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MEDIA RELEASE

SCOTIA GROUP JAMAICA'S GROWTH MOMENTUM CONTINUES FOR THE THIRD QUARTER.

THIRD QUARTER 2009 HIGHLIGHTS (YEAR TO DATE)

- Net Income of \$8,740 million, up 22% over the same period in 2008
- Net Income available to common shareholders of \$8,456 million
- Earnings per share of \$2.72
- Return on Average Equity 27.93%
- Productivity ratio of 55.13%
- Third quarter dividend of 34 cents per share

Scotia Group Jamaica Limited (Scotia Group) today reported net income available to common shareholders of \$3,169 million for the three months ended July 31, 2009. This was \$313 million (10.9%) above the quarter ended April 30, 2009 and \$862 million (37.4%) above the quarter ended July 31, 2008. For the nine months ended July 31, 2009, net income available to common shareholders was \$8,456 million compared to \$6,962 million (up 21.46%) for the same period last year.

Earnings per share (EPS) for the quarter was \$1.02, compared to \$0.74 for the similar quarter last year and \$0.92 for the previous quarter. Year to date EPS was \$2.72 compared to \$2.24 for 2008, while Return on Average Equity (ROE) remains very strong at 27.93%.

The Board of Directors today approved an interim dividend of 34 cents per stock unit, payable on October 8, 2009 to stockholders on record at September 16, 2009.

Bruce Bowen, President and CEO said "Scotia Group Jamaica continues to report solid earnings due to the Group's strong capital and liquidity positions together with our continued focus on improved customer experience across the Group. Scotiabank's ranking as one of the top ten most stable banks in the world, combined with the Group's reputation in Jamaica for safety and security, has allowed us to grow our business even in the present challenging economic environment.

We have responded to the economic downturn by working with those customers that are experiencing temporary cash flow challenges, while at the same time managing credit exposure through careful risk selection. By focusing on our customers while maintaining prudent risk management and expense control, we believe that Scotia Group is well positioned to both weather the uncertainties over the coming year and to take advantage of opportunities when the economy stabilizes.

Given the challenges facing the Government of Jamaica and all Jamaicans at this time, Scotia Group is mindful that we have an important role to play in supporting the economy. For this reason, on August 3, 2009, Scotiabank led the market in reducing interest rates and continues to have the lowest prime lending rate amongst the major commercial banks. We will continue to look for ways we can play a leadership role in stimulating the productive sector and reducing interest rates in the market.”

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

	\$'Million	% Contribution
	Year to Date	Year to Date
The Bank of Nova Scotia Jamaica Limited (BNSJ)	4,313	51.01%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	2,822	33.37%
Scotia DBG Investments Limited (Scotia DBG)	953	11.27%
Scotia Jamaica Building Society (SJBS)	368	4.35%
Net Income attributable to common shareholders	8,456	100.00%

REVENUES

Total Revenue year to date, comprising net interest revenue and other income, was \$25,933 million, an increase of \$4,926 million or 23.45% from the prior year.

NET INTEREST INCOME

Net interest income year to date was \$21,511 million, up \$5,254 million when compared to last year. This is due to strong growth in earning assets combined with improved interest margins resulting from increased market interest rates.

OTHER REVENUE

Other revenue year to date, excluding Insurance Premium Income, was \$3,859 million, down 7.7% when compared with last year. In 2008, the Group recorded a one-time gain of \$249million resulting from the redemption of VISA Class C shares from the VISA Incorporated IPO. If excluded, other revenue is marginally down due to lower fee income earned on assets under management and securities business. Insurance Premium Income is attributable to ScotiaMINT, the interest sensitive life insurance policy and Creditor Life insurance marketed by Scotia Jamaica Life Insurance Company (SJLIC). SJLIC reported gross premium income of \$3.8 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 55.13%. If insurance premiums and related actuarial expenses are 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 44.97%.

