

Date: May 22, 2009

For further information contact:

Bruce F. Bowen

President & CEO

Tel: 876-922-1000

Fax: 876-967-4300

MEDIA RELEASE

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

SECOND QUARTER 2009 HIGHLIGHTS (YEAR TO DATE)

- Net Income of \$5,472 million, up 15% over the same period in 2008
- Net Income available to common shareholders of \$5,287 million
- Earnings per share of \$1.70
- Return on Average Equity 27.00%
- Productivity ratio of 55.81%
- Second dividend of 34 cents per share

Scotia Group Jamaica Limited (Scotia Group) today reported net income available to common shareholders of \$2,856 million for the second quarter, this was \$425 million above the quarter ended January 31, 2009 and \$336 million above the net income of the quarter ended April 30, 2008. For the six months ended April 30, 2009, net income available to common shareholders was \$5,287 million compared to \$4,655 million for the same period last year.

Earnings per share (EPS) for the quarter was \$0.92, compared to \$0.81 for last year and \$0.78 for the previous quarter. Year to date EPS was \$1.70, while Return on Average Equity (ROE) remains very strong at 27%.

The Board of Directors today approved an interim dividend of 34 cents per stock unit, payable on June 30, 2009 to stockholders on record at May 28, 2009.

Bruce F. Bowen, President and CEO said "Scotia Group Jamaica continues to produce solid results consistent with our key priorities of growing our core business lines, diversification, strong expense control and maintaining our prudent risk management. The unprecedented fallout of the global financial markets continues to negatively affect the Jamaican economy, and we have seen the impact on our customers. Scotiabank continues to proactively work with our customers and many have benefited from our Customer Assistance program. Our stakeholders can rest assured that we are committed to be the safe and stable financial institution, which is responsive to our customers' needs."

The contribution to net income by major subsidiaries is outlined below:-

	\$'Million	% Contribution
	Year to Date	Year to Date
The Bank of Nova Scotia Jamaica Limited (BNSJ)	2,834	53.60%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	1,603	30.32%
Scotia DBG Investments Limited (Scotia DBG)	620	11.73%
Scotia Jamaica Building Society (SJBS)	230	4.35%
Net Income attributable to common shareholders	5,287	100.00%

REVENUES

Total Revenue, comprising net interest revenue and other income, was \$16,646 million, an increase of \$2,806 million or 20.27% from the prior year.

NET INTEREST INCOME

Net interest income was \$13,631 million, up \$3,105 million when compared to last year. This is due to improved interest margins, resulting from increased market interest rates. There was also good volume growth in our loans, deposits with banks, pledged assets and investment portfolios.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was \$2,638 million, down when compared with last year. In 2008, the Group recorded a one-time gain of \$249million resulting from the redemption of VISA Class C shares resulting from the VISA Incorporated IPO. If excluded, other revenue is marginally down due to less fee income earned on assets under management and mutual funds. Insurance Premium Income is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance marketed by Scotia Jamaica Life Insurance Company (SJLIC). 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 55.81%. 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 46.08%.

Non-interest Expenses, excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$6,660 million, an increase of \$847 million over last year. This was due mainly to increased staff costs, premises 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, 2009 were \$3,573 million. This was an increase of \$1,229 million when compared to a year ago, and \$22 million above the previous quarter ended January 31, 2009. The increase reflects the impact of the current economic conditions, especially on retail loan customers. The Group has implemented measures to control the growth in this area and also introduced a Customer Assistance Program to assist existing customers to restructure their facilities. Scotia Group's non-performing loans now represent 3.81% of total loans and 1.16% of total assets compared to 2.78% and 0.83% respectively one year ago.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the Bank of Jamaica 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 \$1,012 million, of which \$740 million is specific and \$272 million is general.

The loan loss provision as determined by Regulatory Requirement is \$2,597 million. Over the years, Scotia Group has continued to experience significant growth in its loan portfolio, however Scotiabank's strong credit policy and loan administration procedures continue to ensure the high quality of the loan portfolio.

