

***Date: November 26, 2009***

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## **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 fourth quarter ending October 31, 2009.**

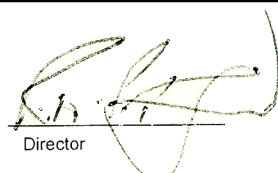
# CONSOLIDATED FINANCIAL STATEMENTS

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

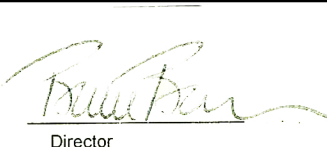
	For the three months ended			For the year ended	
	October	July	October	October	October
	2009	2009	2008	2009	2008
(\$ millions)					
<b>GROSS OPERATING INCOME</b>	<b>9,634</b>	<b>9,775</b>	<b>8,355</b>	<b>37,336</b>	<b>31,563</b>
<b>INTEREST INCOME</b>					
Loans and deposits with banks	5,196	5,264	5,614	20,826	18,294
Securities	3,205	3,236	1,208	11,306	7,563
	8,401	8,500	6,822	32,132	25,857
<b>INTEREST EXPENSE</b>					
Deposits and repurchase agreements	1,580	1,522	1,422	6,159	5,591
	6,821	6,978	5,400	25,973	20,266
Net interest income	6,821	6,978	5,400	25,973	20,266
Impairment losses on loans	(537)	(428)	(340)	(1,801)	(756)
Net interest income after provision for credit losses	6,284	6,550	5,060	24,172	19,510
Net fee and commission income	760	862	890	3,403	3,523
Insurance premium income	203	186	187	766	755
Gains less losses from foreign currencies	217	225	248	979	967
Other operating income	53	2	208	56	461
	1,233	1,275	1,533	5,204	5,706
<b>TOTAL OPERATING INCOME</b>	<b>7,517</b>	<b>7,825</b>	<b>6,593</b>	<b>29,376</b>	<b>25,216</b>
<b>OPERATING EXPENSES</b>					
Staff costs	1,842	1,627	1,399	6,890	5,812
Premises and equipment, including depreciation	632	820	536	2,547	2,195
Changes in policyholders' reserves	1,331	1,095	730	4,220	2,838
Other operating expenses	749	567	758	2,748	2,554
	4,554	4,109	3,423	16,405	13,399
<b>PROFIT BEFORE TAXATION</b>	<b>2,963</b>	<b>3,716</b>	<b>3,170</b>	<b>12,971</b>	<b>11,817</b>
Taxation	(828)	(872)	(911)	(3,319)	(3,197)
<b>NET INCOME</b>	<b>2,135</b>	<b>2,844</b>	<b>2,259</b>	<b>9,652</b>	<b>8,620</b>
Earnings per share based on 2,927,232,000 shares (cents)	73	97	77	330	294
Return on average equity	22.74%	31.99%	28.65%	27.21%	28.20%
Return on assets	3.52%	4.80%	4.21%	3.98%	4.02%
Productivity ratio	63.21%	54.97%	54.28%	58.40%	54.50%

