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MEDIA RELEASE

SCOTIABANK REPORTS NINTH CONSECUTIVE YEAR OF INCREASED PROFITS

FISCAL 2005 HIGHLIGHTS

- **Net Profit of \$5,886 million**
- **Earnings per share of \$2.01**
- **ROE 26.33%**
- **Productivity ratio of 52.47%**
- **Fourth quarter dividend of 25 cents per share**

Scotiabank today reported its ninth consecutive year of increased profits with net income for the 2005 fiscal year of \$5,886 million. For the fourth quarter net profit was \$1,597 million an increase of \$335 million when compared to the same period last year.

“Our fourth quarter and full year results reflect the strength of our well diversified business lines,” said William E. Clarke, President and CEO. “Scotiabank continues to achieve high quality solid earnings, despite the low interest rate environment, as we remain focused on our core business to achieve long term sustainable growth. Scotiabank’s policy of leveraging the brand with emphasis on core business prohibits engagement in highly speculative trading in equities, fixed income securities and foreign exchange. Such practices result in erratic earnings, which are inconsistent with prudent banking practices. Strong growth in retail banking continues to be a key contributor to our solid performance. During the year the Scotia Wheels initiative, Scotiacard Simplify campaign coupled with growth in credit card volume and fee income were major contributors to retail banking profits. Scotiabank continues to be the industry leader in credit cards holding the number one position in market share in outstanding balances.”

The Board of Directors at its meeting held today, approved an interim dividend of 25 cents per stock unit, payable on January 5, 2006 to stockholders on record at December 14, 2005. This dividend will take the year to date distribution to \$1.00 compared to \$0.925 cents paid last year.

REVENUES

Total Revenue comprising net interest revenue and other income was \$17, 527 million. While we experienced a marginal reduction in net interest revenue (consistent with the reduction in market interest rates), our other revenue increased by 33%. This was fueled by strong growth in foreign exchange trading profit, credit card revenue, and other retail fees.

NET INTEREST INCOME

Net interest income was \$14,064 million, down marginally by \$47 million from last year. There was strong portfolio volume growth which would otherwise have resulted in a considerable increase in net interest revenue, however, there was a reduction in net interest margin occasioned by the significant reduction in market interest rates which resulted in an overall reduction of \$47 million year over year.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was \$3,129 million, up \$808 million when compared with last year. For the period under review, ScotiaMint, the interest sensitive life insurance policy, marketed by Scotia Jamaica Life Insurance Company Limited as well as Creditor Life, made significant gains in Insurance Premium. Combined net premium income for both products increased by approximately \$60 million when compared to the same period last year. Undaunted by competitive market forces and declining interest rates, ScotiaMint continues to enjoy the largest share of the local interest sensitive insurance market, reporting gross premium income of \$4 billion for the year.

NON-INTEREST EXPENSES

Scotiabank's productivity ratio remains the best in the Jamaican financial sector, due in part to our unwavering focus on managing costs across the group. Our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 52.47%. 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 41.32%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$6,831 million, an increase of \$586 million over last year, which is primarily due to increases in staff related costs. Policyholders Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Scotiabank's credit quality continues to be outstanding both by international standards and when compared with our peers locally. Non-performing Loans at October 31, 2005 was \$918 million, an improvement of \$121 million when compared to \$1,039 million a year ago. This was also \$96 million above the \$1,014 million outstanding as at July 31, 2005. The Group's non-performing loans now represent 1.59% of total loans and 0.50% of total assets compared to 1.93% and 0.62% respectively in prior year.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the 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 loan loss provision as determined by IFRS is \$495 million, of which \$347 million is specific and \$148 million is general. The loan loss provision as determined by Regulatory Requirement is \$1,302 million of which \$761 million is specific and \$541 million is general. The total provision of \$1,302 million exceeds total non-performing loans by \$384 million; hence these loans are more than fully provided for.

BALANCE SHEET

Total assets increased year over year by \$15 Billion or 9% to \$183 Billion as at October 31, 2005. Performing Loans as at October 31, 2005 were \$57 billion, up \$4.3 billion over the previous year. Mr. W. E. Clarke highlighted that "with the exception of Foreign Direct Investments (FDI) and infrastructure expansion by specific statutory bodies, the real sector of the Jamaican economy continues to be apprehensive regarding new investments thus impacting the demand for commercial credit, as a consequence, growth in loans has been primarily driven by a favorable retail lending cycle".

