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MEDIA RELEASE

SCOTIA GROUP JAMAICA LIMITED'S SOLID PERFORMANCE CONTINUES INTO THE SECOND QUARTER.

SECOND QUARTER 2008 HIGHLIGHTS (Year to Date)

- **Net Income of $4,778 million**
- **Net Income available to common shareholders of $4,655 million**
- **Earnings per share of $1.50**
- **Return on Average Equity 26.10%**
- **Productivity ratio of 53.37%**
- **Second Quarter dividend of 32 cents per share**

Scotia Group Jamaica Limited (Scotia Group) today reported net income available to common shareholders of $2,520 million for the second quarter, this was $385 Million above the quarter ended January 31, 2008 and $741 Million above the net income for the quarter ended April 30, 2007. For the six months ended April 30, 2008 net income available to common shareholders was $4,655 Million compared to $3,393 Million for the same period last year. The current year's net income includes the results of Dehring Bunting & Golding Limited (now Scotia DBG Investments Limited), which was acquired by Scotia Group on May 1, 2007.

William E. Clarke, President and CEO said "Scotia Group continues to experience solid growth in all key business lines. Retail loan demand continues to be strong with year over year growth of over $9 Billion in our Scotia Plan Loan, Mortgages (SJBS) and Credit card portfolios. With the rebranding of our investment management subsidiary to Scotia DBG during the quarter, Scotia Group is even more strongly positioned with the financial strength and flexibility to deliver the widest range of financial products in the industry."

The contribution to net income by our subsidiaries are outlined below:-

	$'Million	% Contribution
The Bank of Nova Scotia Jamaica Limited (BNSJ)	3,008	64.62%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	1,013	21.76%
Scotia DBG Investments Limited (Scotia DBG)	412	8.85%
Scotia Jamaica Building Society (SJBS)	222	4.77%
Net Income attributable to common shareholders	4,655	100.00%

Earnings per share (EPS) for the quarter was $0.81, compared to $0.61 for last year and $0.69 for the previous quarter. Year to date EPS was $1.50, while the Return on Average Equity (ROE) annualized remains very strong at 26.10%.

The Board of Directors today, approved an interim dividend of 32 cents per stock unit, payable on July 3, 2008 to stockholders on record at June 12, 2008.

REVENUES

Total Revenue comprising net interest revenue and other income was $13,840 million, an increase of $3,442 million or 33.10% from prior year.

NET INTEREST INCOME

Net interest income was $10,526 million, up $2,378 million when compared to last year. This is as a result of strong portfolio volume growth primarily in our retail portfolio. Interest income earned from securities also increased, due to improved interest margins and volume growth in the investment and repurchase agreement portfolios resulting from the acquisition of DB&G in May 2007.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was $2,926 million, up $968 million when compared with last year. This was driven mainly by the growth in foreign exchange trading income, securities trading income and electronic banking related fees. There was also one time income of $249MM resulting from the redemption of Visa Class C shares due to the Visa Incorporated IPO. Insurance Premium is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance, marketed by SJLIC. Combined net premium income for both products increased by approximately $96 million when compared to prior year. SJLIC reported gross premium income of $2.5 billion for the six 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 53.37%. 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 44.68%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were $5,813 million, an increase of $1,564 million over last year of which $501 Million relate to the inclusion of Scotia DBG in the consolidated results. The balance of $1,063 million was due to increased staff costs, amortization of the intangible assets resulting from the acquisition of DB&G, 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 April 30, 2008 were $2,344 million, of which $807 million relates to the consolidation of Scotia DBG. The non-performing loans for the BNSJ Group were $1,537 million, this was an increase of $410 million when compared to $1,127 million a year ago, and $169 million above the previous quarter ended January 31, 2008. The BNSJ Group's non-performing loans now represent 1.95% of total loans and 0.71% of total assets compared to 1.73% and 0.52% respectively in prior year. Scotia DBG's non-performing loans increased by $20 million over the previous quarter, and represents 1.26% of their total assets.

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 Group's loan loss provision as determined by IFRS is $826 million, of which $622 million is specific and $204 million is general.

