

***Date: May 27, 2010***

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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 second quarter ending April 30, 2010.**



**The Bank of Nova Scotia Jamaica Limited**  
**Consolidated Statement of Income**  
**Period ended April 30, 2010**

Unaudited (\$millions)	For the three months ended			For the six months ended	
	April 2010	January 2010	April 2009	April 2010	April 2009
GROSS OPERATING INCOME	9,015	9,358	9,189	18,373	17,927
Interest Income	6,758	8,147	7,865	14,905	15,231
Interest Expense	-1,993	-2,574	-2,464	-4,567	-4,855
Net Interest Income	4,765	5,573	5,401	10,338	10,376
Impairment losses on loans	-464	-421	-474	-885	-836
Net interest income after impairment losses	4,301	5,152	4,927	9,453	9,540
Net fee and commission income	845	744	925	1,589	1,781
Insurance revenue	974	205	183	1,179	377
Net foreign exchange trading income	243	246	215	489	537
Other revenue	195	16	1	211	1
	2,257	1,211	1,324	3,468	2,696
<b>Total Operating Income</b>	<b>6,558</b>	<b>6,363</b>	<b>6,251</b>	<b>12,921</b>	<b>12,236</b>
<b>Operating Expenses</b>					
Salaries and staff benefits	1,943	1,898	1,849	3,841	3,546
Property expenses, including depreciation	447	426	621	873	762
Other operating expenses	1,071	1,010	550	2,081	1,761
	3,461	3,334	3,020	6,795	6,069
<b>Profit before taxation</b>	<b>3,097</b>	<b>3,029</b>	<b>3,231</b>	<b>6,126</b>	<b>6,167</b>
Taxation	-651	-758	-790	-1,409	-1,581
<b>Profit for the period</b>	<b>2,446</b>	<b>2,271</b>	<b>2,441</b>	<b>4,717</b>	<b>4,586</b>
<b>Attributable to stockholders of parent company</b>	<b>2,446</b>	<b>2,271</b>	<b>2,441</b>	<b>4,717</b>	<b>4,586</b>
Earnings per share based on 2,927,232,000 shares (cents)	84	78	83	161	157
Return on average equity (annualized)	24.28%	23.50%	29.24%	23.83%	27.94%
Return on assets (annualized)	3.85%	3.64%	4.16%	3.71%	3.91%
Productivity ratio	55.89%	55.36%	51.95%	55.63%	52.82%



**The Bank of Nova Scotia Jamaica Limited**  
**Consolidated Statement of Comprehensive Income**  
**Period ended April 30, 2010**

Unaudited (\$ millions)	For the three months ended		For the six months ended	
	April 2010	April 2009	April 2010	April 2009
Profit for the period	2,446	2,441	4,717	4,586
Other comprehensive income				
Unrealised gains/ (losses) on available for sale financial assets	1,405	99	996	-370
Realised (gains) / losses on available for sale financial assets	-103	25	-103	25
Actuarial gains on defined benefit pension plan	168	123	313	228
Other actuarial losses	-90	-44	-192	-103
	1,380	203	1,014	-220
Taxation	-447	-61	-339	49
Other comprehensive income, net of tax	933	142	675	-171
<b>Total comprehensive income for the period</b>	<b>3,379</b>	<b>2,583</b>	<b>5,392</b>	<b>4,415</b>
<b>Attributable to stockholders of parent company</b>	<b>3,379</b>	<b>2,583</b>	<b>5,392</b>	<b>4,415</b>

The Bank of Nova Scotia Jamaica Limited  
Consolidated Balance Sheet  
April 30, 2010

<i>Unaudited</i> (\$ millions)	Period ended April 30	Year Ended October 31	Period ended April 30
	2010	2009	2009
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	60,730	58,412	63,993
<b>INVESTMENTS</b>			
Held To Maturity	15,285	46,577	37,824
Securities available for sale	65,331	25,843	23,239
	<u>80,616</u>	<u>72,420</u>	<u>61,063</u>
<b>PLEGGED ASSETS</b>	543	2,702	3,701
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	484	692	625
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	92,025	89,341	89,525
<b>OTHER ASSETS</b>			
Customers' Liability under acceptances, guarantees and letters of credit	8,019	8,641	6,446
Real estate & equipment at cost, less depreciation	3,449	3,357	3,045
Retirement Benefit Asset	6,140	5,827	5,630
Taxation Recoverable	1,511	703	527
Other assets	427	353	80
	<u>19,546</u>	<u>18,881</u>	<u>15,728</u>
<b>TOTAL ASSETS</b>	<b>253,944</b>	<b>242,448</b>	<b>234,635</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by public	147,121	139,233	141,752
Deposits due to other financial institutions	3,095	2,843	2,193
Other deposits	10,452	10,649	10,274
	<u>160,668</u>	<u>152,725</u>	<u>154,219</u>
<b>OTHER LIABILITIES</b>			
Acceptances, Guarantees & Letters of Credit	8,019	8,641	6,446
Liabilities under repurchase agreements	-	267	890
Redeemable Preference Shares	100	100	100
Deferred Taxation	2,512	2,210	1,473
Retirement Benefit Obligation	1,315	1,132	1,034
Other liabilities	4,184	4,795	4,200
	<u>16,130</u>	<u>17,145</u>	<u>14,143</u>
<b>POLICY HOLDERS' FUND</b>	35,674	34,408	32,073
<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	9	9	9
Retained Earnings Reserve	11,502	10,902	10,302
Loan Loss Reserve	1,983	1,710	1,579
Other Reserves	3	3	3
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	233	(357)	(1281)
Unappropriated Profits	21,657	19,818	17,503
	<u>41,472</u>	<u>38,170</u>	<u>34,200</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>253,944</b>	<b>242,448</b>	<b>234,635</b>

