

MEDIA RELEASE

MAY 26, 2011



SCOTIA GROUP JAMAICA REPORTS STRONG SECOND QUARTER RESULTS

SECOND QUARTER 2011 HIGHLIGHTS

- **Net Income of \$5,440 million**
- **Net Income available to common shareholders of \$5,248 million**
- **Earnings per share of \$1.69**
- **Return on Average Equity of 19.05%**
- **Productivity ratio of 52.39%**
- **Second quarter dividend of 37 cents per share**

Scotia Group Jamaica Limited (Scotia Group) today reported net income of \$2,753 million for the second quarter ended April 30, 2011. This is \$95 million above the quarter ended April 30, 2010, and \$66 million above the previous quarter ended January 31, 2011. For the six months ended April 30, 2011, net income was \$5,440 million compared to \$5,462 million for the same period last year.

Earnings per share (EPS) for the six months was \$1.69 compared to \$1.71 for the same period last year. The Return on Average Equity (ROE) was 19.05%.

The Board of Directors today approved a second interim dividend of 37 cents per stock unit payable on July 7, 2011, to stockholders on record at June 15, 2011.

Bruce Bowen, President and CEO said "We continue to be focused on strategic imperatives that will drive long term growth and value for our shareholders. As such, we continue to lead the industry in reducing lending rates and over the past month launched the Productive Sector Growth Fund II, in an effort to support economic growth and increased production in Jamaica. Scotiabank remains committed to providing exceptional customer experience, maintaining and developing quality products, driving efficiencies and supporting the communities in which we operate. "



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

\$'Million	2011	% Contribution
The Bank of Nova Scotia Jamaica Limited (BNSJ)	2,348	45%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	2,005	38%
Scotia Investment Jamaica Limited (SIJL, formerly Scotia DBG)*	641	12%
Scotia Jamaica Building Society (SJBS)	260	5%
Other subsidiaries	(6)	0%
<small>* Excludes minority interest</small>		
Net Income attributable to common shareholders	5,248	100%

REVENUES

Total operating income, comprising net interest income and other revenue, was \$14,782 million, representing a decline of \$193 million or 1.29% relative to prior year.

NET INTEREST INCOME

Net interest income for the period was \$11,249 million, down \$822 million or 6.81% when compared to last year. The decline in interest margins was due to the significantly lower yields earned on the securities and loan portfolios, as market interest rates continued to trend downwards. Scotiabank continues to lower retail and commercial lending rates, and has the lowest base lending rate in the market of 15.75% effective May 1, 2011.

OTHER REVENUE

Other revenue for the period was \$4,129 million, up \$342 million when compared with the prior year. This was primarily due to increased fee and commission income, resulting from increased volumes.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expense/total revenue) - a key measure of cost efficiency - was 52.39%, compared to 52.50% in 2010. Operating Expenses was \$7,460 million for the period, representing a marginal increase over prior year. The growth in expenses was contained due to our efforts to implement strategies to improve efficiencies and apply tighter expense management.



CREDIT QUALITY

Non-performing loans at April 30, 2011 totaled \$4,223 million, up \$315 million over prior year, and \$24 million below the previous quarter ended January 31, 2011. This growth year over year is reflective of the challenging economic conditions and the financial difficulties being faced by both retail and commercial borrowers. Non-performing loans now represent 4.20% of total gross loans compared to 3.99% one year ago and 4.43% as at January 31, 2011. The Group's total loan loss provision at April 30, 2011 was \$4,224 million, providing 100% coverage of the total non-performing loans.

BALANCE SHEET

Total assets increased year over year by \$14 billion to \$338 billion as at April 30, 2011. This was due mainly to the growth of \$6.8 billion in investments and \$4.2 billion in the loan portfolio. Customer liabilities (deposits, repo liabilities and policyholder's funds) stood at \$263 billion, reflecting continued confidence in Scotiabank despite challenging market conditions.