**The Bank of Nova Scotia Jamaica Limited**  
**Consolidated Balance Sheet**  
**October 31, 2009**

<i>(\$ millions)</i>	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>CASH RESOURCES</b>	58,412	55,420
<b>INVESTMENTS</b>		
Held To Maturity	46,577	35,942
Securities available for sale	25,843	19,152
	<u>72,420</u>	<u>55,094</u>
<b>PLEDGED ASSETS</b>	2,702	1,301
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	692	523
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	89,341	86,152
<b>OTHER ASSETS</b>		
Customers' Liability under acceptances, guarantees and letters of credit	8,641	6,228
Real estate & equipment at cost, less depreciation	3,357	2,808
Retirement Benefit Asset	5,827	5,402
Taxation Recoverable	703	892
Other assets	353	641
	<u>18,881</u>	<u>15,971</u>
<b>TOTAL ASSETS</b>	<b>242,448</b>	<b>214,461</b>
<b>LIABILITIES</b>		
<b>DEPOSITS</b>		
Deposits by public	139,233	126,918
Deposits due to other financial institutions	2,843	2,386
Other deposits	10,649	9,306
	<u>152,725</u>	<u>138,610</u>
<b>OTHER LIABILITIES</b>		
Acceptances, Guarantees & Letters of Credit	8,641	6,228
Liabilities under repurchase agreements	267	-
Redeemable Preference Shares	100	100
Deferred Taxation	2,210	1,568
Retirement Benefit Obligation	1,132	931
Other liabilities	4,795	4,747
	<u>17,145</u>	<u>13,574</u>
<b>POLICY HOLDERS' FUND</b>	34,408	30,561
<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
Reserve Fund	3,158	3,158
Capital Reserves	9	9
Retained Earnings Reserve	10,902	8,702
Loan Loss Reserve	1,710	1,295
Other Reserves	3	3
Investment Cumulative Remeasurement result from		
Available for Sale Financial Assets	(357)	(1023)
Unappropriated Profits	19,818	16,645
	<u>38,170</u>	<u>31,716</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>242,448</b>	<b>214,461</b>



Director



Director



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

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

(\$ millions)	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 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	-	-	-	-	-	-	(1,128)	-	(1,128)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(5)	-	(5)
Net profit	-	-	-	-	-	-	-	8,619	8,619
Transfer of reserves relating to subsidiary	-	-	-	-	(9)	-	-	9	-
Transfer of reserves relating to liquidation of subsidiary	-	-	-	9	(5)	-	-	(4)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	278	-	(278)	-
Transfer to Retained Earnings Reserve	-	-	2,709	(1,659)	-	-	-	(1,050)	-
Dividends paid	-	-	-	-	-	-	-	(3,571)	(3,571)
<b>Balance at 31 October 2008</b>	<b>2,927</b>	<b>3,158</b>	<b>8,702</b>	<b>9</b>	<b>3</b>	<b>1,295</b>	<b>(1,023)</b>	<b>16,645</b>	<b>31,716</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	618	-	618
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	48	-	48
Net profit	-	-	-	-	-	-	-	9,652	9,652
Loan loss reserve transfer	-	-	-	-	-	415	-	(415)	-
Transfer to Retained Earnings Reserve	-	-	2,200	-	-	-	-	(2,200)	-
Dividends paid	-	-	-	-	-	-	-	(3,864)	(3,864)
<b>Balance as at 31 October 2009</b>	<b>2,927</b>	<b>3,158</b>	<b>10,902</b>	<b>9</b>	<b>3</b>	<b>1,710</b>	<b>(357)</b>	<b>19,818</b>	<b>38,170</b>

**The Bank of Nova Scotia Jamaica Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**October 31, 2009**

<b>(\$ millions)</b>	<b>2009</b>	<b>2008</b>
<b>Cash flows provided by / (used in) operating activities</b>		
Net Income	9,652	8,620
Adjustments to net income		
Depreciation	346	313
Impairment losses on loans	1,801	756
Other, net	(22,707)	(17,527)
	(10,908)	(7,838)
Changes in operating assets and liabilities		
Loans	(4,964)	(13,707)
Deposits	12,277	(884)
Securities sold under repurchase agreement	267	(234)
Policyholders reserve	3,846	3,547
Other, net	21,910	5,393
	22,428	(13,723)
<b>Cash flows provided by / (used in) investing activities</b>		
Investments	(16,259)	225
Repurchase Agreements, net	(167)	927
Property, plant and equipment, net	(895)	(566)
Net proceeds on liquidation of subsidiary	-	18
	(17,321)	604
<b>Cash flows used in financing activities</b>		
Dividends paid	(3,864)	(3,571)
	(3,864)	(3,571)
Effect of exchange rate on cash and cash equivalents	1,792	287
Net change in cash and cash equivalents	3,035	(16,403)
Cash and cash equivalents at beginning of year	10,824	27,227
<b>Cash and cash equivalents at end of period</b>	<b>13,859</b>	<b>10,824</b>
<b>Represented by :</b>		
Cash resources	58,412	55,420
Statutory reserves at Bank of Jamaica	(17,677)	(10,918)
Less amounts due from Bank of Jamaica greater than ninety days	(20,495)	(20,703)
Less amounts due from other banks greater than ninety days	(2,605)	(9,383)
Less accrued interest on cash resources	(2,014)	(1,477)
Treasury bills, bonds and repurchase agreements less than ninety days	556	410
Cheques and other instruments in transit, net	(2,318)	(2,525)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>13,859</b>	<b>10,824</b>



