



1889-2009

THE EVOLUTION OF BANKING

SCOTIA GROUP JAMAICA LIMITED

2009 ANNUAL REPORT



## MISSION STATEMENT

*We are committed  
to being the institution  
of choice in the financial sector,  
providing superior  
products and services and  
being a good corporate citizen  
to the benefit of our customers,  
shareholders and staff.*



## CORE VALUES

### INTEGRITY

We exhibit integrity by always interacting with others ethically and honourably.

### RESPECT

We exhibit respect by empathizing and fully considering the diverse needs of others.

### COMMITMENT

We are fully committed to achieving success for our customers, our teams and ourselves.

### INSIGHT

We use our insight and high level of knowledge to proactively respond with the right solutions.

### SPIRIT

Our spirit enriches our work environment with teamwork, contagious enthusiasm and a "can-do" attitude.

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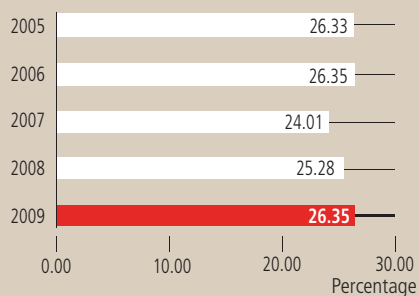
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## 2009 PERFORMANCE

### Return on Average Equity (ROE)

ROE measures how well the Group is using common shareholders' invested money. It is calculated by dividing net income available to common shareholders by average common shareholders' equity.

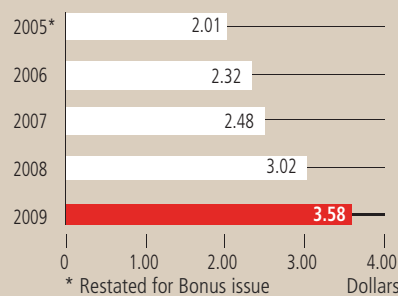
Performance **26.35%**



### Earnings Per Share (EPS)

EPS is the net income a company has generated per common share. It is calculated by dividing net income available to common shareholders by the average number of common shares outstanding.

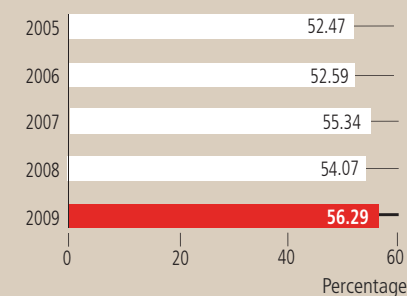
Performance **\$3.58**



### Productivity Ratio

The productivity ratio measures Scotia Group's overall efficiency. It expresses non-interest expenses as a percentage of total revenue. A lower ratio indicates better productivity.

Performance **56.29%**

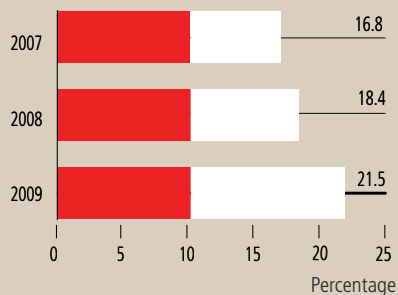


### Risk Based Capital Adequacy Ratio

Our risk based capital adequacy ratios, a measure of the Group's overall strength, continue to exceed the regulatory requirements and remain among the highest of its peer group.

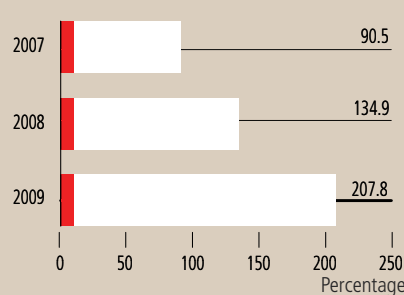
#### Banking and Building Society

Performance: **21.5%**



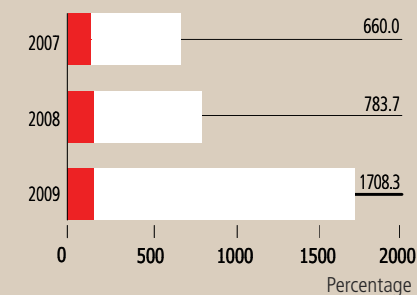
#### Investment Management

Performance: **207.8%**



#### Life Insurance

Performance: **1708.3%**



■ Regulatory Requirement □ Excess over Regulatory Requirement

## FINANCIAL HIGHLIGHTS



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### The Bank of Nova Scotia Jamaica Limited (Consolidated)

Financial Highlights	October 31, 2009 (\$ Millions)	October 31, 2008 (\$ Millions)
Total Assets	242,448	214,461
Total Investments	72,420	55,094
Loans net of provision for losses	89,341	86,152
Total deposits by the public	139,233	126,918
Shareholders' equity	38,170	31,716
Net interest income	25,973	20,266
Net Profit after tax	9,652	8,620
ROE	27.21%	28.20%

### Scotia Jamaica Life Insurance Company Limited

Financial Highlights	October 31, 2009 (\$ Millions)	October 31, 2008 (\$ Millions)
Total Assets	48,217	39,533
Total Investments	40,141	29,486
Policyholders' Fund	34,408	30,561
Shareholders' equity	12,411	8,774
Net Profit after tax	3,512	2,225
ROE	32.18%	28.21%

### The Scotia Jamaica Building Society

Financial Highlights	October 31, 2009 (\$ Millions)	October 31, 2008 (\$ Millions)
Total Assets	9,616	9,227
Mortgage Portfolio - net of Provisions	6,786	6,156
Total Investments	1,179	1,401
Total deposits by the Public	4,273	4,587
Shareholders' equity	3,777	3,279
Net Profit after tax	498	445
ROE	13.92%	14.29%

### Scotia DBG Investments Limited

Financial Highlights	October 31, 2009 (\$ Millions)	October 31, 2008 (\$ Millions)
Total Assets	74,011	65,997
Securities sold under repurchase agreements	46,257	40,322
Capital Management and Govt. Securities Fund	15,899	14,992
Shareholders' equity	7,687	5,772
Net Interest Income	3,359	1,960
Net Profit after tax	2,129	1,239
ROE	31.60%	20.19%



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## TEN-YEAR STATISTICAL REVIEW - Scotia Group Jamaica Ltd.

\$'000	2009	2008	2007
TOTAL ASSETS	315,555,872	280,284,251	263,125,631
PERFORMING LOANS	88,591,281	86,726,366	74,557,390
NON-PERFORMING LOANS	3,587,030	2,970,714	2,109,177
INVESTMENTS & OTHER EARNING ASSETS	194,162,003	167,116,031	162,688,005
DEPOSITS BY THE PUBLIC	141,877,096	130,673,257	131,017,687
SECURITIES SOLD UNDER REPURCHASE AGREEMENT	46,120,207	40,206,572	31,530,287
STOCKHOLDERS' EQUITY	45,724,655	37,940,932	34,373,330
PROFIT BEFORE TAX	15,379,659	13,119,095	10,167,221
NET PROFIT AFTER TAX ATTRIBUTABLE TO STOCKHOLDERS	11,152,199	9,390,739	7,492,854
DIVIDENDS PAID AND PROPOSED	4,325,086	4,045,044	3,649,313
UNAPPROPRIATED PROFITS AT YEAR END	25,830,627	21,643,109	17,789,196
NUMBER OF STOCK UNITS AT YEAR END <sup>(1)</sup>	3,111,573	3,111,573	3,111,573
<b>FINANCIAL RATIOS</b>			
EARNINGS PER STOCK UNIT <sup>(1)</sup>	3.58	3.02	2.48
PRICE EARNINGS RATIO	5.13	6.68	8.56
DIVIDEND PER STOCK UNIT <sup>(1)</sup>	1.39	1.30	1.19
DIVIDEND YIELD <sup>(1)</sup>	8.13%	5.58%	5.08%
DIVIDEND PAYOUT RATIO	38.78%	43.07%	47.26%
RETURN ON AVERAGE EQUITY PRE-TAX	36.34%	35.32%	32.57%
RETURN ON AVERAGE EQUITY	26.35%	25.28%	24.01%
RETURN ON ASSETS AT YEAR END	3.53%	3.35%	2.85%
<b>OTHER DATA</b>			
STOCK PRICE AT THE YEAR END <sup>(1)</sup>	18.38	20.22	21.25
PRICE CHANGE FROM LAST YEAR	-9.08%	-4.85%	-3.67%
JSE INDEX AT YEAR END	80,568	93,751	99,579
CHANGE IN JSE INDEX FROM LAST YEAR	-14.06%	-5.85%	15.85%
NUMBER OF STAFF	2,273	2,235	2,190
NUMBER OF OFFICES	53	52	54
NUMBER OF STOCKHOLDERS	13,734	13,520	14,087
EXCHANGE RATE J\$1=US\$	0.0112	0.0131	0.0141
INFLATION RATE YEAR OVER YEAR	7.18%	25.34%	9.01%
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS IN US\$	125,160	123,359	105,460
<b>DIVIDENDS PAID AND PROPOSED QUARTERLY</b>			
QUARTER 1	1,057,934	995,703	848,897
QUARTER 2	1,057,935	995,703	933,472
QUARTER 3	1,057,935	995,703	933,472
QUARTER 4	1,151,282	1,057,935	933,472
<b>TOTAL</b>	<b>4,325,086</b>	<b>4,045,044</b>	<b>3,649,313</b>

