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MEDIA RELEASE

SCOTIA GROUP JAMAICA POSITIVE THIRD QUARTER EARNINGS MOMENTUM ON TRACK TO DELIVER 12 CONSECUTIVE YEARS OF INCREASED PROFITABILITY.

THIRD QUARTER 2008 HIGHLIGHTS (Year to Date)

- Net Income of \$7,142 million, up 32% over the same period in 2007
- Net Income available to common shareholders of \$6,962 million
- Earnings per share of \$2.24
- Return on Average Equity 25.61%
- Productivity ratio of 53.92%
- Third Quarter dividend of 32 cents per share

Scotia Group Jamaica Limited (Scotia Group) today reported net income available to common shareholders of \$2,307 million for the third quarter, this was \$213 Million above the quarter ended April 30, 2008 and \$333 Million above the net income for the quarter ended July 31, 2007. For the nine months ended July 31, 2008 net income available to common shareholders was \$6,962 Million compared to \$5,367 Million, an increase of 29.7%, for the same period last year.

William E. Clarke, President and CEO said “Scotia Group continues to demonstrate strong performance in all business lines. This is attributable to the talent and energy of our staff and continued improvements to the customer experience, combined with strong expense control and risk management. As we move into the fourth quarter, our priorities remain clear: executing on our strategic initiatives to drive growth, expense discipline, and generating revenue and earnings growth to achieve another record year of profitability for our shareholders. “

The contribution to net income by our subsidiaries are outlined below:-

| | \$'Million | % Contribution |
|--|---------------------|-----------------------|
| | Year to Date | Year to Date |
| The Bank of Nova Scotia Jamaica Limited (BNSJ) | 4,434 | 63.69% |
| Scotia Jamaica Life Insurance Company Limited (SJLIC) | 1,586 | 22.78% |
| Scotia DBG Investments Limited (Scotia DBG) | 603 | 8.66% |
| Scotia Jamaica Building Society (SJBS) | 339 | 4.87% |
| Net Income attributable to common shareholders | 6,962 | 100.00% |

Earnings per share (EPS) for the quarter was \$0.74, compared to \$0.63 for last year and \$0.81 for the previous quarter. Year to date EPS was \$2.24, while the Return on Average Equity (ROE) annualized remains very strong at 25.61%.

The Board of Directors today, approved an interim dividend of 32 cents per stock unit, payable on October 2, 2008 to stockholders on record at September 10, 2008.

REVENUES

Total Revenue comprising net interest revenue and other income was \$21,007 million, an increase of \$4,577 million or 27.86% from prior year.

NET INTEREST INCOME

Net interest income was \$16,257 million, up \$3,546 million when compared to last year. This is as a result of strong portfolio volume growth primarily in our retail portfolio. Interest income earned from securities also increased, due to improved interest margins and volume growth in the investment and repurchase agreement portfolios.

OTHER REVENUE

Other revenue, excluding Insurance Premium Income, was \$4,182 million, up \$907 million when compared with last year. This was driven mainly by the growth in foreign exchange trading income, securities trading income and electronic banking related fees. There was also one time income of \$249MM resulting from the redemption of Visa Class C shares from the IPO of Visa Incorporated. Insurance Premium is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance, marketed by SJLIC. Combined net premium income for both products increased by approximately \$124 million when compared to prior year. SJLIC reported gross premium income of \$3.9 billion for the nine month period.

NON-INTEREST EXPENSES AND PRODUCTIVITY

The Group continues to pay close attention to expense control and risk management. Our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 53.92%. 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 45.10%, which is significantly better than the international benchmark of 60%.

