

***Date: February 14, 2008***

***For further information contact:***

***Stacie-Ann Wright***

***Executive Vice President & Chief Financial Officer***

***Tel: 876-922-1000***

***Fax: 876-967-4300***

## **THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

**The Board of Directors is pleased to present the following results of The Bank of Nova Scotia Jamaica Limited for the first quarter ending January 31, 2008.**

CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Nova Scotia Jamaica Limited  
Statement of Consolidated Revenues & Expenses

<i>(Unaudited)</i> (\$ millions)	For the three months ended		
	January	October	January
	2008	2007	2007
<b>GROSS OPERATING INCOME</b>	<b>7,505</b>	<b>7,199</b>	<b>6,970</b>
<b>INTEREST INCOME</b>			
Loans and deposits with banks	4,113	3,679	3,467
Securities	2,075	2,136	2,459
	6,188	5,815	5,926
<b>INTEREST EXPENSE</b>			
Deposits and repurchase agreements	1,453	1,422	1,830
Net interest income	4,735	4,393	4,096
Provision for credit losses	(86)	(121)	(160)
Net interest income after provision for credit losses	4,649	4,272	3,936
Net fee and commission income	887	757	698
Insurance premium income	190	173	141
Gains less losses from foreign currencies	239	299	202
Other operating income	1	155	3
	1,317	1,384	1,044
<b>TOTAL OPERATING INCOME</b>	<b>5,966</b>	<b>5,656</b>	<b>4,980</b>
<b>OPERATING EXPENSES</b>			
Staff costs	1,551	1,341	1,284
Premises and equipment, including depreciation	361	368	338
Changes in policyholders' reserves	665	640	585
Other operating expenses	718	694	548
	3,295	3,043	2,755
<b>OPERATING PROFIT</b>	<b>2,671</b>	<b>2,613</b>	<b>2,225</b>
Share of profits in associated company	-	-	19
<b>PROFIT BEFORE TAXATION</b>	<b>2,671</b>	<b>2,613</b>	<b>2,244</b>
Taxation	(731)	(765)	(630)
<b>NET PROFIT</b>	<b>1,940</b>	<b>1,848</b>	<b>1,614</b>
Earnings per share based on 2,927,232,000 shares (cents)	66	63	55
Return on average equity (annualised)	27.34%	27.08%	23.25%
Return on assets (annualised)	3.69%	3.60%	3.15%
Productivity ratio	55.87%	54.77%	56.69%
Productivity ratio (excluding Life Insurance Business)	46.33%	45.04%	46.59%

The Bank of Nova Scotia Jamaica Limited  
Consolidated Balance Sheet

<i>Unaudited</i> (\$ millions)	Period ended January 31	Year ended October 31	Period ended January 31
	2008	2007	2007
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	56,829	54,415	60,703
<b>INVESTMENTS</b>			
Held To Maturity	33,135	39,225	29,642
Financial assets at fair value through statement of revenue and expenses	-	-	330
Securities available for sale	20,000	19,498	15,599
	<u>53,135</u>	<u>58,723</u>	<u>45,571</u>
<b>INVESTMENT IN ASSOCIATED COMPANIES</b>	-	-	1,064
<b>PLEGDED ASSETS</b>	4,126	1,341	21,431
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	734	1,484	302
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	78,763	73,106	62,731
<b>OTHER ASSETS</b>			
Customers' Liability under acceptances, guarantees and letters of credit	7,670	7,355	3,967
Real estate & equipment at cost, less depreciation	2,604	2,554	2,383
Deferred Taxation	-	-	2
Retirement Benefit Asset	4,960	4,840	4,422
Taxation Recoverable	1,408	1,253	597
Other assets	330	137	1,396
	<u>16,972</u>	<u>16,139</u>	<u>12,767</u>
<b>TOTAL ASSETS</b>	<b>210,559</b>	<b>205,208</b>	<b>204,569</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by public	131,150	127,874	116,073
Other deposits	7,335	7,336	7,457
	<u>138,485</u>	<u>135,210</u>	<u>123,530</u>
<b>OTHER LIABILITIES</b>			
Acceptances, guarantees & Letters of Credit	7,670	7,355	3,967
Liabilities under repurchase agreements	-	237	17,879
Redeemable Preference Shares	100	100	-
Deferred Taxation	1,797	1,767	1,561
Retirement Benefit Obligation	775	723	547
Other liabilities	5,050	5,041	4,235
	<u>15,392</u>	<u>15,223</u>	<u>28,189</u>
<b>POLICY HOLDER'S FUND</b>	27,731	26,974	24,705
<b>SHAREHOLDERS' EQUITY</b>			
Capital- Authorized, 3,000,000,000 ordinary shares Issued and fully paid, 2,927,232,000 Ordinary stock units of \$1 each	2,927	2,927	2,927
Reserve Fund	3,158	3,158	3,158
Capital Reserves	1,659	1,659	-
Retained Earnings Reserve	6,143	5,993	5,393
Loan Loss Reserve	1,017	1,017	807
Other Reserves	17	17	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	169	110	265
Unappropriated Profits	13,861	12,920	15,568
	<u>28,951</u>	<u>27,801</u>	<u>28,145</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>210,559</b>	<b>205,208</b>	<b>204,569</b>

