

BANK OF NOVA SCOTIA JAMAICA LTD.

FOR THE SIX MONTHS ENDED APRIL 30, 2005

SCOTIABANK REPORTS SOLID SECOND QUARTER EARNINGS

SECOND QUARTER HIGHLIGHTS

Second quarter unaudited results (year to date).

- Net Profit of \$2,856 million
- Earnings per share of \$0.98
- Return on Average Equity of 27%
- Productivity ratio of 53%
- Second interim dividend of 25 cents per share.

Scotiabank reports results for the second quarter of 2005, with net profit of \$1,434 million. This was \$12 million above the net profit for the quarter ended January 31, 2005 and \$191 million below the net profit for the second quarter of 2004. For the six months ended April 30, 2005 net profit was \$2,856 million compared to \$3,310 million for the same period last year.

The 1:1 Bonus Share issue that was approved at the Annual General Meeting on February 18, 2005 became effective on March 10, 2005. This resulted in an increase in the number of shares to 2,927,232,000 units. As a result, some performance ratios for the prior periods were restated for comparative purposes.

Earnings per share (EPS) for the quarter were \$0.49, and Return on Average Equity (ROE) annualized, for the quarter was 26.55%. Year-to-date, EPS was \$0.98, while Return on Average Equity was 27%.

"The low interest rate environment is the primary cause of the reduction in our net interest profit. However, continued focus on our strategy and the key fundamentals of, solid execution of our plans, volume growth in our key business lines, strong risk management and expense control, and a total commitment to customer satisfaction, has allowed us to continue to achieve solid

results." said William E. Clarke, President and CEO.

The Board of Directors at its meeting held today, approved a second interim dividend of 25 cents per stock unit, payable on July 7, 2005 to stockholders on record at June 15, 2005. This brings the year to date dividend per share to 50 cents compared to 42.50 cents in prior year, an increase of 7.5 cents per share.

REVENUES

Total revenue, comprising net interest income and other revenue was \$8,429 million.

NET INTEREST INCOME

Net interest income was \$6,749 million, down \$713 million or 9.56% from last year. The decrease is due primarily to the decline in market interest rates.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was \$1,521 million, an increase of \$352 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 \$22 million (an increase of 16%) when compared to the same period last year. ScotiaMINT continues to enjoy the largest share of the local interest sensitive insurance market reporting gross premium income of \$2.2 billion for the six months.

NON-INTEREST EXPENSES

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$3,339 million, an increase of \$210 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.

Notwithstanding these increases, Scotiabank's productivity ratio continues to lead the banking industry and is a significant factor in our continued strong performance. The productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost effectiveness - was 53%. 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 42.30%, which is significantly better than the international benchmark of 60%.

CREDIT QUALITY

Non-performing Loans at the end of the quarter was \$1,026 million (versus \$958 million last year), which was \$36 million below the \$1,062 million outstanding as at January 31, 2005. The Group's non-performing loans now represent 1.86% of total loans and 0.59% of total assets versus 1.89% of total loans and 0.59% of total assets at the end of the second quarter of 2004.

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 \$567 million, of which \$424 million is specific and \$143 million is general. The loan loss provision as determined by Regulatory Requirement is \$1,374 million of which \$838 million is specific and \$536 million is general. The total provision of \$1,374 million exceeds total non-performing loans by \$348 million; hence these loans are more than fully provided for.

BALANCE SHEET

Total assets as at April 30, 2005, were \$173 billion, an increase of \$11 billion (7.1%) from the previous year and \$1.7 billion above January 31, 2005. Loans increased by \$4.7 billion (9.4%) year over year and Performing Loans as at April 30, 2005 stood at \$54.2 billion, up \$4.6 billion over the previous year. Cash Resources increased by \$4.8 billion due mainly to the growth in deposits held with the Central Bank, while Investments and Repurchase Agreements increased by \$3 billion. 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 \$106 billion, up 4.45% 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 \$22 billion, \$700 million more than the previous quarter and \$2.5 billion or 12.65% higher than last year.

