

Unaudited (\$'millions)	Financial Management Insurance			Other	Consol. adj.	Group Total
	Services	Services	Services			
Segment assets	116,880	21,571	11,036	211	(10,612)	139,086
Segment liabilities	103,724	20,891	9,696	126	(10,416)	124,021

Notes to the Consolidated Financial Statements

1. Basis of presentation

These interim consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year-end October 31, 2003 as set out in the 2003 Annual Report. The accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the Bank's year-end audited consolidated financial statements.

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year-end October 31, 2003 as set out in the 2003 Annual Report. The accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the Bank's year-end audited consolidated financial statements.

liability for

2. Investment Securities

Investment securities are classified as originated or available for sale, and are initially recognised at cost. Management determines an appropriate classification

5. Deferred taxation

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

6. Property, plant and equipment

All property, plant and equipment are less accumulated depreciation less any losses.

7. Provisions

A provision is made for the estimated annual vacation leave as a result of by employees up to the balance sheet date.

8. Cash and cash equivalents

at the time of purchase.
statement, cash and

and

Originated investment securities are subsequently re-measured at amortised cost.

Available for sale investment securities are subsequently business

re-measured at fair value. On adoption, the difference between the original carrying amount and the fair value of these investments was credited to the Cumulative Re-retail and

measurement from AFS assets (see Consolidated Statement of Changes in Shareholders Equity). Gains and losses arising from the change in the fair value of management

these securities are recognised as changes in the Cumulative Re-measurement from AFS assets.

the

3. Loan loss provision

A provision is established on the difference between the general 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 reserve requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the Balance Sheet.

4. 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

For the purposes of the cash flow

cash equivalents comprise cash resources

cheques in transit.

9. Segment reporting

The Group is organised into three main

segments:

- Financial services - This incorporates

corporate banking services

- Investment Management Services - This includes investment and pension funds

management

and administration of trust accounts

- Insurance services - This incorporates

provision of life insurance.

Other operations of the Group comprise

insurance brokering.

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 benefits to retirees. The method of accounting used to recognise the liability is similar to that for the defined benefit pension plan.