

CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Income

<i>Unaudited</i> (\$ millions)	For the three months ended		
	January 2005	October 2004	January 2004
GROSS OPERATING INCOME	6,278	5,334	5,857
INTEREST INCOME			
Loans and deposits with banks	3,351	3,144	3,388
Securities	2,053	1,529	1,779
	5,404	4,673	5,167
INTEREST EXPENSE			
Deposits	2,071	1,417	1,357
Net interest income	3,333	3,256	3,810
Provision for credit losses	(86)	(121)	(25)
Net interest income after provision for credit losses	3,247	3,377	3,785
Net fee and commission income	586	420	469
Insurance premium income	77	76	80
Gains less losses from foreign currencies	207	167	141
Other operating income	4	(2)	0
	874	661	690
TOTAL OPERATING INCOME	4,121	4,038	4,475
OPERATING EXPENSES			
Staff costs	1,091	893	957
Premises and equipment, including depreciation	251	261	243
Changes in policyholders' reserves	379	659	578
Other operating expenses	433	407	374
	2,154	2,220	2,152
PROFIT BEFORE TAXATION	1,967	1,818	2,323
Taxation	(545)	(556)	(638)
NET PROFIT	1,422	1,262	1,685
Earnings per share based on 1,463,616,000 shares (cents)	97	86	115
Dividend per share (cents) - Regular	50.0	50.0	40.0
Dividend payout ratio	51.46%	58.01%	34.75%
Return on average equity (annualised)	27.18%	24.82%	37.45%
Return on assets (annualised)	3.31%	3.00%	4.43%
Book value per common shares	14.30	14.07	12.29
P/E Multiple	16.52	14.65	6.21
Productivity ratio	53.24%	53.59%	48.38%
Productivity ratio (excluding Life Insurance Business)	45.06%	37.49%	36.17%

Note:

Where necessary, certain comparative amounts have been restated to conform to current years presentation.

The Bank of Nova Scotia Jamaica Limited
Consolidated Balance Sheet

<i>Unaudited</i> (\$ millions)	Three months ended January 31	Year ended October 31	Three months ended January 31
	2005	2004	2004
ASSETS			
CASH RESOURCES	41,109	40,450	30,180
INVESTMENTS			
Originated Securities	26,548	26,280	32,118
Securities available for sale	8,537	8,799	5,943
	35,085	35,079	38,061
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	26,026	25,046	16,935
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	54,606	53,460	49,983
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	2,639	2,459	4,945
Real estate & equipment at cost, less depreciation	2,012	2,037	1,999
Deferred Taxation	86	87	89
Retirement Benefit Asset	3,415	3,339	3,049
Other assets	6,807	6,202	6,855
	14,959	14,124	16,937
TOTAL ASSETS	171,785	168,159	152,096
LIABILITIES			
DEPOSITS			
Deposits by public	100,127	98,811	88,503
Other deposits	4,701	4,843	4,744
	104,828	103,654	93,247
OTHER LIABILITIES			
Acceptances, guarantees & Letters of Credit	2,639	2,459	4,945
Liabilities under repurchase agreements	18,350	18,546	15,277
Deferred Taxation	1,395	1,406	1,131
Retirement Benefit Obligation	281	265	240
Other liabilities	6,083	5,128	6,171
	28,748	27,804	27,764
POLICY HOLDER'S FUND	16,956	16,101	12,754
SHAREHOLDERS' EQUITY			
Capital- Authorized, 1,500,000,000 ordinary shares Issued and fully paid, 1,463,616,000			
Ordinary stock units of \$1 each	1,464	1,464	1,464
Reserve Fund	1,695	1,695	1,695
Retained Earnings Reserve	6,820	6,670	6,070
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	189	227	154
Dividends Proposed	732	732	585
Unappropriated Profits	9,519	8,978	7,529
	21,253	20,600	18,331
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	171,785	168,159	152,096

Note:

Where necessary, certain comparative amounts have been restated to conform to current years presentation.