Non-interest Expenses, excluding Change in Policyholders' Reserve and Loan Loss Provisions, were \$10,105 million, an increase of \$1,312 million (14.9%) over last year. This was due mainly to increased staff costs, premises 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, 2009 were \$3,675 million. This was an increase of \$1,068 million when compared to July 31, 2008, and \$102 million above the previous quarter ended April 30, 2009. The increase reflects the impact of the current economic conditions, especially on retail loan customers. The Group has implemented measures to control the growth in this area, including a Customer Assistance Program to assist existing customers to weather short term cash flow difficulties. Scotia Group's non-performing loans now represent 3.81% of total loans and 1.19% of total assets compared to 3.14% and 0.91% respectively one year ago.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the Bank of Jamaica 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 \$1,058 million, of which \$786 million is specific and \$272 million is general. This provision compares to \$872 million as of July 31, 2008 and \$1,012 million as of April 30, 2009. The loan loss provision as determined by Regulatory Requirement is \$2,741 million.

BALANCE SHEET

Total assets increased year over year by \$22 billion or 7.61% to \$308 billion as at July 31, 2009. The Group's performing loans were \$93 billion, up \$13 billion or 16.45% over the previous year, with growth coming mainly in the commercial loan portfolio. Cash resources, investments and pledged assets increased by \$6.8 billion.

Deposits grew to \$151 billion, up \$2.4 billion from the previous year, reflecting continued confidence in Scotiabank despite challenging market conditions.

CAPITAL

Scotia Group's capital base continues to be very strong. Total shareholders equity grew to \$46.1 billion, \$6.2 billion more than the prior year. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

INVESTING IN JAMAICA

Scotiabank signs Small Business Development Partnership with PSOJ

Scotiabank signed a US\$66,000 sponsorship agreement with the Private Sector Organisation of Jamaica (PSOJ) to support an initiative aimed at 'improving the competitiveness of the Jamaican family business through corporate governance'. The programme, which is being sponsored through Scotiabank's Small Business Banking division, will be implemented by the PSOJ and the Inter-American Development Bank from May 2009 through April 2011. The project is aimed at assisting family-owned small businesses to improve their sustainability by enhancing governance processes and implementing succession planning.

Scotia Group Opens Financial Centre

Scotia Group officially opened the doors of the Scotiabank Group Financial Centre on August 20, 2009. The Centre includes offices of Scotia DBG Investments, Scotia Private Client Group, and Scotia Insurance as well as Scotiabank's 40th branch location. The opening of the centre provides Scotiabank customers with a one-stop location that provides wealth management and insurance services along with personal and business banking.

COMMITMENT TO THE COMMUNITY

Scotia Group continued to demonstrate commitment to Corporate Social Responsibility through its support of programs aimed at building a bright future for our children and through the involvement of the ScotiaVolunteers in communities in which we live and work.

During the quarter the Group climaxed its HIV/AIDS awareness initiative with the grand final of the Speak Up! Speak Out! National Debating Competition, in which Willmington Primary School of St. Thomas was named 2009 Champions out of a total of 138 schools and 476 children. The Group also hosted the second annual 'HIV Testing Day' in June at nine Scotiabank locations, enabling 1,600 individuals to know their HIV status, as part of a Caribbean Regional Testing Day in partnership with the Ministry of Health and the Caribbean Broadcast Media Partnership on HIV and AIDS.

Scotia Foundation continues to focus its efforts on Student Care, Accident and Emergency Care, Cancer Care, and Community Care programs.

In Student Care – the Foundation announced 16 new scholarships for outstanding performance in the Grade Six Achievement Test with eleven scholarships going to students from inner city primary schools, three to the students receiving the highest in each county, and two to the Top Boy and Top Girl in the island.

In Accident and Emergency Care, the Foundation continued its maintenance of the facilities at the Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies, and in Cancer Care, the maintenance of the Jamaica Cancer Society's Mobile Mammography Unit.

Our greatest and most visible support came in the area of Community Care; where over 600 ScotiaVolunteers from the Scotia Group worked in their communities on National Labour Day. We constructed two homes for needy families in Comfort Castle, Portland and Hurlock, St. James; and refurbished and beautified eight basic and primary schools. On National Reading Day ScotiaVolunteers visited and read to over 1,000 children from 21 hospitals and homes across Jamaica; and on National Teachers' Day 250 volunteers took the message of money management to teachers and students in schools across Jamaica.