Note:

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

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Director

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Director



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

**Consolidated Statement of Changes in Shareholders' Equity**

*Unaudited*

<i>(\$ millions)</i>	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Financial Assets	Unappropriated Profits	Total
<b>Balance at 31 October 2006</b>	<b>2,927</b>	<b>3,158</b>	<b>5,243</b>	-	<b>27</b>	<b>807</b>	<b>275</b>	<b>14,953</b>	<b>27,390</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes							(133)		(133)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses							(33)		(33)
Net profit								6,851	<b>6,851</b>
Transfer of reserves relating to sale of subsidiary					(10)	(8)	1	17	-
Transfer to Loan Loss Reserve						218		(218)	-
Transfer of gain relating to sale of subsidiary				1,659				(1,659)	-
Issue of preference shares								(100)	<b>(100)</b>
Transfer to Retained Earnings Reserve			750					(750)	-
Dividends paid								(6,174)	<b>(6,174)</b>
<b>Balance at 31 October 2007</b>	<b>2,927</b>	<b>3,158</b>	<b>5,993</b>	<b>1,659</b>	<b>17</b>	<b>1,017</b>	<b>110</b>	<b>12,920</b>	<b>27,801</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes							65		<b>65</b>
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses							(6)		<b>(6)</b>
Net profit								1,940	<b>1,940</b>
Transfer to Retained Earnings Reserve			150					(150)	-
Dividends paid								(849)	<b>(849)</b>
<b>Balance as at 31 January 2008</b>	<b>2,927</b>	<b>3,158</b>	<b>6,143</b>	<b>1,659</b>	<b>17</b>	<b>1,017</b>	<b>169</b>	<b>13,861</b>	<b>28,951</b>

**The Bank of Nova Scotia Jamaica Limited**  
**Condensed Consolidated Statement of Cash Flows**

<i>(Unaudited)</i> <i>(\$ millions)</i>	Three Months Ended January 31, 2008	Three Months Ended January 31, 2007
<b>Cash flows provided by / (used in) operating activities</b>		
Net Income	1,940	1,614
Adjustments to net income		
Depreciation	78	85
Impairment losses on loans	86	160
Other, net	742	360
	<u>2,846</u>	<u>2,219</u>
Changes in operating assets and liabilities		
Loans	(5,684)	(3,232)
Deposits	3,060	2,590
Policyholders reserve	757	996
Other, net	(8,298)	3,431
	<u>(7,319)</u>	<u>6,004</u>
<b>Cash flows provided by / (used in) investing activities</b>		
Investments	(66)	(818)
Repurchase Agreements, net	507	(5)
Property, plant and equipment, net	(127)	(118)
	<u>314</u>	<u>(941)</u>
<b>Cash flows used in financing activities</b>		
Dividends paid	(849)	(849)
	<u>(849)</u>	<u>(849)</u>
Effect of exchange rate on cash and cash equivalents	(70)	262
Net change in cash and cash equivalents	(7,924)	4,476
Cash and cash equivalents at beginning of year	27,227	25,623
<b>Cash and cash equivalents at end of period</b>	<b><u>19,303</u></b>	<b><u>30,099</u></b>
<b>Represented by :</b>		
Cash Resources	56,458	60,165
Statutory reserves at Bank of Jamaica	(10,966)	(9,866)
Interest bearing deposits with Central Bank greater than 90 days	(14,067)	(14,070)
Interest bearing deposits with banks greater than 90 days	(9,135)	(2,751)
Cheques and other instruments in transit, net	(2,987)	(3,379)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>19,303</u></b>	<b><u>30,099</u></b>



## Segment Reporting Information

### Consolidated Statement of Income

Unaudited	For the period ended January 31, 2008						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	1,738,686	2,796,781	1,621,852	1,344,114	4,317		7,505,750
Revenues from other segments	(1,094,803)	613,301	487,560	2,466	(2,224)	(6,300)	-
<b>Total Revenues</b>	<b>643,883</b>	<b>3,410,082</b>	<b>2,109,412</b>	<b>1,346,580</b>	<b>2,093</b>	<b>(6,300)</b>	<b>7,505,750</b>
Expenses	(19,478)	(2,517,790)	(1,519,290)	(784,379)	(174)	6,300	(4,834,811)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>624,405</b>	<b>892,292</b>	<b>590,122</b>	<b>562,201</b>	<b>1,919</b>	<b>-</b>	<b>2,670,939</b>
Income tax expense							(731,016)
<b>Net profit</b>							<b>1,939,923</b>