Cash Resources increased by \$4 billion due mainly to continued growth in deposits, while Investments and Repurchase Agreements increased by \$7 billion, which was the highest growth among all asset categories. Retirement Benefit Asset represents the net of the present value of pension obligation and the fair value of the pension plan assets as determined by independent actuaries.

Deposits grew to \$113.5 billion, up 10% from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotiabank's capital base continues to be very strong. Total shareholders equity rose to \$23.5 billion up \$3 billion from last year due to strong growth in retained earnings.

CORPORATE RESPONSIBILITY

During 2005 Scotiabank conducted various seminars and presentations with the objective of providing local private and public sector leaders and our customers with information on effective management and leadership. In April 2005 we presented our annual Economic Seminar, at which both Scotiabank Canada's Vice President and Head of International research, Pablo Breard and Vice Chairman and Chief Financial Officer Sabi Marwah gave insightful presentations on trends in the global economy and the potential impact on Jamaica.

In June our annual lecture series featured as guest lecturer Professor Rosabeth Moss Kanter of Harvard University, who is listed among the "50 most influential business thinkers in the world", the "100 most important women in America" and the "50 most powerful women in the world". Professor Moss Kanter's presentation was entitled *Delivering Confidence: Winning Streaks, Losing Streaks and the Role of Leadership*. In 2003, the late Johnny Cochran, a well-known attorney-at-law, presented the inaugural lecture on Corporate Governance.

In our quest to continue providing our customers as well as potential customers with critical information in relation to home and land acquisition The Scotia Jamaica Building Society embarked on a series of forum supported by land tenure specialists from Land Administration Management Program, sessions were held in Junction, Christiana, Browns Town and Linstead. These sessions received good attendance and audience participation, and we will roll out to other areas in 2006.

RECOGNITION FROM LOCAL AND INTERNATIONAL ORGANIZATIONS

Scotiabank Jamaica was awarded Bank of the Year in Jamaica for 2005, for the third consecutive year, demonstrating our continued excellence in banking. This prestigious award is given by the Banker Magazine a publication of the Financial Times of London. We were also awarded Bank of the year for 2005 by Latin Finance, a leading magazine of finance and investments in Latin America, who stated that "We selected Scotiabank for its strong overall financial performance, breadth and quality of service to customers".

Scotiabank received the Inaugural Human Resource Management Innovation award from Human Resource Management Association of Jamaica, for innovativeness in implementing our Employee Communications and Consultations Unit. This Unit was set up in 2003 with the dual mandate of providing a confidential place where employees can air concerns and improving employee communications. It is the first and only unit of it's kind in Jamaica.

SCOTIABANK'S COMMITMENT TO THE COMMUNITY

Scotiabank over its 116 years in Jamaica has always shown our unconditional commitment to the development of this country. During this fiscal year Scotiabank continued to make tangible contributions to the communities in which we do business, through Scotiabank Jamaica Foundation, and other public relations activities. The corporate responsibility that is consistently demonstrated by Scotiabank is, in our judgment, unparalleled in the Jamaican Business community.

Scotiabank Jamaica Foundation has donated \$347 million to Education, Health and Community Projects in Jamaica, since its inception in 1996. In fiscal 2005 the Foundation donated \$107 Million to various health and educational activities such as Point Hill Diagnostic Reading Centre, Hillel Academy Building Fund, Denham Town Primary School and the Iris Gelley Primary School Computer Lab. Our support to the health sector focused on Accident and Emergency Services, Breast Cancer Screening, and Haemodialysis Care. This included the purchase of two new dialysis machines and equipment, valued at \$5.2 million, for the Cornwall Regional Hospital.

The Golden Age Home (Cluster F) continued to receive our annual support for the provision of meals for the elderly. Other Community Projects were Hands Across Jamaica for Righteousness, assisting that organization's thrust to restore moral values in Jamaica and the Rotary Club of St. Andrew's Special Centenary Project, a home for street boys.

Scotia Jamaica Foundation currently has 87 GSAT scholars attending various high schools across Jamaica. Scholarships were also awarded to students at The University of the West Indies, University of Technology, Northern Caribbean University, College of Agriculture, Science and Education, Montego Bay Community College and the Montpelier College. One hundred bursaries were awarded to high school students sitting the CXC exams. Mr. W. E. Clarke, said, "Scotiabank will always respond to the needs of our community in a tangible way, as an educated and healthy population will make a greater contribution to the economic and social development of our society."