AWARDS

Scotiabank Jamaica was the recipient of several prestigious awards during this quarter. These include; Best Bank in Jamaica - Euromoney Awards for Excellence 2009; Best Consumer Internet Bank – Global Finance 2009 Best Internet Banks in Latin American; and a Gold Camera Award and two Certificates of Creative Excellence from the International Film and Video Festival, Hollywood USA, for a demonstration video on road safety entitled Street Smart! Street Safe! The Group also won the Human Resources Silver Star Innovation Award 2009 from the Human Resources Association 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

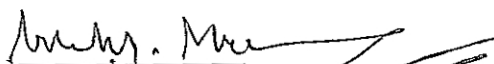
Scotia Group Jamaica Limited
Statement of Consolidated Revenues and Expenses

Unaudited (\$ millions)	For the three months ended			For the nine months ended	
	July	April	July	July	July
	2009	2009	2008	2009	2008
GROSS OPERATING INCOME	12,611	11,833	9,826	35,432	28,756
INTEREST INCOME					
Loans and deposits with banks	6,055	5,889	4,676	17,826	14,043
Securities	5,149	4,459	3,714	13,184	9,963
	11,204	10,348	8,390	31,010	24,006
INTEREST EXPENSE					
Deposits and repurchase agreements	3,324	3,146	2,659	9,499	7,749
Net interest income	7,880	7,202	5,731	21,511	16,257
Impairment losses on loans	(467)	(473)	(227)	(1,304)	(425)
Net interest income after provision for credit losses	7,413	6,729	5,504	20,207	15,832
Net fee and commission income	923	1,003	901	2,829	2,845
Insurance premium income	186	183	180	563	568
Gains less losses from foreign currencies	264	273	261	922	869
Other operating income	34	26	94	108	468
	1,407	1,485	1,436	4,422	4,750
TOTAL OPERATING INCOME	8,820	8,214	6,940	24,629	20,582
OPERATING EXPENSES					
Staff costs	1,809	1,945	1,608	5,576	4,828
Premises and equipment, including depreciation	857	562	547	2,020	1,574
Amortisation of intangible assets	56	56	55	169	165
Changes in policyholders' reserves	1,095	947	732	2,888	2,108
Impairment Losses	70	-	-	70	-
Other operating expenses	653	772	770	2,270	2,226
	4,540	4,282	3,712	12,993	10,901
PROFIT BEFORE TAXATION	4,280	3,932	3,228	11,636	9,681
Taxation	(1,012)	(967)	(864)	(2,896)	(2,539)
NET INCOME	3,268	2,965	2,364	8,740	7,142
ATTRIBUTABLE TO:					
Stockholders of the company	3,169	2,856	2,307	8,456	6,962
Minority interest	99	109	57	284	180
	3,268	2,965	2,364	8,740	7,142
Earnings per share based on 3,111,572,984 shares (cents)	102	92	74	272	224
Return on average equity (annualised)	29.91%	28.73%	24.61%	27.93%	25.61%
Return on assets (annualised)	4.11%	3.72%	3.22%	3.66%	3.24%
Productivity ratio	53.91%	54.74%	54.96%	55.13%	53.92%
Productivity ratio (excluding Life Insurance Business)	42.99%	44.78%	45.90%	44.97%	45.10%

Scotia Group Jamaica Ltd.
Consolidated Balance Sheet

	Period ended July 31	Year ended October 31	Period ended July 31
<i>Unaudited</i> (\$ millions)	2009	2008	2008
ASSETS			
CASH RESOURCES	53,887	56,048	68,649
INVESTMENTS			
Held To Maturity	42,470	36,154	32,730
Financial assets at fair value through profit and loss	106	117	308
Securities available for sale	26,937	19,559	22,801
	<u>69,513</u>	<u>55,830</u>	<u>55,839</u>
PLEGDED ASSETS	67,482	58,706	59,615
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	381	408	605
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	95,293	89,697	82,109
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	9,319	6,919	7,339
Real estate and equipment at cost, less depreciation	3,247	2,911	2,863
Deferred Taxation	118	242	-
Taxation Recoverable	922	1,012	1,209
Retirement Benefit Asset	5,745	5,402	5,189
Other assets	321	821	767
Intangible Assets	2,120	2,288	2,364
	<u>21,792</u>	<u>19,595</u>	<u>19,731</u>
TOTAL ASSETS	308,348	280,284	286,548
LIABILITIES			
DEPOSITS			
Deposits by public	140,537	130,673	140,139
Other deposits	10,793	9,235	8,802
	<u>151,330</u>	<u>139,908</u>	<u>148,941</u>
OTHER LIABILITIES			
Acceptances, guarantees and Letters of Credit	9,319	6,919	7,339
Liabilities under repurchase agreements	44,486	39,897	36,755
Promissory Notes	57	380	589
Capital Management and Government Securities Fund	15,754	14,992	15,666
Redeemable Preference Shares	100	100	100
Deferred Taxation	1,881	1,581	1,807
Retirement Benefit Obligation	1,085	931	878
Assets Held in Trust on behalf of Participants	43	50	52
Other liabilities	5,144	5,209	4,930
	<u>77,869</u>	<u>70,059</u>	<u>68,116</u>
POLICY HOLDERS' FUND	33,061	30,561	29,585
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	3,200	3,200	3,186
Retained Earnings Reserve	9,210	7,310	6,928
Capital Reserve	9	9	-
Loan Loss Reserve	1,684	1,301	1,149
Other Reserves	13	13	18
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(1,320)	(2105)	(646)
Unappropriated Profits	24,642	21,643	20,763
	<u>44,008</u>	<u>37,941</u>	<u>37,968</u>
Minority Interest	2,080	1,815	1,938
	<u>46,088</u>	<u>39,756</u>	<u>39,906</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	308,348	280,284	286,548