  
Director

  
Director



THE BANK OF NOVA SCOTIA JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity  
April 30, 2010

<i>Unaudited (\$ 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 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>
Net profit	-	-	-	-	-	-	-	4,586	4,586
<b>Other Comprehensive income</b>									
Unrealised losses on available-for-sale securities, net of tax	-	-	-	-	-	-	(275)	-	(275)
Realised losses on available-for sale securities	-	-	-	-	-	-	17	-	17
Actuarial gains/ (losses), net of tax	-	-	-	-	-	-	-	87	87
<b>Total Comprehensive Income</b>							<b>(258)</b>	<b>4,673</b>	<b>4,415</b>
Transfer to Retained Earnings Reserve	-	-	1,600	-	-	-	-	(1,600)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	284	-	(284)	-
Dividends paid	-	-	-	-	-	-	-	(1,931)	(1,931)
<b>Balance as at 30 April 2009</b>	<b>2,927</b>	<b>3,158</b>	<b>10,302</b>	<b>9</b>	<b>3</b>	<b>1,579</b>	<b>(1,281)</b>	<b>17,503</b>	<b>34,200</b>
<b>Balance 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>
Net profit	-	-	-	-	-	-	-	4,717	4,717
<b>Other Comprehensive income</b>									
Unrealised losses on available-for-sale securities, net of tax	-	-	-	-	-	-	663	-	663
Realised losses on available-for sale securities	-	-	-	-	-	-	(73)	-	(73)
Actuarial gains/ (losses), net of tax	-	-	-	-	-	-	-	85	85
<b>Total Comprehensive Income</b>							<b>590</b>	<b>4,802</b>	<b>5,392</b>
Transfer to Retained Earnings Reserve	-	-	600	-	-	-	-	(600)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	273	-	(273)	-
Dividends paid	-	-	-	-	-	-	-	(2,090)	(2,090)
<b>Balance at 30 April 2010</b>	<b>2,927</b>	<b>3,158</b>	<b>11,502</b>	<b>9</b>	<b>3</b>	<b>1,983</b>	<b>233</b>	<b>21,657</b>	<b>41,472</b>



**The Bank of Nova Scotia Jamaica Limited**  
**Condensed Statement of Consolidated Cash Flows**  
**April 30, 2010**

<i>Unaudited</i> <i>(\$ millions)</i>	<b>2010</b>	<b>2009</b>
<b>Cash flows provided by / (used in) operating activities</b>		
Profit for the period	4,717	4,586
Items not affecting cash:		
Depreciation	207	173
Impairment losses on loans	885	836
Other, net	(8,930)	(8,796)
	<u>(3,121)</u>	<u>(3,201)</u>
Changes in operating assets and liabilities		
Loans	(3,592)	(4,220)
Deposits	7,913	14,825
Securities sold under repurchase agreement	(267)	888
Policyholders reserve	1,266	1,511
Other, net	31,516	1,622
	<u>33,715</u>	<u>11,425</u>
<b>Cash flows provided by / (used in) investing activities</b>		
Investments	(6,465)	(7,088)
Repurchase Agreements	206	(102)
Property, plant and equipment, net	(298)	(410)
	<u>(6,555)</u>	<u>(7,600)</u>
<b>Cash flows used in financing activities</b>		
Dividends paid	(2,090)	(1,931)
	<u>(2,090)</u>	<u>(1,931)</u>
Effect of exchange rate on cash and cash equivalents	(141)	1,658
Net change in cash and cash equivalents	24,929	3,552
Cash and cash equivalents at beginning of year	13,859	10,824
<b>Cash and cash equivalents at end of period</b>	<b><u>38,788</u></b>	<b><u>14,376</u></b>
<b>Represented by :</b>		
Cash resources	60,730	63,993
Less statutory reserves at Bank of Jamaica	(17,849)	(17,530)
Less amounts due from Bank of Jamaica greater than ninety days	(882)	(23,945)
Less amounts due from other banks greater than ninety days	(2,873)	(4,593)
Less accrued interest on cash resources	(174)	(1,041)
Repurchase agreements less than ninety days	2,305	-
Cheques and other instruments in transit, net	(2,469)	(2,508)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>38,788</u></b>	<b><u>14,376</u></b>