CAPITAL

Total shareholders equity grew to \$60 billion, \$8 billion more than the prior year. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

OUR COMMITMENT TO COMMUNITY

During the quarter, Scotiabank continued to demonstrate its commitment to Corporate Social Responsibility through its support of projects focused on the environment. The Scotia Goes Green programme was officially launched with the announcement of a \$4 million donation to various environmental organizations - Jamaica Environment Trust, National Youth Help Recycling Project and the National Solid Waste Management Authority's Clean School Competition. Scotiabank also launched its Eco Award and led a team of 200 volunteers in a coastal clean-up exercise along the Port Royal Road to highlight the need for behavioral changes in waste disposal.

During the quarter, the ScotiaFoundation and Scotiabank donated \$26.8 million to Student Care, Health Care and Community Care projects.

In Student Care the Foundation continued its support of the Chair in Entrepreneurship at the University of Technology with a donation of \$6.5 million, provided on-going support to Foundation Scholars attending tertiary institutions, and continued with the Breakfast Programme for seven primary schools.



In Health Care the Foundation made donations in support of its Scoliosis Care programme, continued its maintenance of the Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies, the Scotiabank Haemodialysis Unit at the Cornwall Regional Hospital and the Jamaica Cancer Society's Mobile Mammography Unit.

In Community Care, Scotiabank announced its commitment of \$20 million over two years to the 'Youth Upliftment Through Employment (YUTE)' programme, an initiative of the Private Sector Organization of Jamaica, and presented the first payment of \$5 million to the PSOJ. The Foundation continued its support of residents at the Golden Age Home and Scotiabank made charitable donations to various community initiatives totaling \$11.4 million, including a donation of \$1 million to Family Life Ministries.

Scotia Group Jamaica 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 the great execution by our team of skilled and dedicated employees and we thank them for their professionalism and commitment.



Scotia Group Jamaica Limited
Consolidated Statement of Income
Period ended April 30, 2011

Unaudited (\$millions)	For the three months ended			For the six months ended	
	April 2011	January 2011	Restated April 2010	April 2011	Restated April 2010
Gross Operating Income	9,540	9,892	10,956	19,432	23,001
Interest Income	7,386	7,917	8,578	15,303	19,214
Interest Expense	(1,921)	(2,133)	(3,075)	(4,054)	(7,143)
Net Interest Income	5,465	5,784	5,503	11,249	12,071
Impairment losses on loans	(110)	(486)	(457)	(596)	(883)
Net interest income after impairment losses	5,355	5,298	5,046	10,653	11,188
Net fee and commission income	1,198	1,113	942	2,311	1,766
Insurance revenue	593	493	916	1,086	1,179
Net foreign exchange trading income	279	306	271	585	553
Net gain on financial assets classified as held for trading	5	-	5	21	12
Net gain on financial assets available for sale	0	16	9	-	9
Other revenue	79	47	235	126	268
	2,154	1,975	2,378	4,129	3,787
Total Operating Income	7,509	7,273	7,424	14,782	14,975
Operating Expenses					
Salaries and staff benefits	2,146	2,028	2,057	4,174	4,127
Property expenses, including depreciation	472	471	500	943	955
Amortisation of intangible assets	50	51	41	101	83
Other operating expenses	1,059	1,183	1,114	2,242	2,277
	3,727	3,733	3,712	7,460	7,442
Profit before taxation	3,782	3,540	3,712	7,322	7,533
Taxation	(1,029)	(853)	(1,054)	(1,882)	(2,071)
Profit for the period	2,753	2,687	2,658	5,440	5,462
Attributable to:-					
Stockholders of the Parent Company	2,657	2,592	2,620	5,248	5,308
Non-Controlling Interest	96	95	38	192	154
Earnings per share based on 3,111,572,984 shares (cents)	85	83	84	169	171
Return on average equity (annualized)	18.96%	19.16%	21.74%	19.05%	22.41%
Return on assets (annualized)	3.15%	3.21%	3.24%	3.11%	3.28%
Productivity ratio	50.36%	54.38%	52.90%	52.39%	52.50%