THE BANK OF NOVA SCOTIA JAMAICA LIMITED

## Segment Reporting Information

### Consolidated Statement of Income

For the period ended October 31, 2009							
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	8,033	12,441	7,732	9,106	24	-	37,336
Revenues from other segments	(4,573)	2,270	2,394	(30)	-	(61)	-
<b>Total Revenues</b>	<b>3,460</b>	<b>14,711</b>	<b>10,126</b>	<b>9,076</b>	<b>24</b>	<b>(61)</b>	<b>37,336</b>
Expenses	(146)	(12,144)	(7,259)	(4,874)	(3)	61	(24,365)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>3,314</b>	<b>2,567</b>	<b>2,867</b>	<b>4,202</b>	<b>21</b>	<b>-</b>	<b>12,971</b>
Income tax expense							(3,319)
<b>Net profit</b>							<b>9,652</b>

### Consolidated Balance Sheet

As at October 31, 2009							
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	83,634	49,896	55,987	48,217	163	(1,628)	236,269
Unallocated assets							6,179
<b>Total Assets</b>							<b>242,448</b>
Segment liabilities	467	87,126	76,822	35,806	57	(1,441)	198,837
Unallocated liabilities							5,441
<b>Total liabilities</b>							<b>204,278</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	480	408	8	-		896
Impairment losses on loans	-	1,705	96	-	-		1,801
Depreciation	-	195	144	6	1		346



## Segment Reporting Information

## Consolidated Statement of Income

For the period ended October 31, 2008

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	7,007	12,226	6,411	5,901	18	-	31,563
Revenues from other segments	(3,968)	2,003	1,991	6	-	(32)	-
<b>Total Revenues</b>	3,039	14,229	8,402	5,907	18	(32)	31,563
Expenses	(78)	(10,332)	(6,023)	(3,328)	(5)	20	(19,746)
Unallocated expenses							
<b>Profit Before Tax</b>	2,961	3,897	2,379	2,579	13	(12)	<b>11,817</b>
Income tax expense							(3,197)
<b>Net profit</b>							<b>8,620</b>

## Consolidated Balance Sheet

As at October 31, 2008

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	69,894	50,510	49,154	39,533	148	(819)	208,420
Unallocated assets							6,041
<b>Total Assets</b>							<b>214,461</b>
Segment liabilities	1,504	80,144	66,378	30,759	56	(632)	178,209
Unallocated liabilities							4,536
<b>Total liabilities</b>							<b>182,745</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	350	220	3	-		573
Impairment losses on loans	-	793	(37)	-	-		756
Depreciation	-	182	125	5	1		313



# THE BANK OF NOVA SCOTIA JAMAICA LIMITED

## Notes to the Consolidated Financial Statements

### October 31, 2009

#### 1. Identification

The Bank of Nova Scotia Jamaica Limited (Bank) 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.

#### 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 operations of the Bank 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.





**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2009**

**4. Pledged Assets**

Assets are pledged as collateral under repurchase agreements with counterparties, as well as mandatory reserve deposits held with The Bank of Jamaica (BOJ).

\$millions	Asset		Related Liability	
	2009	2008	2009	2008
Securities Sold under Repurchase Agreements	1,200	-	267	-
Securities with BOJ and other Financial Institutions	<u>1,502</u>	<u>1,301</u>	<u>-</u>	<u>-</u>
	<u>2,702</u>	<u>1,301</u>	<u>267</u>	<u>-</u>

**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.

**6. Loan loss provision**

IFRS loan loss 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. 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.



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2009**

**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 Bank's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Insurance Services – incorporating the provision of life and medical insurance, individual pension administration and investment management;
- 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.