BALANCE SHEET

Total assets increased year over year by \$25 billion or 8.78% to \$307 billion as at April 30, 2009. The Group's performing loans were \$90 billion, up \$8 billion or 8.7% over the previous year, as we experienced growth in mainly the commercial loan portfolio. Cash resources, investments and pledged assets increased by \$17 billion.

Deposits grew to \$155 billion, up \$10 billion from the previous year, reflecting continued confidence in Scotiabank despite challenging market conditions.

CAPITAL

Scotia Group's capital base continues to be very strong. Total shareholders equity grew to \$42.6 billion, \$3.7 billion more than the prior year. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

INVESTING IN JAMAICA

Scotiabank Chair in Entrepreneurship and Development

Scotiabank continues to demonstrate its commitment to develop the small business sector through our funding of the Scotiabank Chair in Entrepreneurship and Development at the University of Technology. During the quarter, the second tranche of \$6.5 million was disbursed in support of the programme's work in research and developmental training.

Customer Assistance Programme extended to Small Medium Enterprises

The Bank extended its offer to renegotiate existing loans to small business customers. The offer which was initially made to all personal loan customers in good financial standing has been well received. As part of the offer, customers with existing loan commitments with the Bank can renegotiate easier and lower payment terms. The offer came amidst the current climate of economic hardship and increasing delinquencies in the banking sector.

US\$100 million loan to Government of Jamaica

Scotiabank early this year loaned the Government of Jamaica US\$100 million to support the national budget and assist the Government in funding the €200 million Euro Bond repayment which became due in February 2009. This loan is a further demonstration of the Bank's commitment to the growth and development of Jamaica, through continued investment and partnership with the Government.

COMMITMENT TO THE COMMUNITY

Scotiabank continues to demonstrate a keen sense of its Corporate Social Responsibility through a number of initiatives in the areas of health, education and community.

During the last quarter, the Bank launched its inaugural National Blood Drive which collected over 570 units of blood for the National Blood Transfusion Service and helped to raise awareness on the needs of this organization. Scotiabank also made a donation of J\$288,609 to the Jamaica Cancer Society to support their work in promoting breast cancer awareness and early screening in Jamaica.

The Scotiabank Jamaica Foundation's corporate outreach programs included approximately \$9 million being spent towards the provision of quality health care through routine maintenance work. These include \$7.9 million disbursed to the SJF HAEMODIALYSIS UNIT – at the Cornwall Regional Hospital and \$1 million towards a major roof repair project at the Port Antonio Hospital. We have also made further commitments towards maintenance projects, whereby \$2 million has been earmarked for the Scotiabank Centennial Accident and Emergency Unit, and \$3.1 million for the Port Antonio Hospital in Portland.

The Foundation also disbursed approximately \$7.1 million towards education, by funding various scholarship programmes. During the quarter, a special mentoring and coaching programme was launched to provide guidance, training and exposure for students. While the Breakfast Feeding Programme continued in five primary level schools across the island at a cost of \$1 million.

In Community Care, the Foundation spent \$2 million over the quarter to provide meals for residents of Cluster F of the Golden Age Home in Kingston and a final disbursement of \$2.5 million was made to the Church of the Good Shepherd in constructing a community centre to facilitate outreach into the surrounding volatile communities.

AWARDS

Scotiabank Jamaica was the recipient of several prestigious awards during this quarter. These include the “2009 Best Bank in Jamaica” and “Best Foreign Exchange Bank in Jamaica 2009” by Global Finance magazine, as well as, the “Best Banking Group in Jamaica 2009” by World Finance magazine.