(1) Amounts have been retroactively adjusted to reflect the one-for-one bonus issue on March 10, 2005.

2006	2005	2004	2003	2002	2001	2000
199,840,115	183,460,578	168,167,649	147,653,177	127,367,433	102,563,972	88,430,400
58,578,711	57,324,645	52,420,106	47,111,019	38,513,658	25,244,790	20,357,184
1,009,003	918,164	1,039,396	963,695	906,857	911,345	1,217,056
120,465,837	107,526,232	90,600,604	78,502,267	66,447,596	61,368,536	53,756,639
113,279,538	107,546,636	98,810,819	87,067,332	76,947,608	67,809,259	60,384,105
18,234,105	17,319,240	18,546,429	15,292,996	11,566,632	8,392,202	8,701,050
27,389,555	23,524,953	20,605,017	17,651,197	14,065,776	11,880,802	8,353,262
9,315,624	8,329,812	8,172,633	7,307,403	5,308,735	4,418,438	3,484,976
6,798,908	5,885,586	5,856,057	5,456,670	3,869,782	3,214,178	2,557,184
3,132,138	2,927,232	2,707,689	2,561,328	1,683,158	1,463,616	1,200,165
14,952,595	11,918,736	9,710,382	6,580,207	4,265,864	2,829,240	1,038,755
2,927,232	2,927,232	2,927,232	2,927,232	2,927,232	2,927,232	2,927,232
2.32	2.01	2.00	1.86	1.32	1.10	0.87
9.51	10.51	12.62	4.80	5.92	6.96	7.38
1.07	1.000	0.925	0.875	0.575	0.50	0.41
5.15%	3.88%	4.41%	9.78%	7.34%	6.54%	6.35%
46.07%	49.74%	46.24%	46.94%	43.49%	45.54%	46.93%
36.10%	37.26%	41.65%	45.83%	40.00%	44.72%	44.05%
26.35%	26.33%	29.85%	34.22%	29.16%	32.53%	32.32%
3.40%	3.21%	3.48%	3.70%	3.04%	3.13%	2.89%
22.06	21.14	25.26	8.95	7.83	7.64	6.46
4.35%	-16.31%	182.18%	14.30%	2.49%	18.27%	92.84%
85,956	102,445	104,001	60,304	41,044	32,595	29,776
-16.10%	-1.50%	72.46%	46.93%	25.92%	9.47%	40.96%
1,895	1,843	1,864	1,851	1,805	1,756	1,691
47	47	48	47	49	48	50
14,352	14,105	10,982	9,401	9,447	9,165	9,040
0.0151	0.0156	0.0162	0.0166	0.0203	0.021	0.0224
6.49%	19.02%	12.27%	14.13%	5.04%	7.56%	8.30%
102,375	92,061	94,805	90,549	78,387	67,498	57,281
731,808	731,808	585,446	446,403	402,493	329,314	182,952
731,808	731,808	658,627	446,403	417,131	358,586	182,952
819,625	731,808	731,808	526,902	417,131	373,222	292,723
848,897	731,808	731,808	1,141,620	446,403	402,494	541,538
<b>3,132,138</b>	<b>2,927,232</b>	<b>2,707,689</b>	<b>2,561,328</b>	<b>1,683,158</b>	<b>1,463,616</b>	<b>1,200,165</b>

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year.

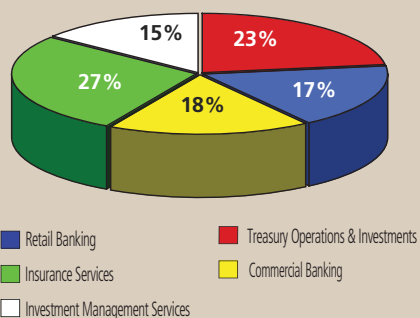


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# T H E E V O L U T I O N O F B A N K I N G

## SHAREHOLDERS' REPORT

### Segment Reporting



In 2009, Scotia Group Jamaica Limited (Scotia Group) leveraged its financial strength, business line diversity and market position to achieve solid financial results, notwithstanding an economy in recession, weak consumer and corporate loan demand and volatility in financial markets. We posted net income available to common shareholders of \$11.2 billion, representing an increase of 18.8% over 2008.

Total assets across the Group grew by 12.6% to \$315.6 billion as we continued to pursue investment and lending opportunities presented in the market. Total assets under management, including off-balance sheet assets managed on behalf of others, amounted to \$380.6 billion, up from \$328.7 billion in 2008.

During the year, Scotia Group paid dividends of \$1.39 per share, reflecting an increase of 6.9% over that paid in 2008.

Total Shareholder's Equity grew to \$45.7 billion as at October 31, 2009, up from \$37.9 billion in 2008, making us one of the most well-capitalized financial services providers in Jamaica.

Our regulatory capital to risk-weighted assets ratio of 20% for The Bank of Nova Scotia Jamaica Limited (Scotiabank), 208% for Scotia DBG Investments Limited (Scotia DBG) and 43% for The Scotia Jamaica Building Society (SJBS) continue to exceed regulatory requirements. For Scotia Jamaica Life Insurance Company Limited (Scotia Insurance), we have a Minimum Continuing Capital and Surplus Requirement (MCCSR) of 1,708%, considerably higher than the 135% required by the insurance regulations.

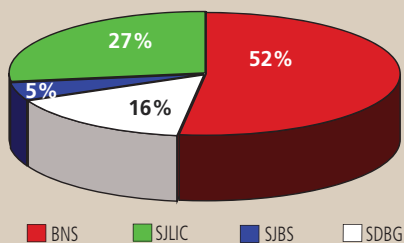
We continued to be responsive to the needs of our customers over the last year, leading the market with interest rate reductions on lending

products in an effort to cushion the effects of the ongoing global and local economic crises. We launched a Customer Assistance Programme and proactively restructured loans to customers whose financial circumstances were negatively impacted by the economic fallout in key productive sectors.

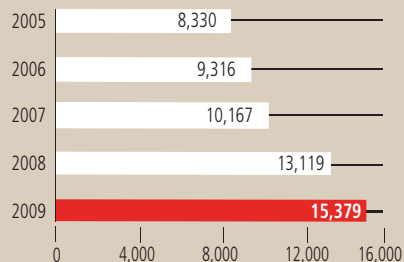
### Commitment to Strategic Priorities

Over the year, we continued to focus on our strategic priorities. Leveraging Scotiabank's recognition as one of the 10 Best Banks in the World based on its performance during the global financial crisis, coupled with our own reputation in Jamaica for safety and security, our Wealth Management and Insurance businesses grew significantly during 2009, and provided strong contribution to the Group's profitability. Scotia Insurance and Scotia DBG introduced attractive protection and wealth-building products to meet

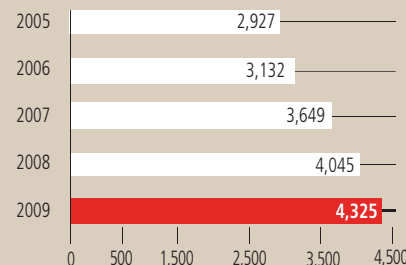
### Composition of Consolidated Profit Before Tax and Minority Interest



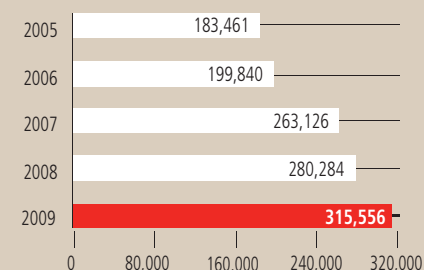
### Profit Before Tax (\$ millions)



### Dividends Paid & Proposed (\$ millions)



### Total Assets (\$ millions)





the wide and varied needs of their customers. In addition, our Private Banking service and product offering were enhanced and re-branded under the international standard, Scotia Private Client Group.