Scotia Group Jamaica Limited
 Consolidated Statement of Comprehensive Income
 Period ended April 30, 2011

Unaudited (\$millions)	For the three months ended			For the six months ended	
	April 2011	January 2011	Restated April 2010	April 2011	Restated April 2010
Profit for the period	2,753	2,687	2,658	5,440	5,462
Other comprehensive income					
Unrealised gains on available for sale financial assets	637	507	1,742	1,144	1,316
Realised gains on available for sale financial assets	(2)	(9)	(204)	(11)	(204)
	635	498	1,538	1,133	1,112
Taxation	(87)	(80)	(502)	(167)	(375)
Other comprehensive income, net of tax	548	418	1,036	966	737
Total comprehensive income for the period	3,301	3,105	3,694	6,406	6,199
Attributable to:-					
Stockholders of the Parent Company	3,191	3,007	3,620	6,198	6,011
Non-Controlling Interest	110	98	74	208	188



Scotia Group Jamaica Ltd.
Consolidated Statement of Financial Position
April 30, 2011

<i>Unaudited</i> <i>(\$ millions)</i>	Period ended April 30	Year ended October 31	Period ended April 30
	2011	2010	2010
ASSETS			
CASH RESOURCES	62,963	59,048	61,596
INVESTMENTS			
Held To Maturity	13,246	14,470	15,285
Financial assets at fair value through profit and loss	350	128	52
Securities available for sale	74,195	71,311	65,600
	<u>87,791</u>	<u>85,909</u>	<u>80,937</u>
PLEGGED ASSETS	66,442	64,029	63,487
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	2,152	200	348
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	98,605	95,814	94,407
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	5,731	6,261	8,843
Property, plant, and equipment	3,640	3,574	3,511
Deferred Taxation	12	12	15
Taxation Recoverable	1,026	1,472	1,876
Retirement Benefit Asset	6,959	6,642	6,140
Other assets	646	934	609
Intangible Assets	1,772	1,873	2,036
	<u>19,786</u>	<u>20,768</u>	<u>23,030</u>
ASSETS CLASSIFIED AS HELD FOR SALE	57	56	-
TOTAL ASSETS	<u>337,796</u>	<u>325,824</u>	<u>323,805</u>
LIABILITIES			
DEPOSITS			
Deposits by public	155,258	145,664	149,278
Other deposits	10,920	11,215	11,005
	<u>166,178</u>	<u>156,879</u>	<u>160,283</u>
OTHER LIABILITIES			
Acceptances, Guarantees and Letters of Credit	5,731	6,261	8,843
Liabilities under repurchase agreements	45,204	45,026	42,024
Promissory Notes	2	8	39
Capital Management and Government Securities Fund	14,390	15,157	15,699
Redeemable Preference Shares	100	100	100
Deferred Taxation	3,015	2,845	2,769
Retirement Benefit Obligation	1,710	1,502	1,315
Assets Held in Trust on behalf of Participants	42	42	45
Other liabilities	3,998	5,515	5,239
	<u>74,192</u>	<u>76,456</u>	<u>76,073</u>
POLICY HOLDERS' FUND	37,791	36,891	35,674
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	3	6	-
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	3,249	3,249	3,221
Retained Earnings Reserve	10,742	10,742	10,227
Capital Reserve	9	9	9
Loan Loss Reserve	2,307	2,093	1,989
Other Reserves	13	13	13
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	1,338	388	(539)
Unappropriated Profits	32,823	30,091	27,943
	<u>57,051</u>	<u>53,155</u>	<u>49,433</u>
Minority Interest	2,581	2,437	2,342
	<u>59,632</u>	<u>55,592</u>	<u>51,775</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>337,796</u>	<u>325,824</u>	<u>323,805</u>