### Consolidated Balance Sheet

	As at January 31, 2008						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	76,942,100	46,965,051	46,785,949	34,956,925	170,456	(545,546)	205,274,935
Unallocated assets							5,284,095
<b>Total Assets</b>							<b>210,559,030</b>
Segment liabilities	-	78,837,072	70,658,336	27,888,386	58,797	(345,355)	177,097,236
Unallocated liabilities							4,509,718
<b>Total liabilities</b>							<b>181,606,954</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	70,964	57,310	52	-		128,326
Impairment losses on loans	-	96,875	(10,822)	-	-		86,053
Depreciation	-	46,435	29,974	1,020	135		77,564

**Segment Reporting Information****Consolidated Statement of Income**

Unaudited		For the period ended January 31, 2007						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenues	1,612,408	2,227,914	1,411,084	631,397	1,087,024	498		6,970,325
Revenues from other segments	(1,047,350)	688,129	377,891	21,600	6,639	4,298	(51,207)	-
<b>Total Revenues</b>	565,058	2,916,043	1,788,975	652,997	1,093,663	4,796	(51,207)	6,970,325
Expenses	(25,506)	(2,129,578)	(1,366,753)	(570,456)	(704,384)	(175)	51,207	(4,745,645)
Unallocated expenses								
Operating Profit	539,552	786,465	422,222	82,541	389,279	4,621	-	2,224,680
Share of Profit in Associate								19,734
<b>Profit Before Tax</b>								<b>2,244,414</b>
Income tax expense								(630,374)
<b>Net profit</b>								<b>1,614,040</b>

**Consolidated Balance Sheet**

		As at January 31, 2007						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	75,367,471	36,633,157	37,316,354	19,643,441	30,338,795	170,217	(1,757,748)	197,711,687
Unallocated assets								6,857,197
<b>Total Assets</b>								<b>204,568,884</b>
Segment liabilities	1,383,629	71,693,511	59,220,259	18,058,053	24,776,156	52,360	(1,547,456)	173,636,512
Unallocated liabilities								2,787,582
<b>Total liabilities</b>								<b>176,424,094</b>
<b>Other Segment items:</b>								
Capital Expenditure	-	59,225	57,010	59	1,740	-		118,034
Impairment losses on loans	-	128,693	31,305	(239)	-	-		159,759
Depreciation	-	48,639	34,836	468	874	135		84,952



# THE BANK OF NOVA SCOTIA JAMAICA LIMITED

## Notes to the Consolidated Financial Statements

### January 31, 2008

#### 1. Identification

The Bank of Nova Scotia Jamaica Limited is a 100% subsidiary of Scotia Group Jamaica Limited which is incorporated and domiciled in Jamaica.

Scotia Group Jamaica Limited is a 71.78% subsidiary of the Bank of Nova Scotia which is incorporated and domiciled in Canada and is the ultimate parent.

Dehring Bunting & Golding Limited acquired 100% interest in Scotia Jamaica Investment Management Limited from the Bank of Nova Scotia Jamaica Limited.

#### 2. Basis of presentation

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

##### **Basis of consolidation**

The consolidated financial statements include the assets, liabilities, and results of operations 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 statement of revenue and expenses; 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 Statement of Revenue and Expenses

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 statement of revenue and expenses 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.

#### 4. Investment in Associated Company

This represents investment in Dehring Bunting & Golding Limited in 2007 and was accounted for using the equity method of accounting.

#### 5. Insurance and investment contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those that transfer financial risk with no significant insurance risk.





**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**January 31, 2008**

**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 repriced date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the balance sheet.

**7. 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 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.

**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. Capital Reserve**

This represents the gain on sale of shares held in Scotia Jamaica Investment Management Limited and Dehring Bunting & Golding Limited.

**11. 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.

**12. Segment reporting**

The Group is organized into five main business segments:

- Retail Banking – incorporating personal banking services, personal customer current accounts, saving Redeposits, custody, credit and debit cards, customer loans and mortgages;
- Corporate and Commercial Banking – incorporating non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities and foreign currency transactions;
- Treasury – incorporating the Bank's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Investment Management Services – incorporating investments and pension fund management and the administration of trust accounts;
- Insurance Services – incorporating the provision of life insurance and
- Other operations of the Group comprise non trading subsidiaries.

Dehring Bunting & Golding Limited acquired 100% interest in Scotia Jamaica Investment Management Limited from The Bank of Nova Scotia Jamaica Limited. Consequently, the results of Scotia Jamaica Investment Management Limited, which was previously reported in the Investment Management Services segment, now forms a part of the results of Scotia Group Jamaica Limited.

Transactions between the business segments are on normal commercial terms and conditions.