We continued to focus on enhancing customer experience and during the year implemented service feedback and complaint-handling mechanisms in all companies within the Group. Substantial investment was made to enhance the functionality of our retail internet banking and telephone banking services and to improve the reliability of our ABM and branch platforms.

Cost management and efficiency initiatives undertaken during 2009 will reap benefits for the Group in coming years. We have made noteworthy progress in renegotiating supplier contracts at both the country and international levels. We have also continued to consolidate support functions and services under common management, which will not only serve to improve efficiencies, but will also ensure a consistent customer experience.

We continued to advance our small and medium-size enterprise (SME) strategy during the year. The SME \$400 million loan fund, which was launched just before the start of our fiscal year was over-subscribed and, to date, \$300 million of single digit interest rate loans have been disbursed or pledged to businesses with another \$100 million in reserve for members of the Micro, Small and Medium Enterprise (MSME) Alliance. In October 2009, Scotiabank launched a \$500 million Productive Sector Growth Fund at a rate of 9.95% p.a., with the

aim of stimulating employment, generating exports, and reducing dependence on imports.

### The Way Ahead

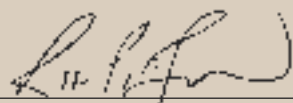
As we continue to operate in a very challenging economic environment, during 2010 we will continue to focus on strong risk and expense management while at the same time, identifying lucrative growth opportunities that will serve to increase revenues and generate efficiencies.

The Jamaican economy is facing severe fiscal challenges and a significant debt burden, and as we write this report, the Government is in negotiations for a standby facility with the International Monetary Fund (IMF). We expect that in the coming year, as the Government implements its medium term economic plan, tough decisions will be made which will impact all sectors of the society. Scotiabank will not be immune to the

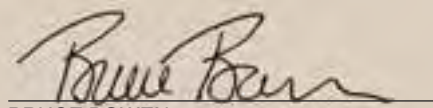
impact of the adjustments, and we will continue to monitor and assess the situation and adjust our plans where necessary.

With our strong capital base and liquidity position, coupled with our strong brand recognized for safety and security, we are better positioned than most in the market to meet the challenges in the year ahead. We will continue to build on our solid foundation of financial strength, global experience and our exceptional team of staff across the Group to preserve and enhance shareholder value.

In closing, we thank the entire Scotia Group team for its continued commitment and efforts, and our customers for their unwavering support, insightful feedback and confidence in our institution. We stand resolute in our fiduciary responsibility to all our stakeholders as we continue to be the institution of choice for all Jamaicans.



ROBERT H. PITFIELD  
Chairman



BRUCE BOWEN  
President & CEO

## CORPORATE GOVERNANCE

The Board of Directors of Scotia Group Jamaica Limited (“Scotia Group”) provides overall direction to its subsidiaries, The Bank of Nova Scotia Jamaica Limited (the “Bank”), Scotia DBG Investments Limited, The Scotia Jamaica Life Insurance Company Limited, The Scotia Jamaica Building Society and Scotia DBG Merchant Bank Limited.

Our approach to effective corporate governance incorporates full compliance with applicable laws and regulatory requirements and builds on the Group’s core values and principles. This is achieved by enforcing our corporate governance policy and practices to support the Board of Directors’ ability to effectively supervise and advise management, while achieving the goal of continuing to enhance long-term value to all stakeholders. Our policy therefore outlines guidelines for 1) the selection process of Board members 2) the duties and responsibilities of the Board and its committees and 3) a framework for standards of business conduct.

In keeping with our core values, our Board achieves this rigorous oversight of management in an atmosphere tempered by mutual respect and collaboration.

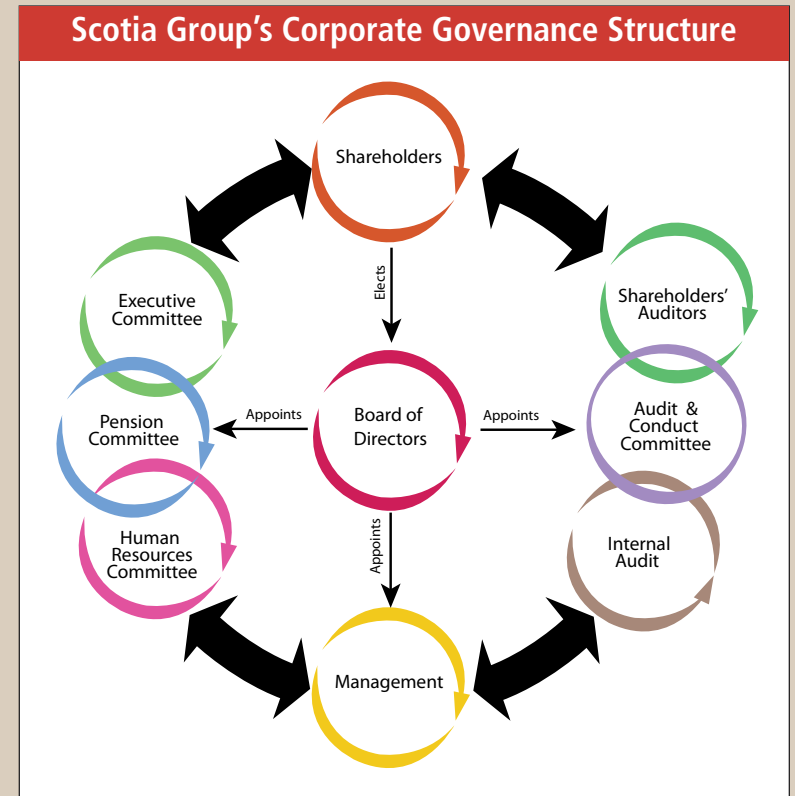
### 1. Selection Process & Board Composition

One of the Board’s most important responsibilities is to identify, evaluate and select candidates for Directorship positions. We are proud of the fact that the Boards of all companies within the Group are comprised of persons with diverse experience and knowledge from key industries and professions who consistently display a high level of objectivity, integrity and leadership in their respective fields.

Notwithstanding their solid expertise, our corporate governance framework ensures continuous assistance to new and incumbent Directors in their education about the Group, their duties and responsibilities, as well as changing regulations and practices related to corporate governance. They are provided with opportunities to meet with the Chief Executive Officer and other Executive Officers, and to visit our domestic and other Scotiabank international operations as required.

The Board determines the form and amount of Director compensation based on an annual review of the market. Board Members who are employees of any of the subsidiary companies are not compensated in their capacity as Directors.

The majority of our Board and Subsidiary committees are comprised of independent Directors. Board independence ensures that Scotia Group and its subsidiaries are managed for the long-term benefit for all shareholders, employees, customers and communities in which we operate.