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



Unaudited (\$ millions)	For the three months ended			For the six months ended	
	April	January	April	April	April
	2009	2009	2008	2009	2008
GROSS OPERATING INCOME	11,833	10,988	9,668	22,821	18,930
INTEREST INCOME					
Loans and deposits with banks	5,244	5,882	5,200	11,126	9,367
Securities	5,104	3,576	2,689	8,680	6,249
	10,348	9,458	7,889	19,806	15,616
INTEREST EXPENSE					
Deposits and repurchase agreements	3,146	3,029	2,535	6,175	5,090
Net interest income	7,202	6,429	5,354	13,631	10,526
Provision for credit losses	(473)	(364)	(115)	(837)	(198)
Net interest income after provision for credit losses	6,729	6,065	5,239	12,794	10,328
Net fee and commission income	1,003	903	982	1,906	1,944
Insurance premium income	183	194	198	377	388
Gains less losses from foreign currencies	273	385	313	658	608
Other operating income	26	48	286	74	374
	1,485	1,530	1,779	3,015	3,314
TOTAL OPERATING INCOME	8,214	7,595	7,018	15,809	13,642
OPERATING EXPENSES					
Staff costs	1,945	1,822	1,503	3,767	3,220
Premises and equipment, including depreciation	562	601	628	1,163	1,040
Amortisation of intangible assets	56	57	55	113	110
Changes in policyholders' reserves	947	846	711	1,793	1,376
Other operating expenses	772	845	675	1,617	1,443
	4,282	4,171	3,572	8,453	7,189
PROFIT BEFORE TAXATION	3,932	3,424	3,446	7,356	6,453
Taxation	(967)	(917)	(861)	(1,884)	(1,675)
PROFIT AFTER TAXATION	2,965	2,507	2,585	5,472	4,778
ATTRIBUTABLE TO:					
Stockholders of the company	2,856	2,431	2,520	5,287	4,655
Minority interest	109	76	65	185	123
	2,965	2,507	2,585	5,472	4,778
Earnings per share based on 3,111,572,984 shares (cents)	92	78	81	170	150
Return on average equity (annualised)	28.73%	25.34%	27.74%	27.00%	26.10%
Return on assets (annualised)	3.72%	3.35%	3.57%	3.45%	3.30%
Productivity ratio	54.74%	56.98%	51.69%	55.81%	53.37%
Productivity ratio (excluding Life Insurance Business)	44.78%	47.51%	42.91%	46.08%	44.68%

	Period ended April 30	Year ended October 31	Period ended April 30
Unaudited (\$ millions)	2009	2008	2008
ASSETS			
CASH RESOURCES	65,103	56,048	62,756
INVESTMENTS			
Held To Maturity	38,071	36,154	32,486
Financial assets at fair value through profit and loss	97	117	1,055
Securities available for sale	23,804	19,559	23,581
	61,972	55,830	57,122
PLEGGED ASSETS	67,512	58,706	57,562
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	200	408	341
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	92,801	89,697	83,465
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	7,067	6,919	8,188
Real estate and equipment at cost, less depreciation	3,136	2,911	2,788
Deferred Taxation	324	242	-
Taxation Recoverable	753	1,012	1,055
Retirement Benefit Asset	5,630	5,402	5,075
Other assets	175	821	1,297
Intangible Assets	2,170	2,288	2,417
	19,255	19,595	20,820
TOTAL ASSETS	306,843	280,284	282,066
LIABILITIES			
DEPOSITS			
Deposits by public	145,084	130,673	138,307
Other deposits	10,117	9,235	6,988
	155,201	139,908	145,295
OTHER LIABILITIES			
Acceptances, guarantees and Letters of Credit	7,067	6,919	8,188
Liabilities under repurchase agreements	44,840	39,897	34,941
Promissory Notes	428	380	936
Capital Management and Government Securities Fund	16,657	14,992	16,695
Redeemable Preference Shares	100	100	100
Deferred Taxation	1,489	1,581	1,927
Retirement Benefit Obligation	1,034	931	826
Assets Held in Trust on behalf of Participants	42	50	53
Other liabilities	5,256	5,209	5,349
	76,913	70,059	69,015
POLICY HOLDERS' FUND	32,073	30,561	28,773
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	6,570
Reserve Fund	3,200	3,200	3,186
Retained Earnings Reserve	8,910	7,310	6,628
Capital Reserve	9	9	-
Loan Loss Reserve	1,585	1,301	1,050
Other Reserves	13	13	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(2,480)	(2,105)	(302)
Unappropriated Profits	22,931	21,643	19,850
	40,738	37,941	37,009
Minority Interest	1,918	1,815	1,974
	42,656	39,756	38,983
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	306,843	280,284	282,066