The loan loss provision as determined by Regulatory Requirement is $1,901 million, of which $407 million relates to provisions established by Scotia DBG. BNSJ Group's loan loss provision is $1,494 million. Over the years, we continue to experience significant growth in the loan portfolio, however the loan loss provision has remained relatively stable, due to Scotiabank's strong credit policy and loan administration procedures, which has ensured the high quality of the loan portfolio.

BALANCE SHEET

Total assets increased year over year by $66 Billion or 31% to $282 Billion as at April 30, 2008. The consolidation of Scotia DBG contributed $43 Billion to the growth in assets. The Group's performing loans were $82 billion, up $18 Billion or 28% over the previous year, as we continue to experience significant growth in retail lending, and have seen an improvement in the demand for commercial loans. Investments, pledged assets and repurchase agreements increased by $37 Billion, with Scotia DBG accounting for $35.7 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 $145.3 billion, up $18 billion or 14.13% 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 $37 billion, $8 Billion more than prior year, this was due mainly to an increase of $3.6 Billion in the share capital of Scotia Group Jamaica Limited in May 2007 and $3.5 billion in the retained earnings. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

OUR COMMITMENT TO THE COMMUNITY

Scotiabank continues to demonstrate its commitment to being a leading institution in Corporate Social Responsibility and building relationships with its communities. On February 1, 2008, we marked the 100th Anniversary of the Savanna-la-Mar branch and held several activities which celebrated and recognized the loyalty and dedication of our customers since 1908.

During the quarter, the Bank maintained its focus on building awareness of HIV and AIDS and reducing stigma

and discrimination among primary school aged children, through its ‘Speak Up! Speak Out!’ Education Programme. The activities included the Scotiabank National Primary School Debating Competition involving 140 schools and parenting seminars in all parishes.

Over the last quarter, the Scotiabank Jamaica Foundation officially handed over a new 300 seat Lecture Theater to the Montego Bay Community College, built at a cost of $25 million. The Foundation also handed over an expanded Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital, also in Montego Bay. This expansion was undertaken to facilitate six new dialysis machines.

Both the Bank and the Foundation donated a combined $18 million to new and on-going projects supporting Education, Health, and Community Development.

In Education, the Foundation donated $6.5 million, the first of five annual contributions to the Technology Innovation Center at the University of Technology in support of the Scotiabank Chair in Entrepreneurship and Development. The Foundation also continued its support for its scholars studying at the University of the West Indies, Harvest Deaf Bible College, and several high schools totaling $1.5 million.

In Health, the Foundation donated a total of $5.8 million to two hospitals in western Jamaica. A total of $2.6 million was given as down payment for a Tubal Ligation Single Puncture Digital Diagnostic Video System and Vital Signs Monitor for the Savanna-la-Mar Hospital and $3.2 million for supplies and maintenance of the Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital.

In Community Development, the Foundation gave the first of two annual contributions of $2.5 million each to the Church of the Good Shepherd, St. Andrew for the construction of a Skills Training Center to provide training in craft and garment construction, and deliver a homework assistance programme and mentoring

AWARDS

Scotiabank Jamaica was awarded the ‘Best Emerging Market Bank in Jamaica’ by Global Finance magazine. This prestigious award identified banks that provide service to corporations seeking to take advantage of substantial opportunities for growth in a sometimes challenging environment. We were also named for two awards from the 2008 U.S. International Film and Video Festival for the television production of the Grand Final of the Bank’s “Speak Up! Speak Out! Scotiabank National Primary Schools HIV and AIDS Debating Competition.”