As at October 31, 2009, 11 of our 15 current Directors were independent of Scotia Group, its parent, subsidiaries and affiliates and 14 members of the Board were non-executive. The Directors of the Board and the Committees on which they serve are outlined below:

Names	Position	Committees			
		Audit & Conduct Review (SGJL & BNSJ)	Executive (BNSJ)	Human Resources (BNSJ)	Pensions (BNSJ)
Anthony Chang	Independent Non-Executive Member	Member			Member
Barbara Alexander	Independent Non-Executive Member	Member			Member
Charles Johnston, CD	Independent Non-Executive Member	Chair	Member	Member	
Dr. Herbert Thompson, CD	Independent Non-Executive Member		Member	Member	
Dr. Jean Dixon, CD	Independent Non-Executive Member		Member		Member
Jeffery Hall	Independent Non-Executive Member			Member	Member
Sen. Mark Golding	Independent Non-Executive Member	Member			
Hon. Mayer Matalon, OJ (Deputy Chairman)	Independent Non-Executive Member		Chair		
Muna Issa	Independent Non-Executive Member	Member	Member	Chair	
Prof. Stephen Vasciannie	Independent Non-Executive Member	Member	Member		Chair
Warren McDonald, JP	Independent Non-Executive Member			Member	
Bruce Bowen	Executive		Member		Member
Pasquale Minicucci	Non-Independent				
Robert Pitfield (Chairman)	Non-Independent				
Richard Waugh	Non-Independent				

## 2. Duties and Responsibilities

The Board has an approved mandate which includes the following key duties and functions:

- To develop the Group's approach to corporate governance and its principles and guidelines
- To oversee and approve the Group's strategic direction, the organizational structure and succession planning of senior management
- To identify the principal business risks, review and approve key policies and practices and oversee the implementation of appropriate systems to enable compliance with such policies
- To oversee the integrity of the Group's internal controls and management information systems
- To ensure that the Board receives from senior management, the information and input required to enable the Board to effectively perform its duties
- To establish committees of the Group and subsidiary Boards with appropriate responsibilities and to appoint Chairs for committees of the Group and subsidiary Boards.

In September of 2009, as in past years, the Board convened a special meeting during which the Group's rolling five-year strategic plan was presented and approved and progress on the prior year's plan was reviewed. In regular subsequent quarterly Board meetings, the Board is provided with a progress report on the execution of the Group's strategic and business plans.

### Oversee Risk Management

A sound system of risk management is critical to the profitability and ongoing viability of the Group and Directors must understand the significant risks to which the Group and its subsidiaries are exposed. The Board therefore approves appropriate and prudent credit,

## CORPORATE GOVERNANCE (CONTINUED)

market and operational risk management policies which include appropriate and prudent liquidity and funding management policies.

During the year, the Board approved revisions to the Risk Management policies of Scotia Group and its subsidiaries as follows:

- Market, Structural & Liquidity Risk Management Policy
- Liquidity Contingency Plan Policy
- Operational Risk Management Policy
- Internal Control Policy

### Board Committees

#### *Audit & Conduct Review Committee*

The Group's Audit & Conduct Review Committee is chaired by Mr. Charles Johnston and is comprised of six (6) independent Directors.

In accordance with its mandate, the Audit & Conduct Review Committee has oversight responsibility for both the Group and the Bank in relation to the following:

- The integrity of the financial reporting of the Bank and the Group, disclosures and system of internal control procedures over financial reporting

- Ensuring the Group's compliance with legal and regulatory requirements
- The performance of the Group's internal audit functions and external auditors
- To develop and implement policies to identify and resolve conflict of interest which may arise from transactions conducted by the Group

### Board Committees of The Bank of Nova Scotia Jamaica Limited

In keeping with good corporate governance principles, in addition to the Audit & Conduct Review Committees, the Board of the Bank has three (3) standing committees; the Executive Committee, the Human Resources Committee and the Pensions Committee.

The Executive Committee, which is chaired by The Honourable Mayer Matalon, is comprised of seven (7) members; six (6) of whom are independent Directors. The remit of this Committee is to review the corporate structure of the Bank, the senior level organizational structure, evaluate the performance of its Executives, recommend nominees for appointment to the Board of the Bank and its subsidiaries and monitor the operations of the Bank and its subsidiaries to ensure adherence to the corporate governance policies and procedures.

The Human Resources Committee, which is chaired by Miss Muna Issa, is comprised of five (5) independent Directors. This Committee is charged with the responsibility of reviewing employee benefits, plans and programmes and review of senior management appointments.

The Pensions Committee, which is chaired by Professor Stephen Vasciannie, is comprised of five (5) members of which four (4) are independent Directors. This Committee is responsible for ensuring that the assets of the pension fund are invested in accordance with the investment policy of the Fund and the preservation of benefits for employees of the Bank and its subsidiaries.

### 3. Standards of Business Conduct

The Board of Directors, the management and all employees of the Group, its subsidiaries and affiliates are required to observe the Group's Guidelines for Business Conduct, which outline the Group's rules and expectations regarding proper business conduct and ethical behaviour, including:

- following the law wherever the Group and its subsidiaries do business;
- avoiding situations that might represent a conflict of interest;
- conducting themselves honestly and with integrity;

- keeping the subsidiaries transactions, communications and information accurate, confidential and secure, and all customers' assets safe; and
- treating everyone fairly and equitably - whether customers, suppliers, employees or others who deal with the Group and its subsidiaries.

In keeping with the established code of conduct, Board members and senior management officers are subject to our insider trading policy in respect of trading in the securities of the Group, its subsidiaries and affiliates.

### Annual Evaluation

The Group's Board and the Boards of each subsidiary conduct an annual self evaluation which is intended to evaluate their performance during the year.

The results are reviewed in detail and recommendations arising are implemented as agreed.

The following Table outlines the attendance record of the Directors at the Annual General Meeting, Board and Board Committee meetings during the year.

	AGM	Board Meetings	Audit & Conduct Review	Executive	Human Resources	Pension	Strategy
<b>Number of meetings for the year</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>
Anthony Chang	1	5	3			2	1
Barbara Alexander	1	5	4			2	1
Charles Johnston, CD	1	4	3	0	1		1
Dr. Herbert Thompson, CD	1	4		1	1		1
Dr. Jean Dixon, CD	1	5		0		0	1
Jeffery Hall	0	3			2		1
Sen. Mark Golding	1	5	3				1
Hon. Mayer Matalon, OJ (Deputy Chairman)	1	5		1			1
Muna Issa	1	5	4	1	2		1
Prof. Stephen Vasciannie	1	4	3	1		2	0
Warren McDonald, JP	1	5			2		1
Bruce Bowen	1	5		1		1	1
Pasquale Minicucci	1	5					
Robert Pitfield (Chairman)	1	3					
Richard Waugh	1	2					0

**R. H. Pitfield**  
Chairman

Mr. Robert Pitfield is Group Head, International Banking, of the parent company, The Bank of Nova Scotia, and is responsible for all of the Bank's retail and commercial operations outside of Canada and the USA. He joined Scotiabank, Toronto in August 1983 as a General Office Trainee Commercial Officer. He was appointed Chairman of Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited on May 22, 2003.

Mr. Pitfield is a graduate of the University of Toronto and the University of Ottawa and is a member of the Law Society of Upper Canada.

1

**B. A. Alexander**

Ms. Barbara Alexander was appointed to the Board on November 26, 2007. She has been an Attorney-at Law and Partner in the law firm Myers, Fletcher & Gordon since 1980, and is now the Managing Partner of the law firm. She is a member of the Audit & Conduct Review Committee of the Board, a Director of Scotia DBG Investments Limited, Scotia DBG Fund Managers Limited, The Scotia Jamaica Building Society, and United Way of Jamaica.

Ms. Alexander is a graduate of The University of the West Indies and is a member of the Jamaican Bar Association.

2

**The Honourable  
M. M. Matalon, OJ**  
Deputy Chairman

The Honourable Mayer Matalon is the Deputy Chairman of the I.C.D. Group Limited. He is also the Deputy Chairman of the Board of The Bank of Nova Scotia Jamaica Limited (BNSJ) and of Scotia Group Jamaica Limited; and is Chairman of the Executive Committee of the Board.

Mr. Matalon has been a Director of BNSJ since 1966.

3

**B. F. Bowen**

Mr. Bruce Bowen, President & CEO of The Bank of Nova Scotia Jamaica Limited, was appointed to the Board of Scotia Group Jamaica Limited effective November 27, 2008.

He is a member of the Executive and Pension Committees of the Board and is also a Director of The Bank of Nova Scotia Jamaica Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia DBG Investments Limited and Scotiabank Jamaica Foundation.

He is a graduate of the Wilfrid Laurier University in Waterloo, Ontario, Canada.

4



**A. V. Chang**

Mr. Anthony Chang is the Managing Director of Lasco Distributors Limited. He was appointed to the Board of The Bank of Nova Scotia Jamaica Limited on February 5, 2001 and is a member of the Audit & Conduct Review and Pension Committees of the Board. Mr. Chang is also a Director of Scotia Jamaica Life Insurance Company Limited, Scotia DBG Investments Limited and Chairman of Scotia DBG Merchant Bank Limited.