 Director


 Director



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 result from Available for Sale financial assets	Unappropriated Profits	Total	Minority Interest	Total Equity
Balance as 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	-	-	-	-	-	-	(1,850)	-	(1,850)	(218)	(2,068)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(43)	-	(43)	(8)	(51)
Net profit	-	-	-	-	-	-	-	9,390	9,390	233	9,623
Movement of reserves relating to subsidiary	-	-	-	-	(9)	-	-	-	(9)	-	(9)
Transfer of reserves relating to liquidation of subsidiary	-	-	-	9	(5)	-	-	(4)	-	-	-
Transfer to Reserve Fund	-	39	-	-	-	-	-	(39)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	255	-	(255)	-	-	-
Transfer to Retained Earnings Reserve	-	-	1,317	-	-	-	-	(1,317)	-	-	-
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	(25)	(25)
Dividends Paid	-	-	-	-	-	-	-	(3,921)	(3,921)	(102)	(4,023)
Balance as at 31 October 2008	6,570	3,200	7,310	9	13	1,301	(2,105)	21,643	37,941	1,815	39,756
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(386)	-	(386)	(33)	(419)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	11	-	11	(1)	10
Net profit	-	-	-	-	-	-	-	5,287	5,287	185	5,472
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	8	8
Transfer to Loan Loss Reserve	-	-	-	-	-	284	-	(284)	-	-	-
Transfer to Retained Earnings Reserve	-	-	1,600	-	-	-	-	(1,600)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(2,115)	(2,115)	(56)	(2,171)
Balance as at 30 April 2009	6,570	3,200	8,910	9	13	1,585	(2,480)	22,931	40,738	1,918	42,656



Scotia Group Jamaica Limited
Condensed Consolidated Statement of Cash Flows

<i>(Unaudited)</i> <i>(\$ millions)</i>	Six Months Ended April 30, 2009	Six Months Ended April 30, 2008
Cash flows provided by / (used in) operating activities		
Net Income	5,472	4,778
Adjustments to net income		
Depreciation	191	184
Impairment losses on loans	837	198
Amortisation of intangible assets	113	110
Other, net	(11,747)	(8,853)
	<u>(5,134)</u>	<u>(3,583)</u>
Changes in operating assets and liabilities		
Loans	(3,948)	(6,951)
Deposits	16,094	7,237
Policyholders reserve	1,511	1,799
Securities sold under repurchase agreement	4,663	3,347
Financial Assets at fair value through profit & loss	20	70
Other, net	6,662	(889)
	<u>19,868</u>	<u>1,030</u>
Cash flows provided by / (used in) investing activities		
Investments	(22,971)	(7,731)
Repurchase Agreements, net	208	800
Property, plant and equipment, Intangibles, net	(412)	(267)
	<u>(23,175)</u>	<u>(7,198)</u>
Cash flows used in financing activities		
Dividends paid	(2,172)	(1,977)
	<u>(2,172)</u>	<u>(1,977)</u>
Effect of exchange rate on cash and cash equivalents	2,243	(54)
Net change in cash and cash equivalents	(3,236)	(8,199)
Cash and cash equivalents at beginning of year	18,359	30,434
Cash and cash equivalents at end of period	15,123	22,235
Represented by :		
Cash resources	65,103	62,756
Statutory reserves at Bank of Jamaica	(17,770)	(11,258)
Less amounts due from Bank of Jamaica greater than ninety days	(24,042)	(14,153)
Less amounts due from other banks greater than ninety days	(4,593)	(11,735)
Less accrued interest on cash resources	(1,048)	(757)
Cheques and other instruments in transit, net	(2,527)	(2,618)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,123	22,235



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

Unaudited		For the period ended April 30, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	4,020	6,186	4,051	4,603	3,953	9		22,822
Revenues from other segments	(2,236)	1,034	1,233	182	12	2,128	(2,353)	-
Total Revenues	1,784	7,220	5,284	4,785	3,965	2,137	(2,353)	22,822
Expenses	(98)	(5,930)	(3,758)	(3,687)	(2,093)	(28)	128	(15,466)
Unallocated expenses								
Profit Before Tax	1,686	1,290	1,526	1,098	1,872	2,109	(2,225)	7,356
Income tax expense								(1,884)
Net profit								5,472