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			For the six months ended	
Unaudited	**April**	**January**	**April**	**April**	**April**
($ millions)	**2008**	**2008**	**2007**	**2008**	**2007**
GROSS OPERATING INCOME	**9,668**	**9,262**	**7,077**	**18,930**	**14,047**
INTEREST INCOME					
Loans and deposits with banks	5,200	4,167	3,543	9,367	7,010
Securities	2,689	3,560	2,328	6,249	4,787
	7,889	7,727	5,871	15,616	11,797
INTEREST EXPENSE					
Deposits and repurchase agreements	2,535	2,555	1,819	5,090	3,649
Net interest income	5,354	5,172	4,052	10,526	8,148
Provision for credit losses	(115)	(83)	(141)	(198)	(301)
Net interest income after provision for credit losses	5,239	5,089	3,911	10,328	7,847
Net fee and commission income	982	962	844	1,944	1,542
Insurance premium income	198	190	151	388	292
Gains less losses from foreign currencies	313	295	211	608	413
Other operating income	286	88	0	374	3
	1,779	1,535	1,206	3,314	2,250
TOTAL OPERATING INCOME	**7,018**	**6,624**	**5,117**	**13,642**	**10,097**
OPERATING EXPENSES					
Staff costs	1,503	1,717	1,218	3,220	2,502
Premises and equipment, including depreciation	628	399	325	1,027	686
Amortisation of intangible assets	55	55	-	110	-
Changes in policyholders' reserves	711	665	580	1,376	1,165
Other operating expenses	675	781	536	1,456	1,061
	3,572	3,617	2,659	7,189	5,414
OPERATING PROFIT	**3,446**	**3,007**	**2,458**	**6,453**	**4,683**
Share of profits in associated company	-	-	**19**	-	**38**
PROFIT BEFORE TAXATION	**3,446**	**3,007**	**2,477**	**6,453**	**4,721**
Taxation	**(861)**	**(814)**	**(698)**	**(1,675)**	**(1,328)**
PROFIT AFTER TAXATION	**2,585**	**2,193**	**1,779**	**4,778**	**3,393**
ATTRIBUTABLE TO:					
Stockholders of the company	2,520	2,135	1,779	4,655	3,393
Minority interest	65	58	-	123	-
	2,585	**2,193**	**1,779**	**4,778**	**3,393**
Earnings per share based on 3,111,572,984 shares (cents)	**81**	**69**	**61**	**150**	**116**
Return on average equity (annualised)	**27.74%**	**24.40%**	**24.88%**	**26.10%**	**24.06%**
Return on assets (annualised)	**3.57%**	**3.14%**	**3.30%**	**3.30%**	**3.15%**
Productivity ratio	**51.69%**	**55.17%**	**53.25%**	**53.37%**	**54.96%**
Productivity ratio (excluding Life Insurance Business)	**42.91%**	**46.57%**	**43.47%**	**44.68%**	**45.02%**

Scotia Group Jamaica Ltd.
Consolidated Balance Sheet

	Period ended April 30	Year ended October 31	Period ended April 30
Unaudited			
($ millions)	**2008**	**2007**	**2007**
ASSETS			
CASH RESOURCES	62,756	55,104	57,099
INVESTMENTS			
Held To Maturity	32,486	39,225	31,968
Financial assets at fair value through statement of revenue and expenses	1,055	1,125	231
Securities available for sale	23,581	21,646	19,554
	57,122	61,996	51,753
INVESTMENT IN ASSOCIATED COMPANY	-	-	1,082
PLEDGED ASSETS	40,864	34,665	24,490
CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND	16,699	14,060	-
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	341	1,156	302
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	83,465	76,667	64,652
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	8,188	7,829	6,627
Real estate and equipment at cost, less depreciation	2,788	2,702	2,416
Taxation Recoverable	1,055	1,293	912
Retirement Benefit Asset	5,075	4,840	4,557
Other assets	1,296	286	1,701
Intangible Assets	2,417	2,528	-
	20,819	19,478	16,213
TOTAL ASSETS	**282,066**	**263,126**	**215,591**
LIABILITIES			
DEPOSITS			
Deposits by public	138,307	131,018	119,182
Other deposits	6,988	6,860	8,122
	145,295	137,878	127,304
OTHER LIABILITIES			
Acceptances, guarantees and Letters of Credit	8,188	7,829	6,627
Liabilities under repurchase agreements	34,941	31,530	19,595
Promissory Notes	936	607	-
Capital Management and Government Securities Fund	16,695	14,060	-
Redeemable Preference Shares	100	100	-
Deferred Taxation	1,927	1,794	1,558
Retirement Benefit Obligation	826	723	606
Assets Held in Trust on behalf of Participants	53	53	-
Other liabilities	5,349	5,269	5,286
	69,015	61,965	33,672
POLICY HOLDERS' FUND	28,773	26,974	25,548
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	2,927
Reserve Fund	3,186	3,161	3,158
Retained Earnings Reserve	6,628	5,993	5,543
Loan Loss Reserve	1,050	1,046	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(302)	(212)	257
Unappropriated Profits	19,850	17,789	16,348
	37,009	34,374	29,067
Minority Interest	1,974	1,935	-
	38,983	36,309	29,067
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**282,066**	**263,126**	**215,591**