He is a graduate of York University; Richard Ivey School of Business, University of Western Ontario; and Wharton Business School, University of Pennsylvania. He is also the recipient of the Hubert Humphrey Fellow at American University.

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**Dr. J. A. Dixon, CD**

Dr. Jean Dixon is the Permanent Secretary in the Ministry of Health and has worked with the Government of Jamaica since 1996. She has been a Director of The Bank of Nova Scotia Jamaica Limited since February 19, 1998 and is a member of the Executive and Pension Committees of the Board. Dr. Dixon is also the Chairperson of the Board of Directors of The Scotia Jamaica Building Society and Scotiabank Jamaica Foundation. She is also a Director of Scotia DBG Fund Managers Limited.

Dr. Dixon is a graduate of the University of the West Indies with an MBA and a Doctor of Philosophy.

*(Resigned December 30, 2009)*

6

**Sen. M. J. Golding**

Senator Mark Golding is an Attorney-at-Law and Partner in the law firm of Hart Muirhead Fatta. He was appointed to the Board of Directors on November 26, 2007 and is a member of the Audit & Conduct Review Committee of the Board. He was a founding partner of Jamaica's first investment bank, Dehring Bunting and Golding Limited which was formed in 1993.

He is a graduate of Oxford University and the Norman Manley Law School, The University of the West Indies and was appointed to the Senate in 2007.

*(Resigned December 9, 2009)*

**CORPORATE GOVERNANCE (CONTINUED)** Scotia Group Jamaica Limited Board of Directors

**C. H. Johnston, CD**

Mr. Charles Johnston is the Chairman and Managing Director of Jamaica Fruit and Shipping Company Limited. He was appointed to the Board of The Bank of Nova Scotia Jamaica Limited on August 22, 2002 and is a member of the Audit & Conduct Review and Human Resources Committees of the Board. Mr. Johnston is also a Director of Scotia DBG Merchant Bank Limited.

Mr. Johnston is a graduate of the Wharton School of Finance & Commerce, University of Pennsylvania.

8

**J. M. Hall**

Mr. Jeffery Hall is Chief Executive Officer of Jamaica Producers Group Limited and has worked with that company since 2002. Mr. Hall was appointed to the Board of Directors of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited on November 26, 2007. He is an Attorney-at-Law who has served as a Director of Jamaica Promotions Limited (now Jamaica Trade and Invest), Jamaica Stock Exchange and the Bank of Jamaica.

Mr. Hall is a graduate of Harvard Law School, Harvard University and Washington University.

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**M. M. Issa**

Miss Muna Issa is the Treasurer of SuperClubs and President of International Lifestyles Inc. She has been a Director of The Bank of Nova Scotia Jamaica Limited since August 26, 1999 and is also a member of the Executive, Audit & Conduct Review, and Human Resources Committees of the Board. Miss Issa is the Chairperson of the Board of Scotia Jamaica Life Insurance Company Limited and a member of the Board of The Scotia Jamaica Building Society, Scotia DBG Investments Limited and Scotia DBG Fund Managers Limited.

She is a graduate of the College of the Holy Cross with a Bachelors degree. Miss Issa also holds an MBA degree from The University of Notre Dame.

**W. A. McDonald, JP**

Mr. Warren McDonald is the Managing Director and Chief Executive Officer of Berger Paints Jamaica Limited. He is also the Regional Managing Director for the Caribbean and supervises the subsidiaries in Trinidad & Tobago and Barbados.

He was appointed to the Board of Directors of Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited on February 5, 2001.

Presently serving as a Vice President of the Jamaica Chamber of Commerce, he is the Chairman of the Board of the Portmore Community College.

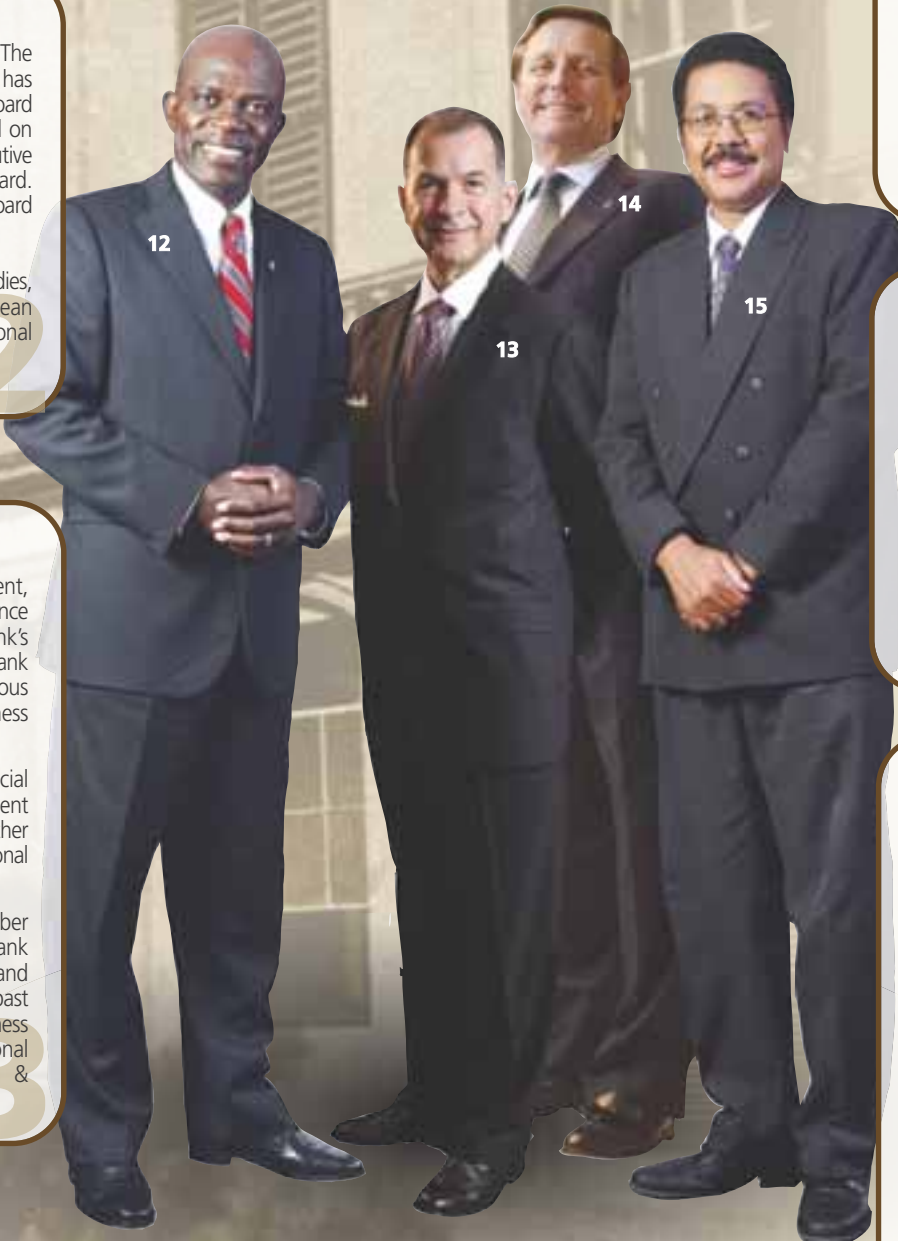
Mr. McDonald is an Honours graduate from the University of the West Indies, a Fellow of the Chartered Association of Certified Accountants and the Institute of Chartered Accountants of Jamaica.



**Dr. H. J. Thompson, CD**

Dr. Herbert Thompson is the President of The Northern Caribbean University, where he has worked since 1986. He was appointed to the Board of The Bank of Nova Scotia Jamaica Limited on August 19, 1998 and is a member of the Executive and Human Resources Committees of the Board. Dr. Thompson is also Deputy Chairman of the Board of The Scotia Jamaica Building Society.

He is a graduate of the University of the West Indies, Loma Linda University and Northern Caribbean University. Dr. Thompson is also a motivational speaker and an author.



