Bank of Nova Scotia Jamaica Limited

unaudited results for the third quarter

ended July 31, 2004

SCOTIABANK REPORTS SOLID EARNINGS FOR NINE MONTHS AND INCREASED DIVIDEND

THIRD QUARTER HIGHLIGHTS

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

Net Profit of $4,594 million, up $938 million or 26%
Earnings per share of $3.14, up 26%
ROE 32.44%, compared to 32.40%
Productivity ratio of 50.31 %, compared to 49.68%
Third interim dividend of 50 cents per share

Scotiabank today announced results for the third quarter of 2004, reporting net profit of $1,284 million, a decrease of $293 million over net profit for the third quarter of 2003, and $341 million below net profit for the quarter ended April 30,2004. Net profit for the nine months ended July 31, 2004 was $4,594 million compared with $3,656 million for the previous year, an increase of 26%.

Earnings Per Share (EPS) for the quarter were 88 cents, compared to $1.08 for last year, and $1.11 at the end of the previous quarter. Return on Average Equity (ROE) annualized for the quarter was 25.97%. Year-to-date EPS grew to $3.14 from $2.50 while Return on Average Equity was 32.44%

The Board of Directors at its meeting held today, approved a third interim dividend of 50 cents per stock unit, payable on October 7, 2004 to stockholders on record at September 15, 2004. This dividend will take the nine months distribution to $1.35, a 39% increase over the 97 cents paid last year.

Mr. W. E. Clarke, Managing Director, said, "Despite the sharp reduction in market interest rates from last year, Scotiabank continues to report solid earnings. This has become possible because the core fundamentals of the business lines having been established, will generate substantial volume growth, primarily in retail products. The Bank will also continue to focus on stringent risk management and expense control".

REVENUES

Total revenue (comprising net interest income and other revenue) grew by 27% over last year to $12,789 million.

NET INTEREST INCOME

Net interest income was $10,855 million, up $2,579 million or 31% from last year. The increase was primarily due to growth in average total earning assets year over year.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was $1,736 million, up $107 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 $38 million (an increase of 24%) 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 $3.2 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 50.31 %. 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 Scotlabank group, the productivity ratio for the period was 38.52%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were $4,684 million, an increase of $665 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 $1,008 million (versus $960 million last year), which was $50 million above the $958 million outstanding as at April 30, 2004. The Group's non-performing loans now represent 1.92% of total loans and 0.61% of total assets versus 2.01% of total loans and 0.69% of total assets at the end of the third 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 $714 million, of which $416 million is specific and $298 million is general. The loan loss provision as determined by Regulatory Requirement is $1,521 million of which $780 million is specific and $741 million is general. The total regulatory provision of $1,521 million exceeds total non-performing loans by $513 million, hence these loans are more than fully provided for.

BALANCE SHEET

Total assets as at July 31, 2004, were $165 billion, an increase of $25 billion (18%) from the previous year and $2.5 billion above April 30,2004. Loans increased by $4.6 billion (10%) year over year and Performing Loans as at July 31, 2004 were $51.4 billion, up $4.6 billion over the previous year. Cash Resources increased by $5.1 billion due mainly to growth in deposits held with the Central Bank, while Investments and Repurchase Agreements increased by $15.1 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 $101.8 billion, up 17.62% 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 $20.1 billion, $585 million more than the previous quarter and $3.7

billion or 22.32% higher than last year.

SCOTIABANK'S COMMITMENT TO THE COMMUNITY

The Scotlabank Jamaica Foundation has donated $267 Million to education, health and community projects in Jamaica, since its inception in 1996. During the quarter, $13.5 million was donated to various projects.

We awarded for the first time the Scotiabank Jamaica Foundation/Sir Allster McIntyre Scholarship to two recipients at the Mona School of Business. In addition, The Foundation also awarded its annual SJF/GSAT Scholarships to twenty (20) new recipients in the categories of Scholarships for Excellence, Top Boy and Top Girl, as well as, 3 County Scholars, 10 Scholarships to inner city schools and 5 Special Foundation Awards. A total of $6.0 Million has been paid out for SJF/Grade Six Achievement Test Scholarships this quarter. Mr. W. E. Clarke, Managing Director, said, "By spending so much money on education in this country, we are demonstrating our deep and abiding belief in the future promise of this country, and our commitment to nation building".

In the area of health, the Foundation continued to support the SJF/Cornwall Regional Hospital Haemodialysis Centre, the Kingston Public Hospital Renal Unit and The Jamaica Cancer Society, as well as, participated in their Annual Relay for Life.