Consolidated Balance Sheet

		As at April 30, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	85,341	51,883	54,897	72,638	42,573	10,496	-17,315	300,513
Unallocated assets								6,330
Total Assets								306,843
Segment liabilities	890	88,436	79,657	65,347	32,263	870	-7,831	259,632
Unallocated liabilities								4,555
Total liabilities								264,187
Other Segment items:								
Capital Expenditure	-	212	196	6	3	-		417
Impairment losses on loans	-	782	55		-	-		837
Depreciation	-	97	74	9	3	8		191



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	3,778	5,788	3,269	3,306	2,756	33	-	18,930
Revenues from other segments	(2,252)	1,220	1,051	92	5	1,969	(2,085)	-
Total Revenues	1,526	7,008	4,320	3,398	2,761	2,002	(2,085)	18,930
Expenses	(40)	(4,979)	(3,179)	(2,648)	(1,602)	(95)	66	(12,477)
Unallocated expenses								
Profit Before Tax	1,486	2,029	1,141	750	1,159	1,907	(2,019)	6,453
Income tax expense								(1,675)
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	81,833	51,155	47,367	63,788	36,458	9,864	-14,901	275,564
Unallocated assets								6,502
Total Assets								282,066
Segment liabilities	302	81,147	76,563	56,170	28,889	184	-5,680	237,575
Unallocated liabilities								5,508
Total liabilities								243,083
Other Segment items:								
Capital Expenditure	-	141	119	11	-	-		271
Impairment losses on loans	-	202	-21	17	-	-		198
Depreciation	-	92	64	13	2	13		184



SCOTIA GROUP JAMAICA LIMITED

Notes to the Consolidated Financial Statements

April 30, 2009

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.

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.

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 profit and loss; 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 Profit and Loss

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 profit and loss 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.

Consequent on the adoption of the Amendment to IAS 39 and IFRS 7 in 2008, the company and the group have reclassified certain investments from available-for-sale to loans and receivables. Management has determined that the criteria for reclassification have been met; in particular, these investments meet the definition of loans and receivables as they are not quoted in an active market and it has the intention and ability to hold these assets for the foreseeable future or until maturity.



SCOTIA GROUP JAMAICA LIMITED
Notes to the Consolidated Financial Statements
April 30, 2009

These reclassified investments are measured at amortised cost, determined as being the fair value at the date of the reclassification. The cumulative gains or losses, previously recognized in equity, are recognised in profit or loss over the remaining life of the instruments using the effective interest method.

4. Pledged Assets

Assets are pledged as collateral under Repurchase Agreements, Capital Management Fund, and Government Securities Fund obligations, as well as mandatory Reserve deposits held with the Bank of Jamaica (BOJ).

(\$millions)	Asset		Related	Liability
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Securities Sold under Repurchase Agreements	48,494	32,335	42,249	31,176
Securities with BOJ and other Financial Institutions	<u>5,304</u> 53,798	<u>8,528</u> 40,863	<u>2,591</u> 44,840	<u>3,765</u> 34,941
Capital Management fund and Government Securities Fund	<u>13,714</u>	<u>16,699</u>	<u>16,657</u>	<u>16,695</u>
	<u>67,512</u>	<u>57,562</u>	<u>61,497</u>	<u>51,636</u>

5. 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.

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 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.

7. 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.

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.



SCOTIA GROUP JAMAICA LIMITED
Notes to the Consolidated Financial Statements
April 30, 2009

9. Property, plant and equipment

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

10. 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.

11. Segment reporting

The Group is organized into five main business segments:

- Retail Banking – incorporating personal banking services, personal customer current accounts, saving deposits, 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 Group’s liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Investment Management Services- incorporating investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts.
- Insurance Services – incorporating the provision of life insurance and retirement products;
- Other operations of the Group comprise non trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions. The Group’s operations are located mainly in Jamaica.