Director


Director



Consolidated Statement of Changes in Shareholders' Equity

Unaudited

<i>Millions</i>	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital 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 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	-	-	-	-	-	-	(1,850)	-	(1,850)	(218)	(2,068)
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(43)	-	(43)	(8)	(51)
Net profit	-	-	-	-	-	-	-	9,390	9,390	233	9,623
Movement of reserves relating to subsidiary	-	-	-	-	(9)	-	-	-	(9)	-	(9)
Transfer of gain relating to liquidation of subsidiary	-	-	-	9	(5)	-	-	(4)	-	-	-
Transfer to Reserve Fund	-	39	-	-	-	-	-	(39)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	255	-	(255)	-	-	-
Transfer to Retained Earnings Reserve	-	-	1,317	-	-	-	-	(1,317)	-	-	-
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	(25)	(25)
Dividends Paid	-	-	-	-	-	-	-	(3,921)	(3,921)	(102)	(4,023)
Balance at 31 October 2008	6,570	3,200	7,310	9	13	1,301	(2,105)	21,643	37,941	1,815	39,756
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	791	-	791	60	851
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(6)	-	(6)	(1)	(7)
Net profit	-	-	-	-	-	-	-	8,456	8,456	284	8,740
Transfer to Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	7	7
Transfer to Loan Loss Reserve	-	-	-	-	-	383	-	(383)	-	-	-
Transfer to Retained Earnings Reserve	-	-	1,900	-	-	-	-	(1,900)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(3,174)	(3,174)	(85)	(3,259)
Balance at 31 July 2009	6,570	3,200	9,210	9	13	1,684	(1,320)	24,642	44,008	2,080	46,088

Scotia Group Jamaica Limited
Condensed Consolidated Statement of Cash Flows

<i>(Unaudited)</i> <i>(\$ millions)</i>	Nine Months Ended July 31, 2009	Nine Months Ended July 31, 2008
Cash flows provided by / (used in) operating activities		
Net Income	8,740	7,142
Adjustments to net income		
Depreciation	298	293
Impairment losses	1,374	425
Amortisation of intangible assets	169	165
Other, net	(18,614)	(13,720)
	<u>(8,033)</u>	<u>(5,695)</u>
Changes in operating assets and liabilities		
Loans	(6,895)	(5,751)
Deposits	10,404	8,816
Policyholders reserve	2,500	2,611
Securities sold under repurchase agreement	4,170	5,110
Financial Assets at fair value through profit & loss	11	-
Other, net	22,478	(8,962)
	<u>24,635</u>	<u>(3,871)</u>
Cash flows provided by / (used in) investing activities		
Investments	(26,768)	(10,289)
Repurchase Agreements, net	33	591
Property, plant and equipment, Intangibles, net	(636)	(450)
	<u>(27,371)</u>	<u>(10,148)</u>
Cash flows used in financing activities		
Dividends paid	(3,259)	(3,000)
	<u>(3,259)</u>	<u>(3,000)</u>
Effect of exchange rate on cash and cash equivalents	2,244	89
Net change in cash and cash equivalents	(3,751)	(16,930)
Cash and cash equivalents at beginning of year	18,359	30,434
Cash and cash equivalents at end of period	14,608	13,504
Represented by :		
Cash resources	53,887	68,649
Statutory reserves at Bank of Jamaica	(17,545)	(11,427)
Less amounts due from Bank of Jamaica greater than ninety days	(16,703)	(30,992)
Less amounts due from other banks greater than ninety days	(2,433)	(8,622)
Less accrued interest on cash resources	(1,299)	(1,455)
GOJ Treasury bills, repurchase agreements and bonds less than ninety days	1,175	-
Cheques and other instruments in transit, net	(2,474)	(2,649)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,608	13,504