Non-interest Expenses excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$8,793 million, an increase of \$1,988 million over last year of which \$758 Million relate to the inclusion of Scotia DBG in the consolidated results, in prior year Scotia DBG results were included for only three months. The balance of \$1,230 million was due to increased staff costs, amortization of the intangible assets resulting from the acquisition of DB&G in May 2007, and computer related expenses. Policyholders Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Non-performing Loans at July 31, 2008 were \$2,606 million, of which \$790 million relates to the consolidation of Scotia DBG. The non-performing loans for the BNSJ Group were \$1,815 million, this was an increase of \$590 million when compared to \$1,226 million a year ago, and \$279 million above the previous quarter ended April 30, 2008, which is a reflection of the trend in the economy. The BNSJ Group's non-performing loans now represent 2.35% of total loans and 0.82% of total assets compared to 1.76% and 0.62% respectively in prior year. Scotia DBG's non-performing loans decreased by \$10 million over the previous quarter, and represents 1.23% of their total assets.

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 Group's loan loss provision as determined by IFRS is \$872 million, of which \$670 million is specific and \$202 million is general.

The loan loss provision as determined by Regulatory Requirement is \$2,044 million, of which \$398 million relates to provisions established by Scotia DBG. BNSJ Group's loan loss provision is \$1,646 million. Over the years, we continue to experience significant growth in the loan portfolio, however the loan loss provision has remained relatively stable, due to Scotiabank's strong credit policy and loan administration procedures, which has ensured the high quality of the loan portfolio.

BALANCE SHEET

Total assets increased year over year by \$31 Billion or 12% to \$287 Billion as at July 31, 2008, which was mainly contributed to growth in the deposit portfolio which was utilized to fund increases in the cash resources and loan portfolios. The Group's performing loans were \$80 billion, up \$7 Billion or 10% over the previous year, as we continue to experience growth in retail lending, and have also seen an improvement in the demand for commercial loans. Investments, pledged assets and repurchase agreements increased by \$7 Billion. 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 \$149 billion, up \$16 billion or 12.31% from the previous year, reflecting continued confidence in Scotiabank.

CAPITAL

Scotia Group's capital base continues to be very strong. Total shareholders equity grew to \$40 billion, \$5 Billion more than prior year, this was due mainly to \$3.7 billion accumulated in the retained earnings. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

OUR COMMITMENT TO THE COMMUNITY

Scotiabank continues to demonstrate its commitment to Corporate Social Responsibility through various activities focusing mainly on the youth and the socially disadvantaged in our society.

On June 16, we marked the 10th Anniversary of Scotia Jamaica Life Insurance Company Limited with several activities which celebrated and recognized the loyalty and dedication of our customers since 1998. A special 10th Anniversary Scholarship was awarded for outstanding performance in the Grade Six Achievement Test.

On Teacher's Day in May, 285 Scotia Volunteers taught Conflict Resolution in schools island wide; on National Reading Day they read in schools, libraries, and hospitals; and on National Labour Day they established a garden and park for patients and staff at the Bustamante Hospital for Children. The Bank also hosted 125 children of staff members in the 8th Annual Take Our Kids To Work Day.

During the quarter, the Scotiabank Jamaica Foundation launched its Scoliosis Care programme which will provide \$7.5 million over five years to fund the cost of corrective surgery for children with Scoliosis up to the age of 18 years. Scoliosis is a 's' shaped curvature of the spine often seen in adolescents, which causes severe pain, respiratory complications, and deformity if left untreated. The Foundation also launched its Cancer Care programme in which rural branches host the Mobile Mammography Unit in their community to provide free breast cancer screening for women.

The Grand Final of the Scotiabank Speak Up! Speak Out! National Primary Schools HIV and AIDS Debating Competition was held also in May with Corinaldi Avenue Primary School, Montego Bay taking the Championship trophy over Lannaman's Preparatory School. They debated the moot 'Owners of television stations and producers of sexually explicit programmes should be held responsible for the anti-social behaviours of young viewers.'

The 5th Annual Scotiabank Lecture Series was held in June featuring 2006 Nobel Peace Prize Laureate and Managing Director of the Grameen Bank, Dhaka Bangladesh, Professor Muhammad Yunus. The Lecture was entitled, 'Eradicating Poverty Through Small & Micro Enterprises.'