SCOTIABANK'S COMMITMENT TO THE COMMUNITY

Scotiabank continues to make tangible contributions to the communities in which we do business, through the Scotiabank Jamaica Foundation, and other community related activities. The Scotiabank Jamaica Foundation has donated \$306.75 million to Education, Health and Community Projects in Jamaica, since its inception in 1996.

During the quarter the Foundation contributed a total of \$7.9 million for maintenance and upkeep of the Cornwall Regional Hospital Haemodialysis Unit, Kingston Public Hospital Renal Dialysis Unit and the UHWI Accident and Emergency Unit. We also continued to provide meals for the elderly at the Golden Age Home (Cluster F) and the Holy Family Infant and Primary School.

The Foundation also contributed \$1.5 million during the quarter to assist the Rotary Club of St. Andrew with their Special Centenary Project, the construction of a home for street boys and made a final contribution to the Bethel Baptist Church Foundation (to support health and educational initiatives for socially disadvantaged persons), bringing our total contribution to that organization to \$1 million.

Scotiabank Jamaica 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 Scotiabank. Our continued success is as a result of great execution by our team of over 1,800 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			For the six months ended	
	April 2005	January 2005	April 2004	April 2005	April 2004
GROSS OPERATING INCOME	6,133	6,278	5,767	12,411	12,548
=====					
INTEREST INCOME					
Loans and deposits with banks	2,877	3,357	2,818	6,234	6,198
Securities	2,450	2,047	2,333	4,497	5,044
	<u>5,327</u>	<u>5,404</u>	<u>5,151</u>	<u>10,731</u>	<u>11,242</u>
INTEREST EXPENSE					
Deposits and repurchase agreements	1,911	2,071	1,499	3,982	3,780
Net interest income	3,416	3,333	3,652	6,749	7,462
Provision for credit losses	(73)	(86)	(45)	(159)	(70)
Net interest income after provision for credit losses	<u>3,343</u>	<u>3,247</u>	<u>3,607</u>	<u>6,590</u>	<u>7,392</u>
Net fee and commission Income	550	586	433	1,136	902
Insurance premium income	82	77	57	159	137
Gains less losses from foreign currencies	173	207	117	380	258
Other operating income	1	4	9	5	9
	<u>806</u>	<u>874</u>	<u>616</u>	<u>1,680</u>	<u>1,306</u>
TOTAL OPERATING INCOME	4,149	4,121	4,223	8,270	8,698
OPERATING EXPENSES					
Staff costs	958	1,091	972	2,049	1,917
Premises and equipment, including depreciation	228	251	229	479	472
Changes in policyholders' reserves	576	379	453	955	1,031
Other operating expenses	378	433	354	811	740
	<u>2,140</u>	<u>2,154</u>	<u>2,008</u>	<u>4,294</u>	<u>4,160</u>

PROFIT BEFORE TAXATION	2,009	1,967	2,215	3,976	4,538
Taxation	(575)	(545)	(590)	(1,120)	(1,228)
NET PROFIT	1,434	1,422	1,625	2,856	3,310
Earnings per share based on 2,927,232,000 shares (cents)*	49	49	56	98	113
Dividend per share (cents)*	25.0	25.0	22.5	50.0	42.50
Dividend payout ratio	51.04%	51.46%	40.53%	51.25%	37.59%
Return on average equity (annualised)	26.55%	27.18%	34.37%	26.86%	35.80%
Return on assets (annualised)	3.31%	3.31%	4.00%	3.29%	4.08%
Book value per common shares*	7.38	7.15	6.46	7.27	6.32
P/E Multiple *	14.67	16.44	13.78	14.67	13.66
Productivity ratio	52.42%	53.24%	48.10%	52.83%	48.25%
Productivity ratio (excluding Life Insurance Business)	39.53%	45.06%	37.99%	42.30%	37.06%

Note:

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

* Restated for comparative purposes, based on 2,927,232,000 stock units In Issue after adjusting for the March 10, 2005, 1:1 Bonus Issue.