**R. E. Waugh**

Mr. Richard Waugh is the President & CEO of The Bank of Nova Scotia headquartered in Canada and has been with the company since 1970. He is a member of the Board of Directors of The Bank of Nova Scotia, and several of its subsidiaries and affiliates. He was appointed to the Board of Directors of The Bank of Nova Scotia Jamaica Limited on February 20, 2003.

He is a graduate of the University of Manitoba, York University and a Fellow of the Institute of Canadian Bankers.

**Prof. S. C. Vasciannie**

Stephen Vasciannie is Professor of International Law at the University of the West Indies and Principal of the Norman Manley Law School. Professor Vasciannie was appointed a Director of The Bank of Nova Scotia Jamaica Limited on September 1, 2005. He is a member of the Executive, Audit & Conduct Review, and Pension Committees of the Board. Professor Vasciannie is a Director of Scotia Jamaica Life Insurance Company Limited and Chairman of Scotia DBG Investments Limited.

He is a graduate of the University of Oxford, University of Cambridge and the University of the West Indies. He is a member of the Jamaican Bar Association, the American Society of International Law and the Institute of International and Comparative Law. He is also the author of numerous publications.

**S. A. Wright**

Miss Stacie Ann Wright joined The Bank of Nova Scotia Jamaica Limited (BNSJ) in June 1995 and held the post of Executive Vice President and Chief Financial Officer for six years until her resignation on March 31, 2009. Miss Wright was appointed to the Board of BNSJ on September 1, 2005 and was retired from the Board of BNSJ and Scotia Group Jamaica Limited at their Annual General Meetings held on February 24, 2009. Miss Wright also served as a Director for the following companies until her resignation from the respective Boards on March 31, 2009: Scotia Jamaica Life Insurance Company Limited, The Scotia Jamaica Building Society, Scotia Jamaica Investment Management Limited, Scotia Jamaica Financial Services Limited, Scotiabank Jamaica Foundation, Scotia DBG Investments Limited and Scotia DBG Merchant Bank Limited. She was also a member of the Pension Committee.

Miss Wright is a graduate of the University of the West Indies, a Fellow of the Chartered Association of Certified Accountants and the Institute of Chartered Accountants of Jamaica. She is also a CFA Charterholder.

*(Absent from photograph)*

# THE EXECUTIVE MANAGEMENT TEAM

**Bruce Bowen**  
President and CEO  
Scotiabank Group

1

Mr. Bruce Bowen began his career with Scotiabank in Toronto, Canada in 1990 in the International Division. In 1993, he was transferred to the Cayman Islands and has spent the past 15 years as a senior executive in Scotiabank's operations in the Cayman Islands, Trinidad & Tobago, Jamaica and Puerto Rico.

He has held the position of President and CEO of Scotiabank de Puerto Rico since 2004, until his appointment as President and Chief Executive Officer of The Bank of Nova Scotia Jamaica Limited on November 1, 2008.

Bruce was appointed to the Board of Scotia Group Jamaica Limited on November 27, 2008 and is a member of the Executive and Pension Committees of the Board. He is also a Director of the The Bank of Nova Scotia Jamaica Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia DBG Investments Limited and Scotiabank Jamaica Foundation.

Bruce holds an Honours Bachelor of Business Administration degree from the Wilfrid Laurier University in Waterloo, Ontario, Canada.

**H. Wayne Powell**  
Executive Vice President,  
Branch Banking

2

A career banker of many years, Wayne Powell is Executive Vice President, Branch Banking with responsibility for the management of the branch network and Small and Medium Enterprise Business Banking. He also has oversight responsibilities for The Scotia Jamaica Building Society.

He is an Associate of the Chartered Institute of Bankers and has an MBA from Barry University, as well as Certificates in Marketing Management and Executive Management from the Ivey School of Business, University of Western Ontario.

Wayne is a Justice of the Peace, an alternate Director of the Scotiabank Board and serves on several additional corporate boards.

**Rosemarie Pilliner**  
Executive Vice President  
Operations & Shared Services

3

Rosemarie Pilliner currently holds the position of Executive Vice President, Operations and Shared Services. She has direct responsibility for facilities management, collections, recoveries and cash processing, among other functional areas.

Rosemarie has extensive knowledge of Scotiabank's core operations. Her wide-ranging expertise spans varying positions within the organization, including management positions in central operations, Branch Manager and Assistant General Manager of The Information Systems Centre.

Rosemarie has benefited from several management training courses to hone her credit, leadership, operations and organization developmental skill sets. She is currently the Chairperson for the Board of the Jamaica Electronic Transfer Service Limited (JETS), a member of the Board of Directors of Automated Payments Limited (APL) and the Scotiabank Jamaica Foundation.

**Keri-Gaye Brown, LL.b (Hons.)**  
Senior Vice President, Senior Legal  
Counsel & Corporate Secretary\*

4

As Senior Vice President, General Counsel & Corporate Secretary for Scotia Group Jamaica Limited, Keri-Gaye has the responsibility of all Legal, Compliance and Corporate Secretarial functions across the Group and leads the development and execution of a comprehensive Compliance strategy for the Group.

Keri-Gaye Brown's first assignment with Scotiabank was that of Manager, Corporate & Legal Services. She was later promoted to Assistant General Manager, Assistant Corporate Secretary and Legal Counsel, with her responsibilities being broadened to include Corporate Secretarial, Legal and Compliance functions for the Scotia Group.

Prior to joining the Bank in 2004, she specialized in Civil and Commercial Litigation and Commercial Law during her tenure at Livingstone Alexander & Levy. Keri-Gaye is a graduate of the University of the West Indies and the Norman Manley Law School (CLE). She was called to the Jamaican Bar in 1997.

(\*Demitted office November 16, 2009)

**Hugh Miller**  
Vice President  
Treasury

9

Hugh Miller joined Scotiabank in 1998 and has worked in Securities Trading & Investments, as well as Pension & Assets Management. Hugh is currently responsible for the strategic management of the Group's treasury operations, investment and trading activities, and foreign exchange trading activities.

Hugh holds a Bachelor of Science (B.Sc.) degree with honours in Economics (Accounting minor) from the University of the West Indies, and is a CFA Charterholder.

He serves on the Board of Trustees – ScotiaBRIDGE, Board of Trustees – Scojampen (BNSJ's Pension Plan), and is a member of BNSJ's Asset Liability Committee, Scotia Jamaica Life Insurance Company's Investment Advisory Committee, SDBG's Asset Liability Committee and SDBG's Managed Funds Investment Committee.

Prior to joining the Bank, Hugh held senior positions in the stockbroking sector.

**Jacqueline Sharp**  
Senior Vice-President  
& Chief Financial Officer

10

Jacqueline Sharp was appointed Chief Financial Officer of the Scotiabank Group effective October 1, 2009. She previously held the position of Vice President & General Manager of the Group's life insurance subsidiary, Scotia Jamaica Life Insurance Company Limited; a post she has held since June 2003. She has been with Scotiabank since 1997 and has worked in several areas including Treasury, Finance and Private Banking.

In her new role, Jackie will provide strategic advice on optimizing financial results, and the management and coordination of internal and external financial reporting for the Group. She will also have responsibility for financial risk management and strategic planning for the Group.

Jackie holds a Bachelor of Science (B.Sc.) degree with honours in Accounting from the University of the West Indies, is a CFA Charter Holder and has successfully completed the Certified Public Accountant (CPA) examinations.

She serves as a member of the Board of Scotia DBG Fund Managers Limited. Jackie is currently a Vice President of the Private Sector Organization of Jamaica and President of the Insurance Association of Jamaica.



**Monique French**  
Senior Vice President  
Risk Management

5

As the Senior Vice President - Risk Management, Monique French is responsible for the structure, risk profile, and quality of the retail, commercial and corporate credit portfolios of the Scotiabank Group (Jamaica).

Monique possesses over a decade of experience in Credit & Market Risk Management, Corporate Banking and Treasury & Derivatives. During her career, she has held Senior Management positions in Risk Management and Treasury, and led or served on several industry and private sector committees.

Monique holds a BSc Accounting Degree (First Class Honours) from the University of the West Indies, and a Master of Business Administration Degree from the Richard Ivey Business School, University of Western Ontario, Canada. She has completed the Canadian Securities Course, is a CFA Charter Holder and an IBM Scholar. Monique serves as a Justice of the Peace for Kingston.