Director   Director

Consolidated Statement of Changes in Shareholders' Equity

Unaudited

$millions	Share Capital	Reserve Fund	Retained Earnings Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement result from Available for Sale financial assets	Unappropriated Profits	Total	Minority Interest	Total Equity
Balance at 31 October 2006	**2,927**	**3,158**	**5,243**	**27**	**807**	**275**	**14,953**	**27,390**	**-**	**27,390**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes						(454)		**(454)**		**(454)**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses						(33)		**(33)**		**(33)**
Net profit							7,493	**7,493**	117	**7,610**
Transfer to Reserve Fund		2					(2)	**-**		**-**
Transfer to Loan Loss Reserve					239		(239)	**-**		**-**
Issue of Preference Shares							(100)	**(100)**		**(100)**
Issue of Shares	3,643							**3,643**		**3,643**
Transfer to Retained Earnings Reserve			750				(750)	**-**		**-**
Minority interests' net assets of acquired subsidiaries								**-**	1,912	**1,912**
Dividends Paid							(3,565)	**(3,565)**	(94)	**(3,659)**
								-		**-**
Balance 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						(53)		(53)		**(53)**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses						(37)		(37)	(9)	**(46)**
Net profit							4,655	4,655	123	**4,778**
Transfer to Reserve Fund		25					(25)	-		**-**
Net movement in reserves for minority interests									(27)	**(27)**
Transfer to Loan Loss Reserve					4		(4)	-		**-**
Transfer to Retained Earnings Reserve			635				(635)	-		**-**
Dividends Paid							(1,930)	(1,930)	(48)	**(1,978)**
Balance at 30 April 2008	**6,570**	**3,186**	**6,628**	**27**	**1,050**	**(302)**	**19,850**	**37,009**	**1,974**	**38,983**

Scotia Group Jamaica Limited
Condensed Consolidated Statement of Cash Flows

(Unaudited) *($ millions)*	**Six Months Ended April 30, 2008**	**Six Months Ended April 30, 2007**
Cash flows provided by / (used in) operating activities		
Net Income	4,778	3,393
Adjustments to net income		
Depreciation	184	154
Impairment losses on loans	198	301
Amortisation of intangible assets	110	-
Other, net	916	1,003
	6,186	4,851
Changes in operating assets and liabilities		
Loans	(6,951)	(5,315)
Deposits	7,237	5,887
Policyholders reserve	1,799	1,839
Other, net	(6,157)	(2,380)
	2,114	4,882
Cash flows provided by / (used in) investing activities		
Investments	(7,969)	(11,361)
Repurchase Agreements, net	4,146	2,162
Promissory Notes	309	-
Property, plant and equipment, net	(267)	(217)
	(3,781)	(9,416)
Cash flows used in financing activities		
Dividends paid	(1,978)	(1,698)
	(1,978)	(1,698)
Effect of exchange rate on cash and cash equivalents	(54)	461
Net change in cash and cash equivalents	(3,699)	(5,771)
Cash and cash equivalents at beginning of year	25,934	18,823
Cash and cash equivalents at end of period	**22,235**	**13,052**
Represented by :		
Cash resources	62,756	57,099
Statutory reserves at Bank of Jamaica	(11,258)	(9,752)
Less amounts due from Bank of Jamaica greater than ninety days	(14,153)	(20,504)
Less amounts due from other banks greater than ninety days	(11,735)	(8,871)
Less accrued interest on cash resources	(757)	(791)
Cheques and other instruments in transit, net	(2,618)	(4,129)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**22,235**	**13,052**