Both the Bank and the Foundation donated a combined \$24 million to new and on-going projects supporting Education, Health, and Community Development.

Our staff members through fundraising activities also donated \$2.5 million towards the purchase of a new Intra Aortic Balloon Pump, used mainly for treating cases of stroke and heart attack, for the University Hospital of the West Indies and the Bank provided a matching amount.

BRANCH EXPANSION

On May 15, we broke ground for the construction of the Scotia Financial Center on Constant Spring Road, St. Andrew. This new premises will house the 41st Scotiabank Branch, as well as offices of Scotia DBG Investments, Scotia Private Client Group and an office of Scotia Jamaica Life Insurance Company Limited.

AWARDS

Scotiabank Jamaica was awarded the '2008 Best Bank in Jamaica' by the Euromoney Magazine and received two awards for Corporate Social Responsibility from the Jamaica Employers' Federation and the Private Sector Organization of Jamaica.

Scotia Group 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 great execution by our team of skilled and dedicated employees and their consistent focus on customer satisfaction. We thank them for their professionalism, commitment and for being a great team.

CONSOLIDATED FINANCIAL STATEMENTS

Scotia Group Jamaica Limited
Statement of Consolidated Revenues & Expenses

| Unaudited (\$ millions) | For the three months ended | | | For the nine months ended | |
|--|----------------------------|--------------|--------------|---------------------------|---------------|
| | July | April | July | July | July |
| | 2008 | 2008 | 2007 | 2008 | 2007 |
| GROSS OPERATING INCOME | 9,826 | 9,668 | 8,676 | 28,756 | 22,761 |
| INTEREST INCOME | | | | | |
| Loans and deposits with banks | 4,676 | 5,200 | 3,869 | 14,043 | 10,879 |
| Securities | 3,714 | 2,689 | 3,376 | 9,963 | 8,163 |
| | 8,390 | 7,889 | 7,245 | 24,006 | 19,042 |
| INTEREST EXPENSE | | | | | |
| Deposits and repurchase agreements | 2,659 | 2,535 | 2,682 | 7,749 | 6,331 |
| Net interest income | 5,731 | 5,354 | 4,563 | 16,257 | 12,711 |
| Provision for credit losses | (227) | (115) | (101) | (425) | (402) |
| Net interest income after provision for credit losses | 5,504 | 5,239 | 4,462 | 15,832 | 12,309 |
| Net fee and commission income | 901 | 982 | 748 | 2,845 | 2,290 |
| Insurance premium income | 180 | 198 | 152 | 568 | 444 |
| Gains less losses from foreign currencies | 261 | 313 | 293 | 869 | 706 |
| Other operating income | 94 | 286 | 238 | 468 | 279 |
| | 1,436 | 1,779 | 1,431 | 4,750 | 3,719 |
| TOTAL OPERATING INCOME | 6,940 | 7,018 | 5,893 | 20,582 | 16,028 |
| OPERATING EXPENSES | | | | | |
| Staff costs | 1,608 | 1,503 | 1,411 | 4,828 | 3,913 |
| Premises and equipment, including depreciation | 547 | 628 | 434 | 1,574 | 1,097 |
| Amortisation of intangible assets | 55 | 55 | - | 165 | - |
| Changes in policyholders' reserves | 732 | 711 | 647 | 2,108 | 1,812 |
| Other operating expenses | 770 | 675 | 711 | 2,226 | 1,795 |
| | 3,712 | 3,572 | 3,203 | 10,901 | 8,617 |
| OPERATING PROFIT | 3,228 | 3,446 | 2,690 | 9,681 | 7,411 |
| Share of profits in associated company | - | - | - | - | - |
| PROFIT BEFORE TAXATION | 3,228 | 3,446 | 2,690 | 9,681 | 7,411 |
| Taxation | (864) | (861) | (682) | (2,539) | (2,010) |
| PROFIT AFTER TAXATION | 2,364 | 2,585 | 2,008 | 7,142 | 5,401 |
| ATTRIBUTABLE TO: | | | | | |
| Stockholders of the company | 2,307 | 2,520 | 1,974 | 6,962 | 5,367 |
| Minority interest | 57 | 65 | 34 | 180 | 34 |
| | 2,364 | 2,585 | 2,008 | 7,142 | 5,401 |
| Earnings per share based on 3,111,572,984 shares (cents) | 74 | 81 | 63 | 224 | 172 |
| Return on average equity (annualised) | 24.61% | 27.74% | 25.34% | 25.61% | 24.29% |
| Return on assets (annualised) | 3.22% | 3.57% | 3.06% | 3.24% | 2.77% |
| Productivity ratio | 54.96% | 51.69% | 55.12% | 53.92% | 54.89% |
| Productivity ratio (excluding Life Insurance Business) | 45.90% | 42.91% | 45.48% | 45.10% | 45.07% |