Monique is a member of the Asset & Liability Committee (ALCO) and an alternate Director for The Bank of Nova Scotia Jamaica Limited.

**Heather Goldson**  
Senior Vice President  
Marketing & Products

6

Heather Goldson came to Scotiabank in the position of Vice President, Marketing with over 15 years experience in this area in Jamaica and overseas. She was recently appointed Senior Vice President of Marketing and Products, with her portfolio being expanded to include the strategic growth and development of the Bank's retail portfolio.

Heather holds a Bachelor's Degree in Management and International Business from Florida International University. She is a Board member of the Scotiabank Jamaica Foundation as well as the Jamaica/UK Co-Production Treaty Competency Board.

She is also a member of the Bank's Service Management Committee and Scotia Jamaica Life Insurance Company's Investment Advisory Committee.

**Wayne Hewitt**  
Senior Vice President  
Corporate & Commercial Banking

7

Wayne Hewitt is a banker with 17 years experience in corporate banking, risk management and treasury operations. He has been with Scotiabank since 2003, serving a year in the Global Risk Management unit of The Bank of Nova Scotia in Toronto, Canada, and as head of Corporate & Commercial Banking in Jamaica since 2005.

He holds a BSc (First Class Honours) in Economics and Management from The University of the West Indies, and an MBA from Georgetown University in Washington, DC. He has also participated in several senior management courses offered by institutions such as Harvard University and Standard & Poors.

Wayne is a member of the Bank's Asset & Liability Committee (ALCO), and is also a member of the Board of Directors of The Scotia Jamaica Building Society and Scotia DBG Merchant Bank Limited, as well as the Board of Trustees for ScotiaBRIDGE.

**Michael Jones**  
Senior Vice President  
Human Resources

8

Michael Jones has held key roles across the company, contributing in different areas. These include appointments as Accounting Manager, Operations Manager, Assistant General Manager - Operations, Assistant General Manager - Human Resources, and currently Senior Vice President - Human Resources, Scotiabank Group.

Michael completed undergraduate studies in Banking at CAST/University of Technology, and is an Associate of the Chartered Institute of Bankers (ACIB). He also completed the UK company secretarial programme of the Institute of Chartered Secretaries and Administrators (ACIS). He also holds an MBA (Distinction) from the Manchester Business School/University of Wales and has completed required course work for the doctoral programme in Human Resources from the University of Leicester. Michael is also a graduate of the Executive Human Resource Management programme of the University of Michigan.

Michael serves as a Director on the Board of the Scotiabank Jamaica Foundation, and is Chairman of ScotiaBRIDGE Board of Trustees. Michael is also a Director of the Human Resource Management Association of Jamaica, the UWI Career and Placement Board, the Hope Gardens/Nature Preservation Foundation, Church Services Ltd, and he serves as a member of the PSOJ Education Committee.

**Anya Schnoor**

CEO, Scotia DBG Investments Limited  
Senior Vice President  
Wealth Management - Scotiabank Group

11

As Senior Vice President, Wealth Management & Investments, Anya Schnoor is responsible for the Group's Wealth Management Division which includes Scotia Jamaica Life Insurance Company Limited, Scotia Private Client Group and Scotia DBG Investments Limited, of which she is the Chief Executive Officer.

Anya Schnoor has over 17 years of experience in the areas of investments and banking. She holds an MBA from Barry University and a BA in Finance and International Business from Florida International University.

Anya currently serves as the President of the Jamaica Security Dealers Association. She also sits on the Boards of Scotia DBG Investments Limited, Scotia DBG Merchant Bank Limited, Scotia DBG Fund Managers Limited, Asset Management Company Limited, and Jamaica Stock Exchange. In addition she also is a member of Scotiabank Jamaica's Asset and Liability Committee (ALCO) and the Finance Committee of Heart Trust NTA.

**Maya Walrond**

Senior Vice President, Customer Experience,  
Technology Innovation & Projects

12

Maya Walrond leads the Customer Experience team and is charged with encouraging and sustaining a customer-centric culture across the Scotia Group. In addition, Maya is responsible for technology innovation, the Contact Centre and self-service banking channels.

Prior to joining Scotiabank in 2007, Maya held senior management positions in the media and telecommunications industries, with a focus on strategic planning and general management. She began her career as a management consultant, where she advised corporations in the beverage, pharmaceutical and printing industries.

Maya graduated with first-class honours from the University of Pennsylvania (Wharton) with dual Bachelor degrees in Economics and Systems Engineering and holds an MBA from the Harvard Business School.

**Stacie Ann Wright**

Executive Vice-President  
& Chief Financial Officer

Stacie Wright joined Scotiabank Jamaica in 1995 as an Audit Manager, from PricewaterhouseCoopers. She was appointed Assistant General Manager, Finance and Comptroller in 1999, she held the post of Executive Vice President and Chief Financial Officer of Scotiabank Jamaica since May 2003 until her resignation on March 31, 2009.

She holds a MSc. and a BSc. in Accounting from the University of the West Indies, is a CFA Charter Holder, a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Institute of Chartered Accountants of Jamaica.

*(Absent from photograph)*





1889-2009

# T H E E V O L U T I O N O F B A N K I N G



## The Evolution of Banking... from Halifax to Kingston

*"When we began operations over 175 years ago in Halifax with one office and a team of four persons, our founders could never have dreamt that Scotiabank would have evolved into Canada's most international bank, with operations in 50 countries, serving more than 12.5 million customers through a workforce of 69,000 employees.*

*The way we do banking in the world has undoubtedly changed and our own history would record that we have kept pace with the advancements in the financial arena, making us relevant and a market contender in the countries in which we operate."*

Robert Pitfield, Chairman, Scotiabank Group

### Did you know that The Bank of Nova Scotia had its own bank notes?

They were phased out in Jamaica when the Bank of Jamaica began operations and started issuing its own notes.

The Bank of Nova Scotia's currency is on display at the Bank of Jamaica.

## THE PAST

On August 29, 1832, Scotiabank first opened its doors in Halifax, Canada, to facilitate trans-Atlantic trade and in response to the rapid economic growth in Nova Scotia, Canada which signaled the need for improved banking facilities.

At that time, the fish trade with the West Indies prospered, ship construction and lumber industries thrived, the coal mining industry was in its embryonic stage and the prospect of having a regular steam-packet service across the ocean was being contemplated in shipping circles.

The Royal William subsequently became the first Canadian ship to cross the Atlantic making several trips in 1831 between Québec and the Atlantic colonies. A few years later, Halifax merchant and ship-owner, Samuel Cunard, started his own company to transport the British mails across the Atlantic, playing a pivotal role in establishing ocean steam navigation.

The Bank of Nova Scotia's Charter was granted Royal assent on March 30, 1832, and communication was thereafter sent to New York and Boston placing an order for bank notes to be engraved.

The post-confederation period of the '70s and '80s saw rapid economic changes unfolding and marked expansion occurring in Canada. The Bank experienced accelerated growth during this era under the leadership of General Manager, Thomas Fyshe, with the number of Scotiabank branches increasing from 9 to 32. Scotiabank later went global, establishing operations in the Caribbean, with the opening of a branch in 1889 in Kingston, Jamaica.

## THE PRESENT

Over the past 120 years, Scotiabank has become an integral part of the Jamaican financial sector, with an established reputation of strength, integrity, stability, innovation and continuous commitment to growth and community development.

The Scotiabank Group, a full service financial solutions provider consisting of - Scotiabank, Scotia DBG, The Scotia Jamaica Building Society, and Scotia Insurance – leads the financial services sector, providing professional and personalised banking and financial solutions to over one million customers. Customers may access a full range of retail, corporate, commercial and small business banking, as well as private client services. Scotiabank boasts one of the most modern state-of-the-art online banking systems in Jamaica, a network of 190 Automated Banking Machines for our retail customers and electronic cash management services for commercial customers. Our 24-hour Contact Centre provides customers with extended banking hours, 7 days per week.

Electronic data capture has been introduced for credit card merchants providing greater efficiency and fraud protection. Scotiabank has also linked with the Society of Worldwide Interbank Financial Telecommunication (SWIFT) network, enabling faster processing of both outgoing and incoming remittances, as well as facilitating the prompt establishment of Letters of Credit.