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

Unaudited	For the period ended April 30, 2008							
($ millions)	**Treasury**	**Retail Banking**	**Corporate Banking**	**Investment Management Services**	**Insurance Services**	**Other**	**Eliminations**	**Group Total**
Gross External Revenues	3,696	5,714	3,145	3,618	2,756	1	-	18,930
Revenues from other segments	(2,235)	1,192	1,058	14	5	1,924	(1,958)	-
Total Revenues	1,461	6,906	4,203	3,632	2,761	1,925	(1,958)	18,930
Expenses	(40)	(4,905)	(3,043)	(2,823)	(1,602)	(3)	(62)	(12,478)
Unallocated expenses								
Profit Before Tax	1,421	2,001	1,160	809	1,159	1,922	(2,020)	**6,452**
Income tax expense								(1,674)
Net profit								**4,778**

Consolidated Balance Sheet

	As at April 30, 2008							
($ millions)	**Treasury**	**Retail Banking**	**Corporate Banking**	**Investment Management Services**	**Insurance Services**	**Other**	**Eliminations**	**Group Total**
Segment assets	79,903	50,327	44,620	63,847	36,458	9,552	(8,850)	275,857
Unallocated assets								6,209
Total Assets								282,066
Segment liabilities	302	79,427	73,985	57,504	28,889	57	(1,678)	238,486
Unallocated liabilities								4,597
Total liabilities								243,083
Other Segment items:								
Capital Expenditure	-	141	119	10	-	-		270
Impairment losses on loans	-	200	(15)	13	-	-		198
Depreciation	-	92	63	27	2	-		184

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

Unaudited	For the period ended April 30, 2007							
($ millions)	**Treasury**	**Retail Banking**	**Corporate Banking**	**Investment Management Services**	**Insurance Services**	**Other**	**Consol. adj.**	**Group Total**
Gross External Revenues	3,214	4,506	2,886	1,265	2,175	1	-	14,047
Revenues from other segments	(2,079)	1,353	745	57	11	8	(95)	-
Total Revenues	1,135	5,859	3,631	1,322	2,186	9	(95)	14,047
Expenses	(64)	(4,257)	(2,627)	(1,138)	(1,373)	-	95	(9,364)
Unallocated expenses								
Operating Profit	1,071	1,602	1,004	184	813	9	-	4,683
Share of Profit in Associate								38
Profit Before Tax								**4,721**
Income tax expense								(1,328)
Net profit								**3,393**

Consolidated Balance Sheet

	As at April 30, 2007							
($ millions)	**Treasury**	**Retail Banking**	**Corporate Banking**	**Investment Management Services**	**Insurance Services**	**Other**	**Consol. adj.**	**Group Total**
Segment assets	77,922	38,506	39,965	21,743	31,541	170	(1,571)	208,276
Unallocated assets								7,314
Total Assets								215,590
Segment liabilities	514	74,081	64,373	20,093	25,621	49	(1,361)	183,370
Unallocated liabilities								3,154
Total liabilities								186,524
Other Segment items:								
Capital Expenditure	-	118	102	-	2	-		222
Impairment losses on loans	-	269	33	(1)	-	-		301
Depreciation	-	90	62	1	1	-		154

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.

Comparative Information

The Bank of Nova Scotia Jamaica Limited effected a reorganization as a part of the Scheme of Arrangement which occurred during 2007, whereby the shareholders of the Bank exchanged their shares in the Bank for shares in the Company. Resulting from this reorganization, the comparative information in the consolidated financial statements and other financial information for prior years represent the consolidated financial information for The Bank of Nova Scotia Jamaica Limited.

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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.

<u>Financial Assets at Fair Value through Statement of Revenue and Expenses</u>

This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.

<u>Loans and receivables</u>

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.

<u>Held-to-Maturity</u>

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.

<u>Available-for-sale</u>

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. 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.

5. **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.

6. **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.

7. **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.

8. **Property, plant and equipment**
All property, plant and equipment are stated at cost less accumulated depreciation.

9. **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.

10. **Segment reporting**
The Group is organized into five main business segments:

- Retail Banking – incorporating personal banking services, personal customer current accounts, saving deposits, 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, unit trusts and pension fund management, brokerage and advisory services, and the administration of trust accounts;
- Insurance Services – incorporating the provision of life insurance and
- Other operations of the Group comprise non trading subsidiaries.

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