Scotia Group Jamaica Ltd.
Consolidated Balance Sheet

| | Period ended July 31 | Year ended October 31 | Period ended July 31 |
|---|-------------------------|--------------------------|-------------------------|
| <i>Unaudited</i> <i>(\$ millions)</i> | 2008 | 2007 | 2007 |
| ASSETS | | | |
| CASH RESOURCES | 68,649 | 55,104 | 53,300 |
| INVESTMENTS | | | |
| Held To Maturity | 32,730 | 39,225 | 32,595 |
| Financial assets at fair value through statement of revenue and expenses | 308 | 1,125 | 516 |
| Securities available for sale | 22,801 | 21,646 | 22,257 |
| | <u>55,839</u> | <u>61,996</u> | <u>55,368</u> |
| PLEGGED ASSETS | 43,948 | 34,665 | 39,234 |
| CAPITAL MANAGEMENT AND GOVERNMENT SECURITIES FUND | 15,667 | 14,060 | 12,736 |
| GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT | 605 | 1,156 | 1,425 |
| LOANS, AFTER MAKING PROVISIONS FOR LOSSES | 82,109 | 76,667 | 74,228 |
| OTHER ASSETS | | | |
| Customers' Liability under acceptances, guarantees and letters of credit | 7,339 | 7,829 | 7,628 |
| Real estate and equipment at cost, less depreciation | 2,863 | 2,702 | 2,672 |
| Taxation Recoverable | 1,209 | 1,293 | 1,008 |
| Retirement Benefit Asset | 5,189 | 4,840 | 4,692 |
| Other assets | 767 | 286 | 1,539 |
| Intangible Assets | 2,364 | 2,528 | 2,084 |
| | <u>19,731</u> | <u>19,478</u> | <u>19,623</u> |
| TOTAL ASSETS | 286,548 | 263,126 | 255,914 |
| LIABILITIES | | | |
| DEPOSITS | | | |
| Deposits by public | 140,139 | 131,018 | 124,719 |
| Other deposits | 8,802 | 6,860 | 7,890 |
| | <u>148,941</u> | <u>137,878</u> | <u>132,609</u> |
| OTHER LIABILITIES | | | |
| Acceptances, guarantees and Letters of Credit | 7,339 | 7,829 | 7,628 |
| Liabilities under repurchase agreements | 36,755 | 31,530 | 34,182 |
| Promissory Notes | 589 | 607 | 795 |
| Capital Management and Government Securities Fund | 15,666 | 14,060 | 12,736 |
| Redeemable Preference Shares | 100 | 100 | 100 |
| Deferred Taxation | 1,807 | 1,794 | 1,490 |
| Retirement Benefit Obligation | 878 | 723 | 664 |
| Assets Held in Trust on behalf of Participants | 52 | 53 | 40 |
| Other liabilities | 4,930 | 5,269 | 4,747 |
| | <u>68,116</u> | <u>61,965</u> | <u>62,382</u> |
| POLICY HOLDERS' FUND | 29,585 | 26,974 | 26,335 |
| 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 | 3,186 | 3,161 | 3,161 |
| Retained Earnings Reserve | 6,928 | 5,993 | 5,693 |
| Loan Loss Reserve | 1,149 | 1,046 | 808 |
| Other Reserves | 18 | 27 | 27 |
| Investment Cumulative Remeasurement result from Available for Sale Financial Assets | (646) | (212) | (91) |
| Unappropriated Profits | 20,763 | 17,789 | 17,106 |
| | <u>37,968</u> | <u>34,374</u> | <u>33,274</u> |
| Minority Interest | 1,938 | 1,935 | 1,314 |
| | <u>39,906</u> | <u>36,309</u> | <u>34,588</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 286,548 | 263,126 | 255,914 |