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 Scotlabank. 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 Statement of Income

Unaudited ($ millions)	For the three months ended July 2004	April 2004	July 2003	For the nine months ended July 2004	July 2003
GROSS OPERATING INCOME	**5,432**	**5,631**	**5,446**	**16,920**	**13,952**
INTEREST INCOME					
Loans and deposits with banks	3,417	3,321	3,371	10,126	8,528
Securities	1,387	1,694	1,413	4,860	3,635
	4,804	5,015	4,784	14,986	12,163
INTEREST EXPENSE					
Deposits	1,411	1,363	1,375	4,131	3,887
Net interest income	3,393	3,652	3,409	10,855	8,276
Provision for credit losses	(97)	(45)	(8)	(167)	(17)
Net interest income after provision for credit losses	3,296	3,607	3,401	10,688	8,259
Net fee and commission income	405	433	384	1,307	1,035
Insurance premium income	61	57	62	198	160
Gains less losses from foreign currencies	161	117	211	419	563
Other operating income	1	9	5	10	31
	628	616	662	1,934	1,789
TOTAL OPERATING INCOME	**3,924**	**4,223**	**4,063**	**12,622**	**10,048**
OPERATING EXPENSES					
Staff costs	951	972	910	2,880	2,501
Premises and equipment, including depreciation	252	229	203	724	605
Changes in policyholders' reserves	552	453	385	1,583	964
Other operating expenses	352	354	349	1,080	913
	2,107	2,008	1,847	6,267	4,983
PROFIT BEFORE TAXATION	**1,817**	**2,215**	**2,216**	**6,355**	**5,064**
Taxation	(533)	(590)	(639)	(1,761)	(1,409)
NET PROFIT	**1,284**	**1,625**	**1,577**	**4,594**	**3,656**

Earnings per share based on 1,463,616,000 shares (cents)	88	111	108	314	250
Dividend per share (cents)	50.0	45.0	36.0	135.00	97.00
Dividend payout ratio	56.98%	40.53%	33.42%	43.01%	38.84%
Return on average equity (annualised)	25.97%	34.37%	40.09%	32.44%	32.40%
Return on assets (annualised)	3.12%	4.00%	4.51%	3.72%	3.48%
Book value per common shares	12.90	12.63	10.28	12.90	10.28
P/E Multiple	13.46	13.91	3.49	11.29	4.52
Productivity ratio	54.81%	48.10%	45.57%	50.31%	49.68%
Productivity ratio (excluding Life Insurance Business)	41.71%	37.99%	36.67%	38.52%	40.75%

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)**	**Nine month ended July 31 2004**	**Year ended October 31 2003**	**Nine months ended July 31 2003**
ASSETS			
CASH RESOURCES	37,095	35,343	32,009
INVESTMENTS			
Originated Securities	29,861	25,910	25,217
Securities available for sale	7,799	5,220	4,455
	37,660	31,130	29,672
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	23,635	17,249	16,487

LOANS, AFTER MAKING PROVISIONS FOR LOSSES	51,730	48,075	47,085
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	2,627	4,721	5,110
Real estate & equipment at cost, less depreciation	2,033	1,994	1,806
Deferred Taxation	89	116	75
Retirement Benefit Asset	3,191	2,978	2,952
Other assets	6,712	6,549	4,789
	14,652	16,358	14,732
TOTAL ASSETS	**164,772**	**148,155**	**139,985**
LIABILITIES			
DEPOSITS			
Deposits by public	96,978	87,067	82,965
Other deposits	4,802	4,248	3,569
	101,780	91,315	86,534
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	2,627	4,721	5,110
Liabilities under repurchase agreements	18,123	15,293	14,721
Deferred Taxation	1,165	1,110	1,044
Retirement Benefit Obligation	250	235	202
Other liabilities	5,765	6,350	5,415
	27,930	27,709	26,492
POLICY HOLDER'S FUND	14,991	11,475	10,550
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	6,370	5,920	5,520
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	228	23	48
Dividends Proposed	732	1,142	527
Unappropriated Profits	8,748	6,578	6,321

	20,071	17,656	16,409
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**164,772**	**148,155**	**139,985**