 Director


 Director

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity
April 30, 2011

Unaudited (\$millions)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Financial Assets	Unappropriated Profits	Total	Non-controlling interests	Total Equity
Balance at 31 October 2009	6,570	3,218	9,610	9	13	1,716	(1,242)	25,831	45,725	2,219	47,944
Net profit	-	-	-	-	-	-	-	5,308	5,308	154	5,462
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Unrealised gains on available-for-sale securities, net of tax	-	-	-	-	-	-	828	-	828	49	877
Realised gains on available-for-sale securities, net of tax	-	-	-	-	-	-	(125)	-	(125)	(15)	(140)
Total comprehensive income	-	-	-	-	-	-	703	5,308	6,011	188	6,199
Transfer to Retained Earnings Reserve	-	-	617	-	-	-	-	(617)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	273	-	(273)	-	-	-
Transfer to Reserve Fund	-	3	-	-	-	-	-	(3)	-	-	-
Net movement in reserves for non-controlling interests	-	-	-	-	-	-	-	-	-	(1)	(1)
Dividends Paid	-	-	-	-	-	-	-	(2,303)	(2,303)	(64)	(2,367)
Balance at 30 April 2010	6,570	3,221	10,227	9	13	1,989	(539)	27,943	49,433	2,342	51,775
Balance at 31 October 2010	6,570	3,249	10,742	9	13	2,093	388	30,091	53,155	2,437	55,592
Net profit	-	-	-	-	-	-	-	5,248	5,248	192	5,440
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Unrealised gains on available-for-sale securities, net of tax	-	-	-	-	-	-	956	-	956	17	973
Realised gains on available-for-sale securities, net of tax	-	-	-	-	-	-	(6)	-	(6)	(1)	(7)
Total comprehensive income	-	-	-	-	-	-	950	5,248	6,198	208	6,406
Transfer to Retained Earnings Reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	214	-	(214)	-	-	-
Transfer to Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Net movement in reserves for non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(2,302)	(2,302)	(64)	(2,366)
Balance at 30 April 2011	6,570	3,249	10,742	9	13	2,307	1,338	32,823	57,051	2,581	59,632



Scotiabank Group Jamaica Limited
Condensed Statement of Consolidated Cash Flows
April 30, 2011

Unaudited (\$ millions)	2011	Restated 2010
Cash flows provided by / (used in) operating activities		
Profit for the year	5,440	5,462
Items not affecting cash:		
Depreciation	236	222
Impairment losses on loans	(596)	883
Amortisation of intangible assets	101	83
Other, net	(9,369)	(10,001)
	<u>(4,188)</u>	<u>(3,351)</u>
Changes in operating assets and liabilities		
Loans	(2,244)	(3,153)
Deposits	8,870	7,246
Policyholders reserve	899	1,266
Securities sold under repurchase agreement	(141)	(3,326)
Financial Assets at fair value through profit and loss	(221)	53
Other, net	11,343	30,972
	<u>14,318</u>	<u>29,707</u>
Cash flows provided by / (used in) investing activities		
Investments	(1,547)	535
Repurchase Agreements, net	-	206
Property, plant and equipment, Intangibles, net	(297)	(297)
	<u>(1,844)</u>	<u>444</u>
Cash flows used in financing activities		
Dividends paid	(2,366)	(2,367)
	<u>(2,366)</u>	<u>(2,367)</u>
Effect of exchange rate on cash and cash equivalents	239	(26)
Net change in cash and cash equivalents	10,347	27,758
Cash and cash equivalents at beginning of period	34,795	15,796
Cash and cash equivalents at end of period	45,142	43,554
Represented by :		
Cash resources	62,963	61,596
Less statutory reserves at Bank of Jamaica	(15,872)	(18,021)
Less amounts due from Bank of Jamaica greater than ninety days	-	(1,028)
Less amounts due from other banks greater than ninety days	(7,456)	(2,873)
Less accrued interest on cash resources	(166)	(188)
Reverse repurchase agreements and bonds less than ninety days	7,100	6,843
Cheques and other instruments in transit, net	(1,427)	(2,775)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	45,142	43,554