Consolidated Balance Sheet

Unaudited (\$ millions)	Six months ended April 30 2005	Year ended October 31 2004	Six months ended April 30 2004
ASSETS			
CASH RESOURCES	44,338	40,450	39,575
INVESTMENTS			
Originated Securities	26,202	26,280	28,764
Securities available for sale	7,746	8,799	7,125
	33,948	35,079	35,889
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	25,769	25,046	20,859
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	54,645	53,460	49,928
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	2,861	2,459	3,086
Real estate & equipment at cost, less depreciation	1,992	2,037	2,001
Deferred Taxation	86	87	87
Retirement Benefit Asset	3,495	3,339	3,120
Other assets	6,322	6,202	7,439
	14,756	14,124	15,733
TOTAL ASSETS	173,456	168,159	161,984
LIABILITIES			
DEPOSITS			
Deposits by public	101,285	98,811	96,702
Other deposits	4,706	4,843	4,771
	105,991	103,654	101,473

OTHER LIABILITIES

Acceptances, guarantees & Letters of Credit	2,861	2,459	3,086
Liabilities under repurchase agreements	17,168	18,546	16,872
Deferred Taxation	1,388	1,406	1,163
Retirement Benefit Obligation	298	265	245
Other liabilities	5,756	5,128	5,722
	<u>27,470</u>	<u>27,804</u>	<u>27,088</u>

POLICY HOLDER'S FUND

	18,044	16,101	13,937
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SHAREHOLDERS' EQUITY

Capital- Authorized, 3,000,000,000 ordinary shares

Issued and fully paid, 2,927,232,000

Ordinary stock units of \$1 each	2,927	1,464	1,464
Reserve Fund	3,158	1,695	1,695
Retained Earnings Reserve	4,043	6,670	6,220
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from			
Available for Sale Financial Assets	186	227	268
Dividends Proposed	732	732	659
Unappropriated Profits	10,071	8,978	8,346
	<u>21,951</u>	<u>20,600</u>	<u>19,486</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>173,456</u>	<u>168,159</u>	<u>161,984</u>
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* Where necessary, certain comparative amounts have been restated to conform to current year's presentation

Consolidated Statement of Cash Flows

Unaudited (\$ millions)	Six Months ended April 30 2005	Six Months ended April 30 2004
Cash flows provided by operating activities		
Net Income	2,856	3,310
Adjustments to net income to determine Net Cash Flows:		
Depreciation	144	156
Policyholders reserve	1,943	2,462
Other, net	397	345
	<u>5,340</u>	<u>6,273</u>
Cash flows provided by/ (used In) Investing activities		
Investment securities (net purchases and proceeds)	1,090	(4,513)
Loans	(1,296)	(1,891)
Government Securities Purchased Under Repurchase Agreement	(723)	(3,610)
Other, net	(916)	(2,138)
	<u>(1,845)</u>	<u>(12,152)</u>
Cash flows provided by/ (used in) financing activities		
Deposits	2,474	9,635
Dividends paid	(1,464)	(1,727)
Other, net	(1,490)	2,043
	<u>(480)</u>	<u>9,951</u>
Net change in cash	3,015	4,072
Cash at beginning of period	37,565	32,669
Cash at end of period	<u>40,580</u>	<u>36,741</u>
	=====	=====
Represented by:		
Cash Resources	44,338	39,575
Cheques and other instruments in transit, net	(3,758)	(2,834)
CASH AT END OF PERIOD	<u>40,580</u>	<u>36,741</u>
	=====	=====