Scotiabank actively encourages staff members to make a contribution in the communities in which we do business. This year 250 staff members participated in our Teachers day program, by teaching at various schools across the island on Teachers day. During the year we also launched a Scotia Volunteers program, to promote staff involvement in community affairs, so far over 250 staff members have signed up for this program.

Scotiabank 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 Scotiabank. Our continued success is as a result of great execution by our team of over 1,800 skilled and dedicated Scotiabankers and their consistent focus on customer satisfaction. We thank them for their professionalism, commitment and for being a great team.

CONSOLIDATED FINANCIAL STATEMENTS

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

Audited (\$ millions)	For the three months ended			For the year ended	
	October 2005	July 2005	October 2004	October 2005	October 2004
GROSS OPERATING INCOME	6,404	6,193	5,990	25,008	25,313
INTEREST INCOME					
Loans and deposits with banks	3,035	3,151	3,144	12,420	13,440
Securities	2,411	2,217	2,185	9,125	9,278
	5,446	5,368	5,329	21,545	22,718
INTEREST EXPENSE					
Deposits and repurchase agreements	1,708	1,791	2,073	7,481	8,607
Net interest income	3,738	3,577	3,256	14,064	14,111
Provision for credit losses	(56)	(58)	121	(273)	(46)
Net interest income after provision for credit losses	3,682	3,519	3,377	13,791	14,065
Net fee and commission income	650	542	420	2,328	1,727
Insurance premium income	97	78	76	334	274
Gains less losses from foreign currencies	223	191	167	794	586
Other operating income	(12)	14	(2)	7	8
	958	825	661	3,463	2,595
TOTAL OPERATING INCOME	4,640	4,344	4,038	17,254	16,660
OPERATING EXPENSES					
Staff costs	917	1,038	893	4,004	3,773
Premises and equipment, including depreciation	299	252	261	1,030	985
Changes in policyholders' reserves	566	572	659	2,093	2,242
Other operating expenses	526	460	407	1,797	1,487
	2,308	2,322	2,220	8,924	8,487
PROFIT BEFORE TAXATION	2,332	2,022	1,818	8,330	8,173
Taxation	(735)	(589)	(556)	(2,444)	(2,317)
NET PROFIT	1,597	1,433	1,262	5,886	5,856
Earnings per share based on 2,927,232,000 shares (cents) *	55	49	43	201	200
Dividend per share (cents) *	25.0	25.0	25.0	100.0	92.5
Dividend payout ratio	45.84%	51.08%	58.01%	49.74%	46.24%
Return on average equity	27.64%	25.68%	24.82%	26.33%	29.85%
Return on assets	3.48%	3.33%	3.00%	3.21%	3.48%
Book value per common shares *	7.89	7.63	6.95	7.64	7.04
P/E Multiple	9.61	11.10	14.65	10.51	12.62
Productivity ratio	50.34%	54.07%	53.59%	52.47%	51.08%
Productivity ratio (excluding Life Insurance Business)	39.10%	41.81%	37.49%	41.32%	38.29%

Note:
Where necessary, certain comparative amounts have been restated to conform to current year's presentation.

* Restated for comparative purposes, based on 2,927,232,000 stock units in issue after adjusting for the March 10, 2005, 1:1 Bonus Issue.

The Bank of Nova Scotia Jamaica Limited
Consolidated Balance Sheet

<i>Audited</i> (\$ millions)	Year ended October 31	Restated Year ended October 31
	2005	2004
ASSETS		
CASH RESOURCES	44,408	40,450
INVESTMENTS		
Originated Securities	30,007	26,280
Held For Trading	22	0
Securities available for sale	9,703	8,807
	<u>39,732</u>	<u>35,087</u>
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	27,227	25,046
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	57,649	53,460
OTHER ASSETS		
Customers' Liability under acceptances, guarantees and letters of credit	3,487	2,459
Real estate & equipment at cost, less depreciation	2,017	2,037
Deferred Taxation	110	87
Retirement Benefit Asset	3,764	3,339
Other assets	5,067	6,203
	<u>14,445</u>	<u>14,125</u>
TOTAL ASSETS	183,461	168,168
LIABILITIES		
DEPOSITS		
Deposits by public	107,280	98,811
Other deposits	6,268	4,843
	<u>113,548</u>	<u>103,654</u>
OTHER LIABILITIES		
Acceptances, guarantees & Letters of Credit	3,487	2,459
Liabilities under repurchase agreements	16,706	18,546
Deferred Taxation	1,497	1,408
Retirement Benefit Obligation	326	265
Other liabilities	4,417	5,129
	<u>26,433</u>	<u>27,807</u>
POLICY HOLDER'S FUND	19,955	16,101
SHAREHOLDERS' EQUITY		
Capital- Authorized, 3,000,000,000 ordinary shares Issued and fully paid, 2,927,232,000		
Ordinary stock units of \$1 each	2,927	1,464
Reserve Fund	3,158	1,695
Retained Earnings Reserve	4,493	6,670
Loan Loss Reserve	807	807
Other Reserves	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	194	233
Unappropriated Profits	11,919	9,710
	<u>23,525</u>	<u>20,606</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	183,461	168,168