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

April 30, 2011

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	2,354	5,649	2,628	1,923	2,818	6	-	15,378
Revenues from other segments	(1,113)	469	640	9	10	2,305	(2,320)	-
Total Revenues	1,241	6,118	3,268	1,932	2,828	2,311	(2,320)	15,378
Expenses	(35)	(4,565)	(2,313)	(604)	(444)	(11)	(84)	(8,056)
Unallocated expenses								
Profit Before Tax	1,206	1,553	955	1,328	2,384	2,300	(2,404)	7,322
Taxation								(1,882)
Profit for the period								5,440

Consolidated Balance Sheet

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	88,705	59,792	54,444	71,105	57,816	10,634	(12,225)	330,271
Unallocated assets								7,525
Total Assets								337,796
Segment liabilities	-	90,914	83,897	61,547	38,219	246	(3,565)	271,258
Unallocated liabilities								6,906
Total liabilities								278,164
Other Segment items:								
Capital Expenditure	-	169	129	5	-	-	-	303
Impairment losses on loans	-	516	106	(26)	-	-	-	596
Depreciation and amortisation	-	150	73	112	2	-	-	337



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

April 30, 2010

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	3,522	4,589	2,738	1,874	3,132	3	-	15,858
Revenues from other segments	(1,821)	958	865	(14)	4	2,315	(2,307)	-
Total Revenues	1,701	5,547	3,603	1,860	3,136	2,318	(2,307)	15,858
Expenses	(33)	(4,669)	(2,487)	(599)	(446)	(15)	(76)	(8,325)
Unallocated expenses								
Profit Before Tax	1,668	878	1,116	1,261	2,690	2,303	(2,383)	7,533
Taxation								(2,071)
Profit for the period								5,462

Consolidated Balance Sheet

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	88,943	52,539	58,926	70,837	50,786	10,103	(15,885)	316,249
Unallocated assets								7,556
Total Assets								323,805
Segment liabilities	-	91,516	82,949	61,221	36,060	435	(6,272)	265,909
Unallocated liabilities								6,121
Total liabilities								272,030
Other Segment items:								
Capital Expenditure	-	161	137	-	-	-	-	298
Impairment losses on loans	-	699	195	(11)	-	-	-	883
Depreciation and amortisation	-	122	82	92	3	6	-	305



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2011

1. Identification

Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of The Bank of Nova Scotia, 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 Investments Jamaica Limited, formerly Scotia SDBG, (77.01%).

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS). New and revised standards that became effective this year did not have any material impact on the financial statements and the accounting policies are consistent with those applied in the audited financial statements for the year ended October 31, 2010. 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 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. The Statement of Income for 2010 was restated to reclassify actuarial gains and losses on the defined benefit pension plan from other comprehensive income, in order to comply with IFRS.

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 investments and financial assets at fair value through profit and loss are carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of 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 the statement of comprehensive income. Interest calculated using the effective interest method is recognized in the statement of revenue and expenses.



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2011

4. Pledged Assets

Assets are pledged as collateral under Repurchase Agreements, Capital Management Fund, and Government Securities Fund obligations, as well as clearing house transactions.

(\$millions)	Asset		Related Liability	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Securities Sold under Repurchase Agreements	46,193	46,529	39,726	39,233
Securities with other Financial Institutions and clearing houses	<u>6,339</u>	<u>3,754</u>	<u>5,478</u>	<u>2,791</u>
	<u>52,532</u>	<u>50,283</u>	<u>45,204</u>	<u>42,024</u>
Capital Management and Government Securities Funds	<u>13,910</u>	<u>13,204</u>	<u>14,390</u>	<u>15,699</u>
	<u>66,442</u>	<u>63,487</u>	<u>59,594</u>	<u>57,723</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 statement of financial position.

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 statement of financial position.

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, 2011

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 six 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 and medical insurance, individual pension administration and investment management;
- Other operations of the Group comprise non trading entities.

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

12. Subsequent Event

On May 2, 2011, Scotia Investments Jamaica Limited sold 100% interest in its wholly owned subsidiary, Asset Management Company Limited. This followed an approval in 2010 by the Board of Directors to sell the company. The assets and liabilities of Asset Management Company Limited has been presented as held for sale as at 30 April 2011.

