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## **THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

**The Board of Directors is pleased to present the following results of The Bank of Nova Scotia Jamaica Limited for the first quarter ending January 31, 2009.**

## CONSOLIDATED FINANCIAL STATEMENTS

### The Bank of Nova Scotia Jamaica Limited Statement of Consolidated Revenues & Expenses

<i>(Unaudited)</i> (\$ millions)	For the three months ended		
	January	October	January
	2009	2008	2008
<b>GROSS OPERATING INCOME</b>	<b>8,737</b>	<b>8,355</b>	<b>7,505</b>
<b>INTEREST INCOME</b>			
Loans and deposits with banks	5,178	5,614	4,113
Securities	2,188	1,208	2,075
	7,366	6,822	6,188
<b>INTEREST EXPENSE</b>			
Deposits and repurchase agreements	1,560	1,422	1,453
Net interest income	5,806	5,400	4,735
Provision for credit losses	(362)	(340)	(86)
Net interest income after provision for credit losses	5,444	5,060	4,649
Net fee and commission income	855	890	887
Insurance premium income	194	187	190
Gains less losses from foreign currencies	322	248	239
Other operating income	-	208	1
	1,371	1,533	1,317
<b>TOTAL OPERATING INCOME</b>	<b>6,815</b>	<b>6,593</b>	<b>5,966</b>
<b>OPERATING EXPENSES</b>			
Staff costs	1,651	1,399	1,551
Premises and equipment, including depreciation	565	536	361
Changes in policyholders' reserves	846	730	665
Other operating expenses	772	758	718
	3,834	3,423	3,295
<b>PROFIT BEFORE TAXATION</b>	<b>2,981</b>	<b>3,170</b>	<b>2,671</b>
Taxation	(805)	(911)	(731)
<b>NET PROFIT</b>	<b>2,176</b>	<b>2,259</b>	<b>1,940</b>
Earnings per share based on 2,927,232,000 shares (cents)	74	77	66
Return on average equity (annualised)	27.08%	28.65%	27.34%
Return on assets (annualised)	3.84%	4.21%	3.69%
Productivity ratio	58.47%	54.28%	55.87%
Productivity ratio (excluding Life Insurance Business)	47.97%	44.96%	46.33%

The Bank of Nova Scotia Jamaica Limited  
Consolidated Balance Sheet

	Period ended January 31	Year ended October 31	Period ended January 31
<i>Unaudited</i> (\$ millions)	2009	2008	2008
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	63,361	55,420	56,829
<b>INVESTMENTS</b>			
Held To Maturity	34,489	36,154	33,135
Securities available for sale	22,603	18,939	20,000
	57,092	55,093	53,135
<b>PLEGDED ASSETS</b>	4,701	1,301	4,126
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	422	523	734
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	85,186	86,152	78,763
<b>OTHER ASSETS</b>			
Customers' Liability under acceptances, guarantees and letters of credit	5,976	6,228	7,670
Real estate & equipment at cost, less depreciation	2,897	2,808	2,604
Retirement Benefit Asset	5,516	5,402	4,960
Taxation Recoverable	774	892	1,408
Other assets	582	642	330
	15,745	15,972	16,972
<b>TOTAL ASSETS</b>	<b>226,507</b>	<b>214,461</b>	<b>210,559</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by public	134,899	126,918	131,150
Deposits due to other financial institutions	2,190	2,386	2,141
Other deposits	9,905	9,306	5,194
	146,994	138,610	138,485
<b>OTHER LIABILITIES</b>			
Acceptances, guarantees & Letters of Credit	5,976	6,228	7,670
Liabilities under repurchase agreements	2,218	-	-
Redeemable Preference Shares	100	100	100
Deferred Taxation	1,452	1,568	1,797
Retirement Benefit Obligation	982	931	775
Other liabilities	4,833	4,747	5,050
	15,561	13,574	15,392
<b>POLICY HOLDERS' FUND</b>	31,372	30,561	27,731
<b>SHAREHOLDERS' EQUITY</b>			
Capital- Authorized, 3,000,000,000 ordinary shares Issued and fully paid, 2,927,232,000			
Ordinary stock units of \$1 each	2,927	2,927	2,927
Reserve Fund	3,158	3,158	3,158
Capital Reserves	9	9	1,659
Retained Earnings Reserve	10,002	8,702	6,143
Loan Loss Reserve	1,579	1,295	1,017
Other Reserves	3	3	17
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(1,370)	(1,023)	169
Unappropriated Profits	16,272	16,645	13,861
	32,580	31,716	28,951
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>226,507</b>	<b>214,461</b>	<b>210,559</b>