**Segment Reporting Information****Consolidated Statement of Income****April 30, 2010**

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	3,486	4,559	2,619	3,132	11	-	13,807
Revenues from other segments	(1,864)	937	923	4	-	-	-
<b>Total Revenues</b>	<b>1,622</b>	<b>5,496</b>	<b>3,542</b>	<b>3,136</b>	<b>11</b>	<b>-</b>	<b>13,807</b>
Expenses	(34)	(4,471)	(2,729)	(446)	(1)	-	(7,681)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>1,588</b>	<b>1,025</b>	<b>813</b>	<b>2,690</b>	<b>10</b>	<b>-</b>	<b>6,126</b>
Taxation							(1,409)
<b>Profit for the period</b>							<b>4,717</b>

**Consolidated Balance Sheet**

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	87,725	52,194	56,580	50,786	172	(574)	246,883
Unallocated assets							7,061
<b>Total Assets</b>							<b>253,944</b>
Segment liabilities	-	89,988	81,569	36,060	58	(386)	207,289
Unallocated liabilities							5,183
<b>Total liabilities</b>							<b>212,472</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	161	137	-	-	-	298
Impairment losses on loans	-	699	186	-	-	-	885
Depreciation	-	122	82	3	-	-	207



## Segment Reporting Information

### Consolidated Statement of Income

April 30, 2009

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	3,844	4,292	2,768	2,157	10	-	13,071
Revenues from other segments	(1,984)	891	1,087	10	-	(4)	-
<b>Total Revenues</b>	<b>1,860</b>	<b>5,183</b>	<b>3,855</b>	<b>2,167</b>	<b>10</b>	<b>(4)</b>	<b>13,071</b>
Expenses	(30)	(3,955)	(2,628)	(295)	-	4	(6,904)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>1,830</b>	<b>1,228</b>	<b>1,227</b>	<b>1,872</b>	<b>10</b>	<b>-</b>	<b>6,167</b>
Income tax expense							(1,581)
<b>Net profit</b>							<b>4,586</b>

### Consolidated Balance Sheet

As at April 30, 2009

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	82,743	51,484	52,447	42,573	153	(468)	228,932
Unallocated assets							5,703
<b>Total Assets</b>							<b>234,635</b>
Segment liabilities	890	86,515	76,953	32,263	57	(281)	196,397
Unallocated liabilities							4,038
<b>Total liabilities</b>							<b>200,435</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	212	195	3	-	-	410
Impairment losses on loans	-	782	54	-	-	-	836
Depreciation	-	97	73	3	-	-	173





# THE BANK OF NOVA SCOTIA JAMAICA LIMITED

## Notes to the Consolidated Financial Statements

### April 30, 2010

#### 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. Significant new standards and amendments to published standards that became effective during the period:

IAS 1 (Revised) Presentation of Financial Statements, effective for annual periods beginning on or after January 1, 2009. It requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income or in a statement of income and statement of comprehensive income. The Group has adopted the two statement presentation.

IFRS 8 Operating Segments, effective for annual periods beginning on or after January 1, 2009. It replaces IAS 14, and sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. This standard did not materially impact the Group's financial statements. The major segments are described in note 12.

#### 4. 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.



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**April 30, 2010**

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 income 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 the statement of comprehensive income. Interest calculated using the effective interest method is recognized in the statement of income.

**5. 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	<u>Asset</u>		<u>Related Liability</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Securities Sold under Repurchase Agreements	-	2,400	-	890
Securities with BOJ and other Financial Institutions	<u>543</u>	<u>1,301</u>	<u>-</u>	<u>-</u>
	<u>543</u>	<u>3,701</u>	<u>-</u>	<u>890</u>

**6. 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.

**7. 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.

**8. 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.

**9. 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.

**10. Property, plant and equipment**

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



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**April 30, 2010**

**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 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.

**13. Subsequent event**

On May 3, 2010, The Bank Of Nova Scotia Jamaica Limited entered into an agreement with Scotia DBG Investments Limited, to purchase Scotia DBG Merchant Bank Limited. An independent valuation of Scotia DBG Merchant Bank was conducted by Deloitte Touche Tohmatsu, and this valuation was used as the basis for determining the sale price of \$879 million.