Note:

Where necessary, certain comparative amounts have been restated to conform to current year's presentation.

Director

Director

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

<i>Audited</i>						Cumulative Remeasure-		
<i>(\$ millions)</i>	Share Capital	Reserve Fund	Retained Earnings Reserve	Other Reserves	Loan Loss Reserve	ment from AFS assets	Unappropriated Profits	Total
Balance at 31 October 2003	1,464	1,695	5,920	27	807	18	7,722	17,651
Net profit	-	-	-	-	-	-	5,856	5,856
Retained earnings transfer	-	-	750	-	-	-	(750)	-
Dividends paid	-	-	-	-	-	-	(3,118)	(3,118)
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	215	-	215
Balance at 31 October 2004	1,464	1,695	6,670	27	807	233	9,710	20,606
Net profit	-	-	-	-	-	-	5,886	5,886
Retained earnings transfer	-	-	750	-	-	-	(750)	-
Dividends paid	-	-	-	-	-	-	(2,927)	(2,927)
Bonus Share Issue	1,463	1,463	(2,927)	-	-	-	-	-
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	(39)	-	(39)
Balance as at 31 October 2005	2,927	3,158	4,493	27	807	194	11,919	23,525

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

Audited (\$ millions)	For the year ended October 31, 2005	For the year ended October 31, 2004
Cash flows provided by operating activities		
Net Income	5,886	5,856
Adjustments to net income to determine Net Cash Flows:		
Depreciation	309	319
Policyholders reserve	3,854	4,626
Other, net	240	(250)
	10,289	10,551
Cash flows provided by/ (used in) investing activities		
Investment securities (net purchases and proceeds)	(4,684)	(4,088)
Loans	(4,340)	(5,402)
Government Securities Purchased Under Repurchase Agreement	(2,181)	(7,453)
Other, net	693	(1,057)
	(10,512)	(18,000)
Cash flows provided by/ (used in) financing activities		
Deposits	8,469	11,744
Dividends paid	(2,927)	(3,118)
Other, net	(383)	3,721
	5,159	12,347
Net change in cash	4,936	4,898
Cash at beginning of period	37,566	32,668
Cash at end of period	42,502	37,566
Represented by :		
Cash Resources	44,408	40,450
Cheques and other instruments in transit, net	(1,906)	(2,884)
CASH AT END OF PERIOD	42,502	37,566



Segment Reporting Information

Consolidated Statement of Income

Audited		For the year ended October 31, 2005						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenue	5,818,784	6,348,931	6,265,129	2,796,198	3,771,192	7,467	-	25,007,701
Revenue from other segments	(3,155,740)	2,916,016	329,743	51,937	11,622	19,161	(172,739)	-
Total Gross Revenue	2,663,044	9,264,947	6,594,872	2,848,135	3,782,814	26,628	(172,739)	25,007,701
Total expenses	(154,119)	(7,021,005)	(4,625,008)	(2,552,221)	(2,466,811)	(31,464)	172,739	(16,677,889)
Profit before taxation	2,508,925	2,243,942	1,969,864	295,914	1,316,003	(4,836)	-	8,329,812
Income tax expense								(2,444,226)
Net Profit								5,885,586

Consolidated Balance Sheet

		As at October 31, 2005						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	67,660,200	29,370,490	39,815,151	18,891,769	24,029,675	166,285	(596,326)	179,337,244
Unallocated assets								4,123,699
Total Assets								183,460,943
Segment liabilities	1,790,534	62,560,765	54,970,353	17,581,765	20,052,579	64,764	(396,036)	156,624,724
Unallocated liabilities								3,311,266
Total liabilities								159,935,990
Other Segment items:								
Capital Expenditure	22,291	191,635	73,676	4,359	8,383	-	-	300,345
Impairment losses on loans	-	194,334	79,990	(1,749)	-	-	-	272,575
Depreciation	12,774	239,960	47,445	3,571	4,325	1,090	-	309,165