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

Unaudited		For the period ended July 31, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	6,170	9,376	5,999	7,310	6,562	15	-	35,432
Revenues from other segments	(3,292)	1,562	1,785	250	15	3,198	(3,518)	-
Total Revenues	2,878	10,938	7,784	7,560	6,577	3,213	(3,518)	35,432
Expenses	(125)	(8,925)	(5,683)	(5,908)	(3,328)	(4)	177	(23,796)
Unallocated expenses								
Profit Before Tax	2,753	2,013	2,101	1,652	3,249	3,209	(3,341)	11,636
Income tax expense								(2,896)
Net profit								8,740

Consolidated Balance Sheet

		As at July 31, 2009						
(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	80,471	51,299	59,842	72,777	45,720	9,924	(18,181)	301,852
Unallocated assets								6,496
Total Assets								308,348
Segment liabilities	1,051	88,555	76,857	64,574	34,111	245	(8,649)	256,744
Unallocated liabilities								5,516
Total liabilities								262,260
Other Segment items:								
Capital Expenditure	-	329	298	5	3	-	-	635
Impairment losses	-	1,190	91	93	-	-	-	1,374
Depreciation	-	152	116	12	4	14	-	298



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	-	482	(72)	15	-	-		425
Depreciation	-	142	98	31	3	19		293



SCOTIA GROUP JAMAICA LIMITED

Notes to the Consolidated Financial Statements

July 31, 2009

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.

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.

Consequent on the adoption of the Amendment to IAS 39 and IFRS 7 in 2008, the company and the group have reclassified certain investments from available-for-sale to loans and receivables. Management has determined that the criteria for reclassification have been met; in particular, these investments meet the definition of loans and receivables as they are not quoted in an active market and it has the intention and ability to hold these assets for the foreseeable future or until maturity.



SCOTIA GROUP JAMAICA LIMITED
Notes to the Consolidated Financial Statements
July 31, 2009

These reclassified investments are measured at amortised cost, determined as being the fair value at the date of the reclassification. The cumulative gains or losses, previously recognized in equity, are recognised in profit or loss over the remaining life of the instruments using the effective interest method.

4. Pledged Assets

Assets are pledged as collateral under Repurchase Agreements, Capital Management Fund, and Government Securities Fund obligations, as well as mandatory Reserve deposits held with the Bank Of Jamaica (BOJ).

(\$millions)	Asset		Related	Liability
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Securities Sold under Repurchase Agreements	48,855	35,135	44,486	36,755
Securities with BOJ and other Financial Institutions	<u>5,387</u> 54,242	<u>8,813</u> 43,948	<u>3,067</u> 47,553	<u>4,700</u> 41,455
Capital Management fund and Government Securities Fund	<u>13,240</u>	<u>15,667</u>	<u>15,754</u>	<u>15,666</u>
	<u>67,482</u>	<u>59,615</u>	<u>63,307</u>	<u>57,121</u>

5. Impairment Loss

Scotia DBG Investments has an outstanding liability to Lehman Brothers (Europe) arising out of a repurchase agreement entered into during the normal course of business, whereby GOJ Euro-denominated bonds were pledged as security. It is considered doubtful that the excess of the value of these pledged assets held over the liability will be recovered in light of the insolvency proceedings that have since been initiated with respect to the members of the Lehman Brothers Group. Consequently, a full provision for this excess of \$69,712,429 has been made in the financial statements.

6. 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.

7. 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.

8. 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.



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

9. 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.

10. Property, plant and equipment

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

11. 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.

12. Segment reporting

The Group is organized into five 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 insurance and retirement products;
- 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.