Director

Director

The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Changes in Shareholders' Equity

<i>Unaudited</i>	Cumulative Remeasurement									Total
	Share Capital	Reserve Fund	Retained Earnings Reserve	Other Reserves	Loan Loss Reserve	from AFS assets	Paid and Proposed Dividends	Unappropriated Profits		
<i>(\$ millions)</i>										
Balance at 31 October 2003	1,464	1,695	5,920	27	807	23	1,142	6,578	17,656	
Net profit	-	-	-	-	-	-	-	5,856	5,856	
Retained earnings transfer	-	-	750	-	-	-	-	(750)	-	
Transfers	-	-	-	-	-	-	(1,142)	(1,974)	(3,116)	
Dividends paid	-	-	-	-	-	-	732	(732)	-	
Dividends proposed	-	-	-	-	-	-	-	-	-	
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	204	-	-	204	
Balance at 31 October 2004	1,464	1,695	6,670	27	807	227	732	8,978	20,600	
Net profit	-	-	-	-	-	-	-	1,422	1,422	
Retained earnings transfer	-	-	150	-	-	-	-	(150)	-	
Dividends paid	-	-	-	-	-	-	(732)	-	(732)	
Dividends proposed	-	-	-	-	-	-	732	(732)	-	
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	(38)	-	-	(38)	
Balance as at 31 January 2005	1,464	1,695	6,820	27	807	189	732	9,519	21,253	

The Bank of Nova Scotia Jamaica Limited
Consolidated Statement of Cash Flows

<i>Unaudited</i>	Three months ended	Three months ended
<i>(\$ millions)</i>	January 31 2005	January 31 2004
Cash flows provided by operating activities		
Net Income	1,422	1,685
Adjustments to net income to determine Net Cash Flows:		
Depreciation	75	66
Policyholders reserve	856	1,279
Other, net	155	(132)
	2,508	2,898
Cash flows provided by/ (used in) investing activities		
Investment securities (net purchases and proceeds)	(44)	(7,144)
Loans	(1,222)	(1,913)
Government Securities Purchased Under Repurchase Agreement	(980)	659
Other, net	(671)	(205)
	(2,917)	(8,603)
Cash flows provided by/ (used in) financing activities		
Deposits	1,316	1,435
Dividends paid	(732)	(1,142)
Other, net	(369)	17
	215	310
Net change in cash	(194)	(5,395)
Cash at beginning of period	37,565	32,669
Cash at end of period	37,371	27,274
Represented by :		
Cash Resources	41,109	30,180
Cheques and other instruments in transit, net	(3,738)	(2,906)
CASH AT END OF PERIOD	37,371	27,274

The Bank of Nova Scotia Jamaica Limited

Notes to the Consolidated Financial Statements

1. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

2. Investment Securities

Investment securities are classified as originated or available for sale, and are initially recognised at cost. Management determines an appropriate classification at the time of purchase.

Originated investment securities are subsequently re-measured at amortised cost.

Available for sale investment securities are subsequently re-measured at fair value. On adoption, the difference between the original carrying amount and the fair value of these investments was credited to the Cumulative Re-measurement from AFS assets (see Consolidated Statement of Changes in Shareholders Equity). Gains and losses arising from the change in the fair value of these securities are recognised as changes in the Cumulative Re-measurement from AFS assets.

3. 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 repriced date of the loan.

Regulatory loan loss reserve requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the Balance Sheet.

4. 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 income statement, 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 recognise the liability is similar to that for the defined benefit pension plan.

5. 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.

6. Property, plant and equipment

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

7. Provisions

A provision is made for the estimated liability for annual vacation leave as a result of services rendered by employees up to the balance sheet date.

8. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash resources and cheques in transit.

9. Segment reporting

The Group is organised into three main business segments:

- Financial services – This incorporates retail and corporate banking services
- Investment Management Services – This includes investment and pension funds management and administration of trust accounts
- Insurance services – This incorporates the provision of life insurance.

Other operations of the Group comprise general insurance brokering.