Segment Reporting Information

Consolidated Statement of Income

Audited		For the year ended October 31, 2004						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Gross External Revenue	6,318,869	5,201,442	6,405,636	4,231,827	3,070,483	84,528	-	25,312,785
Revenue from other segments	(4,929,797)	4,911,362	278,864	217,334	647,064	1,817	(1,126,644)	-
Total Gross Revenue	1,389,072	10,112,804	6,684,500	4,449,161	3,717,547	86,345	(1,126,644)	25,312,785
Total expenses	(329,880)	(6,923,877)	(4,267,366)	(4,101,809)	(2,564,600)	(79,264)	1,126,644	(17,140,152)
Profit before taxation	1,059,192	3,188,927	2,417,134	347,352	1,152,947	7,081	-	8,172,633
Income tax expense								(2,316,576)
Net Profit								5,856,057

Consolidated Balance Sheet

		As at October 31, 2004						
(\$'000s)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Consol. adj.	Group Total
Segment assets	63,488,434	23,742,118	38,242,201	20,740,949	19,245,601	210,718	(2,027,085)	163,642,936
Unallocated assets								4,524,713
Total Assets								168,167,649
Segment liabilities	3,349,403	60,647,010	46,853,047	19,634,340	16,335,140	102,046	(1,826,794)	145,094,191
Unallocated liabilities								2,468,441
Total liabilities								147,562,632
Other Segment items:								
Capital Expenditure	27,346	221,081	109,968	2,508	4,019	1,944	-	366,865
Impairment losses on loans	-	67,283	(12,756)	(8,649)	-	-	-	45,878
Depreciation	13,237	246,493	50,395	3,406	3,575	1,921	-	319,027

The Bank of Nova Scotia Jamaica Limited

Notes to the Consolidated Financial Statements October 31, 2005

1. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. In 2005, the Group early adopted the following IFRS, which are relevant to its operations. The 2004 accounts have been amended as required, in accordance with the relevant requirements:

- IAS 1- Presentation of Financial Statements
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- IAS 10 - Events after the Balance Sheet Date.
- IAS 16 - Property, Plant and Equipment
- IAS 17 - Leases
- IAS 24 - Related Party Disclosures
- IAS 32 - Financial Instruments: Disclosure and Presentation.
- IAS 36 - Impairment of Assets
- IAS 38 - Intangible Assets
- IAS 39 - Financial Instruments: Recognition and Measurement.

There was no impact on opening retained earnings as at 1 November 2004 from the adoption of any of the above-mentioned standards.

2. Financial Assets

The Group classifies its financial assets in the following categories: financial assets held for trading; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Held For Trading

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, goods 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, which may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale and held for trading financial assets 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 held for trading category are included in the income statement 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 method is recognized in the statement of revenue and expenses.

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 provisioning 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.

The Bank of Nova Scotia Jamaica Limited

Notes to the Consolidated Financial Statements October 31, 2005

4. Employee Benefits (cont.)

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.

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. Share Capital

On March 10, 2005, the authorised share capital of the Bank was increased to \$2,927,232,000 by the creation of an additional 1,463,616,000 ordinary shares of \$1 each to rank pari passu with existing ordinary shares of the Bank in all respects. Shares totalling 1,463,616,000 units were then issued as fully paid up bonus shares by the capitalization of profits of \$1,463,616,000 on the basis of one ordinary share for every one ordinary share held.

8. Reserve Fund

In accordance with the regulations, the Statutory Reserve Fund was also increased by \$1,463,616,000, which requires that the Reserve Fund be equal to the Paid up Capital.

9. Cash and cash equivalents

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

10. Segment reporting

The Group is organized into five main business segments:

- Retail Banking – incorporating personal banking services, personal customer current accounts, saving deposits, custody, 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;
- Investment Management Services – incorporating investments and pension fund management and the administration of trust accounts;
- Insurance Services – incorporating the provision of life insurance and
- Other operations of the Group comprise General Insurance Brokerage and property rental.

Transactions between the business segments are on normal commercial terms and conditions.