Consolidated Statement of Changes in Shareholders' Equity

Unaudited

($ millions)	**Share Capital**	**Reserve Fund**	**Retained Earnings Reserve**	**Other Reserves**	**Loan Loss Reserve**	**Cumulative Remeasure-ment from AFS assets**	**Paid and Proposed Dividends**	**Unappropriated 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	-	-	-	-	-	-	-	4,594	4,594
Retained earnings transfer	-	-	450	-	-	-		(450)	-
Dividends paid	-	-	-	-	-	-	(1,142)	(1,244)	(2,386)
Dividends proposed	-	-	-	-	-	-	732	(732)	-
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	205	-	-	205
Balance at 31 July 2004	**1,464**	**1,695**	**6,370**	**27**	**807**	**228**	**732**	**8,748**	**20,071**

Consolidated Statement of Cash Flows

Unaudited **($ millions)**	**Nine months ended July 31 2004**	**Nine months ended July 31 2003**
Cash flows provided by operating activities		
Net Income	4,594	3,656
Adjustments to net income to determine Net Cash Flows:		
Depreciation	229	186
Policyholders reserve	3,516	2,217
Other, net	1,254	975
	9,593	7,034
Cash flows provided by/ (used in) investing activities		
Investment securities (net purchases and proceeds)	(6,323)	(2,332)
Loans	(3,747)	(7,695)
Government Securities Purchased Under Repurchase Agreement	(6,386)	(2,366)
Other, net	(1,939)	(1,241)
	(18,395)	(13,634)
Cash flows provided by/ (used in) financing activities		
Deposits	9,911	6,018
Dividends paid	(2,386)	(1,339)
Other, net	3,101	1,921
	10,626	6,600
Net change in cash	1,824	0
Cash at beginning of period	32,669	30,012
Cash at end of period	34,493	30,012
Represented by:		
Cash Resources	37,095	32,009
Cheques and other instruments in transit, net	(2,602)	(1,997)
CASH AT END OF PERIOD	**34,493**	**30,012**

Segment Reporting Information

Consolidated Statement of Income

($'millions)	For the nine months ended July 31, 2004						For the nine months ended July 31, 2003						For the six months ended April 30, 2004					
	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Unaudited																		
External Revenues	9,372	377	2,803	69		12,621	7,989	283	1,709	67		10,048	6,494	266	1,893	45		8,698
Revenues from other segment	23	3			(27)	(0)	. 8	3			(11)	(0)		6	4		(10)	-
	9,395	380	2,803	69	(27)	12,621	7,997	286	1,709	67	(11)	10,048	3,395	144	962	24	(11)	8,698
Operating expenses	(4,314)	(97)	(1,822)	(60)	27	(6,266)	(3,682)	(86)	(1,173)	(54)	11	(4,983)	(2,871)	(65)	(1,195)	(39)	10	(4,160)
Profit before taxation	5,081	283	982	9	(0)	6,355	4,315	201	536	13	(0)	5,065	1,905	109	306	3	-	4,538
Taxation						(1,761)						(1,409)						(1,228)
Net profit						4,594						3,656						3,310

Consolidated Balance Sheet

($'millions)	As at July 31, 2004						As at October 31, 2003						As at July 31, 2003 Unaudited					
	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total	Financial Services	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	128,671	21,459	18,016	266	(3,637)	164,772	120,288	21,659	13,562	252	(7,606)	148,155	114,688	19,475	12,275	262	(6,716)	139,984
Segment liabilities	112,416	20,408	15,157	156	(3,436)	144,701	105,372	20,819	11,526	145	(7,405)	130,499	100,524	18,709	10,687	164	(6,516)	123,568

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 statement

2. Investment Securities

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.

Originated investment securities are subsequently remeasured at amortised cost.

Available for sale investment securities are subssequently 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-measurement from AFS assets (see Consolidated Statement of Changes in Shareholders Equity). Gains and losses arising from the change in the fair value of these securities are recognised as changes in the Cumulative Remeasurement from AFS assets.

3. 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 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.

5. **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.

6. **Property, plant and equipment**
All property, plant and equipment are stated at cost less accumulated depreciation less any impairment losses.

7. **Provisions**
A provision is made for the estimated liability for annual vacation leave as a result of services rendered by employees up to the balance sheet date.

8. **Cash and cash equivalents**
For the purposes of the cash flow statement, cash and cash equivalents comprise cash resources and cheques in transit.

9. **Segment reporting**
The Group is organised into three main business segments:

- Financial services - This incorporates retail and corporate banking services

- Investment Management Services - This includes investment and pension funds management and administration of trust accounts

- Insurance services - This incorporates the provision of life insurance

Other operations of the Group comprise general insurance brokeraging.