Director

Director



Consolidated Statement of Changes in Shareholders' Equity

Unaudited

| <i>\$millions</i> | Share Capital | Reserve Fund | Retained Earnings Reserve | Other Reserves | Loan Loss Reserve | Cumulative Remeasurement result from Available for Sale financial assets | Unappropriated Profits | Total | Minority Interest | Total Equity |
|--|---------------|--------------|---------------------------|----------------|-------------------|--|------------------------|---------------|-------------------|---------------|
| Balance at 31 October 2006 | 2,927 | 3,159 | 5,243 | 27 | 807 | 275 | 14,952 | 27,390 | - | 27,390 |
| Unrealised Gains/(Losses) on available-for-sale investments, net of taxes | - | - | - | - | - | (454) | - | (454) | - | (454) |
| Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses | - | - | - | - | - | (33) | - | (33) | - | (33) |
| Net profit | - | - | - | - | - | - | 7,493 | 7,493 | 117 | 7,610 |
| Transfer to Reserve Fund | - | 2 | - | - | - | - | (2) | - | - | - |
| Transfer to Loan Loss Reserve | - | - | - | - | 239 | - | (239) | - | - | - |
| Issue of Preference Shares | - | - | - | - | - | - | (100) | (100) | - | (100) |
| Issue of Shares | 3,643 | - | - | - | - | - | - | 3,643 | - | 3,643 |
| Transfer to Retained Earnings Reserve | - | - | 750 | - | - | - | (750) | - | - | - |
| Minority interests' net assets of acquired subsidiaries | - | - | - | - | - | - | - | - | 1,912 | 1,912 |
| Dividends Paid | - | - | - | - | - | - | (3,565) | (3,565) | (94) | (3,659) |
| Balance at 31 October 2007 | 6,570 | 3,161 | 5,993 | 27 | 1,046 | (212) | 17,789 | 34,374 | 1,935 | 36,309 |
| Unrealised Gains/(Losses) on available-for-sale investments, net of taxes | - | - | - | - | - | (396) | - | (396) | (68) | (464) |
| Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses | - | - | - | - | - | (38) | - | (38) | (8) | (46) |
| Net profit | - | - | - | - | - | - | 6,962 | 6,962 | 180 | 7,142 |
| Movement of reserves relating to subsidiary | - | - | - | (9) | - | - | - | (9) | - | (9) |
| Transfer to Reserve Fund | - | 25 | - | - | - | - | (25) | - | - | - |
| Net movement in reserves for minority interests | - | - | - | - | - | - | - | - | (26) | (26) |
| Transfer to Loan Loss Reserve | - | - | - | - | 103 | - | (103) | - | - | - |
| Transfer to Retained Earnings Reserve | - | - | 935 | - | - | - | (935) | - | - | - |
| Dividends Paid | - | - | - | - | - | - | (2,925) | (2,925) | (75) | (3,000) |
| Balance at 31 July 2008 | 6,570 | 3,186 | 6,928 | 18 | 1,149 | (646) | 20,763 | 37,968 | 1,938 | 39,906 |