Director

Director



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**

**Consolidated Statement of Changes in Shareholders' Equity**

*Unaudited*

	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Financial Assets	Unappropriated Profits	Total
<i>(\$ millions)</i>									
<b>Balance as at 31 October 2007</b>	<b>2,927</b>	<b>3,158</b>	<b>5,993</b>	<b>1,659</b>	<b>17</b>	<b>1,017</b>	<b>110</b>	<b>12,920</b>	<b>27,801</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(1,128)	-	(1,128)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(5)	-	(5)
Net profit	-	-	-	-	-	-	-	8,619	8,619
Transfer of reserves relating to subsidiary	-	-	-	-	(9)	-	-	9	-
Transfer of reserves relating to liquidation of subsidiary	-	-	-	9	(5)	-	-	(4)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	278	-	(278)	-
Transfer to Retained Earnings Reserve	-	-	2,709	(1,659)	-	-	-	(1,050)	-
Dividends paid	-	-	-	-	-	-	-	(3,571)	(3,571)
<b>Balance as at 31 October 2008</b>	<b>2,927</b>	<b>3,158</b>	<b>8,702</b>	<b>9</b>	<b>3</b>	<b>1,295</b>	<b>(1,023)</b>	<b>16,645</b>	<b>31,716</b>
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(347)	-	(347)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	2,176	2,176
Transfer of reserves relating to sale of subsidiary	-	-	-	-	-	-	-	-	-
Transfer of reserved relating to liquidation of subsidiary	-	-	-	-	-	-	-	-	-
Loan loss reserve transfer	-	-	-	-	-	284	-	(284)	-
Transfer to Retained Earnings Reserve	-	-	1,300	-	-	-	-	(1,300)	-
Dividends paid	-	-	-	-	-	-	-	(965)	(965)
<b>Balance as at 31 January 2009</b>	<b>2,927</b>	<b>3,158</b>	<b>10,002</b>	<b>9</b>	<b>3</b>	<b>1,579</b>	<b>(1,370)</b>	<b>16,272</b>	<b>32,580</b>

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

<i>(Unaudited)</i> (\$ millions)	Three Months Ended January 31, 2009	Three Months Ended January 31, 2008
<b>Cash flows provided by / (used in) operating activities</b>		
Net Income	2,176	1,940
Adjustments to net income		
Depreciation	85	78
Impairment losses on loans	362	86
Other, net	(5,000)	(4,005)
	(2,377)	(1,901)
Changes in operating assets and liabilities		
Loans	646	(5,684)
Deposits	7,751	3,060
Securities sold under repurchase agreement	2,202	(234)
Policyholders reserve	810	757
Other, net	3,529	(3,551)
	12,561	(7,553)
<b>Cash flows provided by / (used in) investing activities</b>		
Investments	(5,922)	(66)
Repurchase Agreements	104	741
Property, plant and equipment, net	(174)	(127)
	(5,992)	548
<b>Cash flows used in financing activities</b>		
Dividends paid	(966)	(849)
	(966)	(849)
Effect of exchange rate on cash and cash equivalents	1,183	(70)
Net change in cash and cash equivalents	6,786	(7,924)
Cash and cash equivalents at beginning of year	10,824	27,227
<b>Cash and cash equivalents at end of period</b>	<b>17,610</b>	<b>19,303</b>
<b>Represented by :</b>		
Cash resources	63,361	56,829
Less statutory reserves at Bank of Jamaica	(15,960)	(10,966)
Less amounts due from Bank of Jamaica greater than ninety days	(19,068)	(14,067)
Less amounts due from other banks greater than ninety days	(6,409)	(9,134)
Less accrued interest on cash resources	(2,051)	(372)
Treasury bills, bonds and repurchase agreements less than ninety days	423	-
Cheques and other instruments in transit, net	(2,686)	(2,987)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>17,610</b>	<b>19,303</b>



## Segment Reporting Information

### Consolidated Statement of Income

Unaudited	For the period ended January 31, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	1,935	3,136	1,818	1,843	5		8,737
Revenues from other segments	(1,146)	539	610	10	-	(13)	-
<b>Total Revenues</b>	<b>789</b>	<b>3,675</b>	<b>2,428</b>	<b>1,853</b>	<b>5</b>	<b>(13)</b>	<b>8,737</b>
Expenses	(64)	(2,985)	(1,711)	(1,009)	-	13	(5,756)
Unallocated expenses							
<b>Profit Before Tax</b>	<b>725</b>	<b>690</b>	<b>717</b>	<b>844</b>	<b>5</b>	<b>-</b>	<b>2,981</b>
Income tax expense							(805)
<b>Net profit</b>							<b>2,176</b>