Consolidated Statement of Changes In Shareholders' Equity

Unaudited

(\$ millions)	Share Capital	Reserve Fund	Retained	Other Reserves	Loan Reserve	Loss Reserve	Cumulative	Paid and Proposed Dividends	Unappropriated Profits	Total
			Earnings Reserve				Remeasure- ment from AFS assets			
Balance at 31 October 2003	1,464	1,695	5,920	27	807	23	1,142	6,580	17,658	
Net profit	-	-	-	-	-	-	-	5,856	5,856	
Retained earnings transfer	-	-	750	-	-	-	-	(750)	-	
Transfers	-	-	-	-	-	-	(1,142)	(1,976)	(3,118)	
Dividends paid	-	-	-	-	-	-	732	(732)	-	
Dividends proposed	-	-	-	-	-	-	-	-	-	
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	204	-	-	204	
Balance at 31 October 2004	1,464	1,695	6,670	27	807	227	732	8,978	20,600	
Net profit	-	-	-	-	-	-	-	2,856	2,856	
Retained earnings transfer	-	-	300	-	-	-	-	(300)	-	
Dividends paid	-	-	-	-	-	-	(732)	(732)	(1,464)	
Dividends proposed	-	-	-	-	-	-	732	(732)	-	
Bonus Share Issue	1,464	1,464	(2,927)	-	-	-	-	-	-	
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	(41)	-	-	(41)	
Balance as at 30 April 2005	2,927	3,158	4,043	27	807	186	732	10,070	21,951	

Segment Reporting Information

Consolidated Statement of Income
For the six months ended

April 30, 2005

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	6,174	209	1,869	18		8,270
Revenues from other segments	14	7			(21)	0
	<u>6,188</u>	<u>216</u>	<u>1,869</u>	<u>18</u>	<u>(21)</u>	<u>8,270</u>
Operating expenses	(3,054)	(82)	(1,152)	(27)	21	(4,294)
Profit before taxation	<u>3,134</u>	<u>134</u>	<u>717</u>	<u>(9)</u>	<u>-</u>	<u>3,976</u>
=====						
Taxation						(1,120)
Net profit						<u>2,856</u>
2,856						

April 30, 2004

Unaudited (\$millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	6,490	266	1,897	45		8,698
Revenues from other segments	3	6			(9)	-
	<u>6,493</u>	<u>272</u>	<u>1,897</u>	<u>45</u>	<u>(9)</u>	<u>8,698</u>
Operating expenses	(2,870)	(65)	(1,195)	(39)	9	(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>

January 31, 2005

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
External Revenues	3,069	106	931	15		4,121
Revenues from other segments	7	4			(11)	-
	(3,076)	110	931	15	(11)	4,121
Operating expenses	(1,613)	(42)	(486)	(24)	11	(2,154)
Profit before taxation	1,463	68	445	(9)	-	1,967
Taxation						(545)
Net profit						1,422

Consolidated Balance Sheet

As at
April 30, 2005

Unaudited (\$'millions)	Investment				Conspl. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
Segment assets	134,470	18,295	21,636	170	(1,115)	173,456
Segment liabilities	117,116	17,104	18,125	75	(915)	151,505

As at
April 30, 2004

Unaudited (\$'millions)	Investment				Consol. adj.	Group Total
	Financial Services	Management Services	Insurance Services	Other		
Segment assets	128,612	21,962	16,712	235	(5,537)	161,984
Segment liabilities	112,727	20,962	14,019	127	(5,537)	142,498

Notes to the Consolidated Financial Statements

1. Basis of presentation

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

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 re-measured at amortised cost.

Available for sale investment securities are subsequently 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 Re-measurement 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

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.

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. Share Capital

On March 10, 2005, the authorised share capital of the Bank was increased to \$2,927,232,000 by the creation of an additional 1,463,616,000 ordinary shares of \$1 each to rank pari passu with existing ordinary shares of the Bank in all respects. Shares totalling 1,463,616,000 units were then issued as fully paid up bonus shares by the capitalization of profits of \$1,463,616,000 on the basis of one ordinary share for every one ordinary share held.

9. Reserve Fund

In accordance with the regulations, the Statutory Reserve Fund was also increased by \$1,463,616,000, which requires that the Reserve Fund be equal to the Paid up

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

Capital.

10. Cash and cash equivalents

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

11. 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 brokering.