Scotia Group Jamaica Limited
Condensed Consolidated Statement of Cash Flows

| <i>(Unaudited)</i> (\$ millions) | Nine Months Ended July 31, 2008 | Nine Months Ended July 31, 2007 |
|--|------------------------------------|------------------------------------|
| Cash flows provided by / (used in) operating activities | | |
| Net Income | 7,142 | 5,401 |
| Adjustments to net income | | |
| Depreciation | 293 | 303 |
| Impairment losses on loans | 425 | 402 |
| Amortisation of intangible assets | 165 | - |
| Other, net | 586 | 399 |
| | 8,611 | 6,505 |
| Changes in operating assets and liabilities | | |
| Loans | (5,751) | (14,938) |
| Deposits | 8,816 | 11,216 |
| Policyholders reserve | 2,611 | 2,626 |
| Other, net | (23,269) | 4,802 |
| | (8,982) | 10,211 |
| Cash flows provided by / (used in) investing activities | | |
| Investments | (10,289) | (27,922) |
| Repurchase Agreements, net | 5,702 | 15,855 |
| Property, plant and equipment, net | (450) | (626) |
| | (5,037) | (12,693) |
| Cash flows used in financing activities | | |
| Issue of Share Capital | - | 3643 |
| Dividends paid | (3,000) | (2,715) |
| | (3,000) | 928 |
| Effect of exchange rate on cash and cash equivalents | 89 | 1,078 |
| Net change in cash and cash equivalents | (16,930) | (476) |
| Cash and cash equivalents at beginning of year | 30,434 | 25,623 |
| Cash and cash equivalents at end of period | 13,504 | 25,147 |
| Represented by : | | |
| Cash resources | 68,649 | 53,300 |
| Statutory reserves at Bank of Jamaica | (11,427) | (10,068) |
| Less amounts due from Bank of Jamaica greater than ninety days | (30,992) | (10,862) |
| Less amounts due from other banks greater than ninety days | (8,622) | (3,789) |
| Less accrued interest on cash resources | (1,455) | (270) |
| Cheques and other instruments in transit, net | (2,649) | (3,164) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 13,504 | 25,147 |



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

| Unaudited | | For the period ended July 31, 2008 | | | | | | |
|------------------------------|--------------|------------------------------------|-------------------|--------------------------------|--------------------|--------------|----------------|---------------|
| (\$ millions) | Treasury | Retail Banking | Corporate Banking | Investment Management Services | Insurance Services | Other | Eliminations | Group Total |
| Gross External Revenues | 5,379 | 9,042 | 4,909 | 5,104 | 4,278 | 44 | - | 28,756 |
| Revenues from other segments | (3,249) | 1,717 | 1,557 | 148 | 6 | 2,994 | (3,173) | - |
| Total Revenues | 2,130 | 10,759 | 6,466 | 5,252 | 4,284 | 3,038 | (3,173) | 28,756 |
| Expenses | (57) | (7,719) | (4,643) | (4,155) | (2,469) | (137) | 105 | (19,075) |
| Unallocated expenses | | | | | | | | |
| Profit Before Tax | 2,073 | 3,040 | 1,823 | 1,097 | 1,815 | 2,901 | (3,068) | 9,681 |
| Income tax expense | | | | | | | | (2,539) |
| Net profit | | | | | | | | 7,142 |