### Consolidated Balance Sheet

	As at January 31, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	81,904	50,868	47,695	40,929	150	(1,098)	220,448
Unallocated assets							6,059
<b>Total Assets</b>							<b>226,507</b>
Segment liabilities	2,808	83,358	72,704	31,567	57	(911)	189,583
Unallocated liabilities							4,344
<b>Total liabilities</b>							<b>193,927</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	90	81	3	-		174
Impairment losses on loans	-	363	(1)	-	-		362
Depreciation	-	49	35	1	-		85



## Segment Reporting Information

### Consolidated Statement of Income

Unaudited	For the period ended January 31, 2008						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	1,738	2,797	1,622	1,344	4		7,505
Revenues from other segments	(1,095)	613	488	2	(2)	(6)	-
<b>Total Revenues</b>	643	3,410	2,110	1,346	2	(6)	7,505
Expenses	(19)	(2,518)	(1,519)	(784)	-	6	(4,834)
Unallocated expenses							
<b>Profit Before Tax</b>	624	892	591	562	2	-	<b>2,671</b>
Income tax expense							(731)
<b>Net profit</b>							<b>1,940</b>

### Consolidated Balance Sheet

	As at January 31, 2008						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Insurance Services	Other	Eliminations	Group Total
Segment assets	76,942	46,965	46,786	34,957	171	(546)	205,275
Unallocated assets							5,284
<b>Total Assets</b>							<b>210,559</b>
Segment liabilities	-	78,837	70,658	27,889	59	(345)	177,098
Unallocated liabilities							4,510
<b>Total liabilities</b>							<b>181,608</b>
<b>Other Segment items:</b>							
Capital Expenditure	-	70	57	-	-		127
Impairment losses on loans	-	97	(11)	-	-		86
Depreciation	-	47	30	1	-		78



# THE BANK OF NOVA SCOTIA JAMAICA LIMITED

## Notes to the Consolidated Financial Statements

### January 31, 2009

#### 1. Identification

The Bank of Nova Scotia Jamaica Limited is a 100% subsidiary of Scotia Group Jamaica Limited which is incorporated and domiciled in Jamaica.

Scotia Group Jamaica Limited is a 71.78% subsidiary of the Bank of Nova Scotia which is incorporated and domiciled in Canada and is the ultimate parent.

#### 2. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

##### **Basis of consolidation**

The consolidated financial statements include the assets, liabilities, and results of operations of the 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.

#### 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, financial assets at fair value through profit and loss are carried at fair value. Loans and receivables investment is carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the trading securities are included in the statement of 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.





**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**January 31, 2009**

**4. Pledged Assets**

Assets are pledged as collateral under Repurchase Agreements, as well as mandatory Reserve deposits held with the Bank Of Jamaica (BOJ).

\$millions	Asset		Related Liability	
	2009	2008	2009	2008
Securities Sold under Repurchase Agreements	2,400	-	2,218	-
Securities with BOJ and other Financial Institutions	<u>2,301</u>	<u>4,126</u>	<u>2,190</u>	<u>2,141</u>
	<u>4,701</u>	<u>4,126</u>	<u>4,408</u>	<u>2,141</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**

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 reprice 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.

**7. Employee benefits**

**Pension asset** – The group participates in a defined benefit pension plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the Statement of Revenue and Expenses, and the net of the present value of the pension obligation and the fair value of the plan assets, is reflected as an asset on the balance sheet.

**Other post-retirement obligations** – The Group provides post retirement healthcare and group life insurance benefits to retirees. The method of accounting used to recognize the liability is similar to that for the defined benefit pension plan.

**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.

**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.



**THE BANK OF NOVA SCOTIA JAMAICA LIMITED**  
**Notes to the Consolidated Financial Statements**  
**January 31, 2009**

**11. Segment reporting**

The Group is organized into four main business segments:

- Retail Banking – incorporating personal banking services, personal customer current accounts, saving deposits, credit and debit cards, customer loans and mortgages;
- Corporate and Commercial Banking – incorporating non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities and foreign currency transactions;
- Treasury – incorporating the Bank's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Insurance Services – incorporating the provision of life insurance;
- Other operations of the Group comprise non trading subsidiaries.

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