Consolidated Balance Sheet

| | | As at July 31, 2008 | | | | | | |
|-----------------------------|----------|---------------------|-------------------|--------------------------------|--------------------|-------|--------------|----------------|
| (\$ millions) | Treasury | Retail Banking | Corporate Banking | Investment Management Services | Insurance Services | Other | Eliminations | Group Total |
| Segment assets | 87,601 | 50,065 | 46,018 | 64,882 | 37,842 | 9,987 | (15,927) | 280,468 |
| Unallocated assets | | | | | | | | 6,080 |
| Total Assets | | | | | | | | 286,548 |
| Segment liabilities | 1,310 | 81,958 | 77,490 | 57,482 | 29,709 | 308 | (6,584) | 241,673 |
| Unallocated liabilities | | | | | | | | 4,969 |
| Total liabilities | | | | | | | | 246,642 |
| Other Segment items: | | | | | | | | |
| Capital Expenditure | - | 236 | 192 | 6 | - | 8 | | 442 |
| Impairment losses on loans | - | 482 | (72) | 15 | - | - | | 425 |
| Depreciation | - | 142 | 98 | 31 | 3 | 19 | | 293 |



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

| Unaudited | For the period ended July 31, 2007 | | | | | | | |
|------------------------------|------------------------------------|----------------|-------------------|--------------------------------|--------------------|--------------|----------------|---------------|
| (\$ millions) | Treasury | Retail Banking | Corporate Banking | Investment Management Services | Insurance Services | Other | Eliminations | Group Total |
| Gross External Revenues | 4,895 | 6,921 | 4,418 | 3,010 | 3,314 | 15 | 188 | 22,761 |
| Revenues from other segments | (3,075) | 2,066 | 1,041 | 128 | 16 | 3,842 | (4,018) | - |
| Total Revenues | 1,820 | 8,987 | 5,459 | 3,138 | 3,330 | 3,857 | (3,830) | 22,761 |
| Expenses | (88) | (6,508) | (4,072) | (2,712) | (2,130) | (51) | 211 | (15,350) |
| Unallocated expenses | | | | | | | | |
| Profit Before Tax | 1,732 | 2,479 | 1,387 | 426 | 1,200 | 3,806 | (3,619) | 7,411 |
| Income tax expense | | | | | | | | (2,010) |
| Net profit | | | | | | | | 5,401 |

Consolidated Balance Sheet

| | As at July 31, 2007 | | | | | | | |
|-----------------------------|---------------------|----------------|-------------------|--------------------------------|--------------------|-------|--------------|----------------|
| (\$ millions) | Treasury | Retail Banking | Corporate Banking | Investment Management Services | Insurance Services | Other | Eliminations | Group Total |
| Segment assets | 77,930 | 41,941 | 46,343 | 60,147 | 33,026 | 9,731 | (19,780) | 249,338 |
| Unallocated assets | | | | | | | | 6,576 |
| Total Assets | | | | | | | | 255,914 |
| Segment liabilities | 331 | 76,721 | 68,577 | 53,114 | 26,808 | 52 | (8,476) | 217,127 |
| Unallocated liabilities | | | | | | | | 4,199 |
| Total liabilities | | | | | | | | 221,326 |
| Other Segment items: | | | | | | | | |
| Capital Expenditure | - | 181 | 236 | 9 | 8 | - | | 434 |
| Impairment losses on loans | - | 354 | 47 | 1 | - | - | | 402 |
| Depreciation | - | 144 | 97 | 52 | 4 | 6 | | 303 |



SCOTIA GROUP JAMAICA LIMITED

Notes to the Consolidated Financial Statements

July 31, 2008

1. Identification

Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of The Bank of Nova Scotia (100%), 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 DBG Investments Limited (77.01%).

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 operation 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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 statement of revenue and expenses; 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 Statement of Revenue and Expenses

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 statement of revenue and expenses 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.

4. Insurance 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.



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5. 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.

6. 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 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.

Defined contribution plan- contributions to this plan are charged to the Statement of Revenue and Expenses in the period to which they relate.

7. 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.

8. Property, plant and equipment

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

9. 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.

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, unit trusts and pension fund management, brokerage and advisory services, and the administration of trust accounts;
- Insurance Services – incorporating the provision of life insurance and
- Other operations of the Group comprise non trading subsidiaries.

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