Our customers continue to bank on our expertise and stability emanating from over a century of proven performance, as we embrace developments in the international banking arena, evolving into a multi-dimensional financial services provider.

## The Evolution of Banking... 120 years in Jamaica and counting

*"It seems like light years ago, that Thomas Fyshe, eventually acceded to requests made by the Halifax merchants to establish a branch of The Bank of Nova Scotia in Kingston, Jamaica. Then banking was one-dimensional, offered on a single platform and the thought of being able to conduct financial transactions in a borderless environment seemed surreal.*

*Today, we see clear evidence of the evolution of banking as developments in commerce, technology and economics served as catalysts of change in redefining the art of doing business with financial institutions, locally and globally.*

*Our own journey has been positively influenced as we adapt to our changing environment, emerging as a full-service financial Group with a wide ambit of products and services reflective of our customers' lifestyle."*

Bruce Bowen, President & CEO, Scotiabank Group



## BUILDING WEALTH, SECURING THE FUTURE



### THE SCOTIA DBG INVESTMENTS TEAM - (from left to right)

**Phillip Nash**, Assistant Vice President, Information Technology, **Lissant Mitchell**, Senior Vice President, Treasury & Capital Markets, **Andrea Tinker**, Chief Financial Officer, **Brian Frazer**, Assistant Vice President, Pensions and General Manager, Scotia DBG Fund Managers Limited, **Vanessa Reid-Boothe**, Vice President, Sales and Service and General Manager, Asset Management Company Ltd., **Johann Heaven**, Vice President, Strategic Planning, Projects & Product Development and (seated) **Anya Schnoor**, Chief Executive Officer.

In today's competitive marketplace, customers are recognizing the importance of wealth creation to their future security and they are demanding more diversified investment options than traditional banking products. Scotia DBG Investments, The Group's investment dealer, is a market leader in providing a wide range of options to satisfy our customers' investment needs.

Scotia DBG Investments specializes in asset management and credit services to individual and institutional clients. Our offerings include Money Market Investment products, Unit Trust and Mutual Funds, Stockbrokerage and Equity Trading Services, Pension and Asset Management, Cambio Services, as well as Deposits, Loans and Lease Financing which is offered through our Merchant Banking arm.

Scotia DBG enjoyed strong customer confidence in the face of a challenging economic environment, recording a 42% increase in gross revenue in the 2009 financial year and another year of positive returns for shareholders. Total funds under management stood at J\$109 billion as at October 31, 2009 which represents a 12% increase year-over-year.

This outstanding performance was attributed to our understanding of our clients' unique needs, the Group's strong international connections, as well as the innovative financial solutions and superior customer service of our dynamic and professional team of world-class advisors.

As we position the Group to be the leading Wealth Management provider in Jamaica, Scotia DBG is focusing on strengthening its sales and service culture, as well as improving its efficiency and productivity.

### Mutual Benefits

Scotia DBG was appointed as Financial Advisors and lead broker for the divestment by the Government of Jamaica of its 59.8% interest in the Pegasus Hotels of Jamaica Limited. To win this mandate, we were able to draw on Scotiabank's extensive international expertise in this area to provide appropriate guidance to the Government of Jamaica and also to bring transparency to the process.

With respect to our individual clients, we re-branded one of our Top Tier offerings as Signature Investments and streamlined the services that we offered to this market segment. As a part of this process, our Investment Advisors conduct detailed portfolio reviews and analyses of the assets of our clients in order to realign their portfolios to meet the demands of the changing economic environment.

"We are committed to providing our clients with innovative product solutions, and consequently, in October 2009, we launched the Scotia DBG Caribbean Income Fund, which was introduced last year in Trinidad & Tobago. The Fund offers customers the opportunity to invest in U.S. dollar debt instruments issued by regional governments and blue chip companies that are mainly in Trinidad & Tobago, Barbados and Jamaica. It is domiciled in St. Lucia, which has the most generous corporate tax rate in the Caribbean Community (CARICOM), and under the CARICOM Tax Treaty, Jamaican investors will enjoy the benefit of tax-free returns," Scotia DBG CEO, Anya Schnoor, explains.

### New Growth Phase

In the year ahead, we intend to expand our suite of off-Balance Sheet products and services, while at the same time, refining our service model and strengthening our sales management training programme. Enhancement of our securities trading and fund management to keep clients up-to-date on developments in the marketplace, as well as research and stockbrokerage capabilities, are among other developments projected. We also propose to leverage the Scotiabank branch network, as well as the new information technology platform to streamline our operations, further improve efficiencies and support our increased business activities.

Even as Scotia DBG explores new and attractive investment instruments to meet the future needs of its discerning clients, we reaffirm our commitment to the value proposition – **to be the best at helping our customers improve their financial well-being.**

### MAJOR ACHIEVEMENTS

- Launch of Scotia DBG Caribbean Income Fund offering investments in U. S. dollar debt instruments issued by Caribbean Governments and regional blue chip companies
- Re-branding of Top Tier offering to Signature Investments
- **The Governor General's Award for Excellence** – Scotia DBG Investments Ltd. joint winner
- **Best Practices Annual Report** - Joint 1st Runners up - Scotia DBG Investments Ltd. & Scotiabank Group
- **Best Practices Website - Brokerage** – 1st Runner Up - Scotia DBG Investments Ltd.
- **Best Practices Website - Listed Company** – 2nd Runner Up - Scotia DBG Investments
- First Place, Jamaica Stock Exchange Analyst of the Year Competition - Stephanie Shaw

This is the fourth consecutive year that Scotia DBG has won this Competition, which was launched five years ago.



## THE BEST OF BOTH WORLDS AT SCOTIA PRIVATE CLIENT GROUP



**THE SCOTIA PRIVATE CLIENT GROUP TEAM** - (from left to right)  
**Kara-Sue Sweeney**, Relationship Manager, **Marlene Lambert**, SILIC Financial Advisor  
**Richard Bertram**, Finance Advisor, **Elaine Paul**, Senior Client Service Officer,  
**Opal Levy Clarke**, Relationship Officer, **Richelle Ehikametalor**, Relationship Officer,  
**Roger Grant**, Relationship Manager, and (seated) **Bridget Lewis**, General Manager.

Scotia Private Client Group (SPCG) offers a full range of personalised and dedicated day-to-day banking, investment management and wealth structuring services to our clients. SPCG also provides customised solutions to fit our clients' individual banking and financial needs.

At Scotia Private Client Group, our knowledge of the local marketplace and our ability to leverage the global expertise and extensive experience throughout the Scotiabank international network give us a distinct advantage in serving our clients. These attributes combined with our special brand of personalized services, makes it possible for us to offer our clients in Jamaica the best of both worlds.

### Building Brand Loyalty

The Scotia Private Client Group was re-launched mid-October, bringing its operation in line with the expanding wealth management services offered by the International Wealth Management Division of Scotiabank, throughout Latin America and the Caribbean.

"The spin-off benefit of this alignment is that SPCG clients will have better access to the vast array of products and services offered across the global network, ranging from day-to-day banking facilities, to complex investment and wealth advisory solutions," SPCG General Manager, Bridget Lewis, explains.

We have created a unique sales and service platform and an exclusive suite of products to provide for the complex needs of individuals who require a focused relationship management approach to ensure all of their financial goals are met.

### Select SPCG Products and Services

Our exclusive product line includes the premier credit card, Scotia Private Client Group/AAdvantage® MasterCard Black™ Credit Card, the first of its kind in Jamaica.

Local wealth advisory services are also available to our clients through Scotia DBG and Scotia Insurance where they have access to a full range of brokerage and protection products and services. Scotia DBG provides trusted advice and personalized investment solutions, while Scotia Insurance caters to their protection, estate planning and retirement needs.

### SPCG Service Quality

SPCG has relocated its offices to the Scotiabank Group Financial Centre on Constant Spring Road, an ultra-modern facility that is consistent with the realignment of the local offering to the international brand.

During the past year, we have broadened our organizational structure and invested in the necessary resources to fully



equip our team of experts. As a result, our clients can feel comfortable and confident that our multi-disciplinary team of specialists conduct in-depth research in both local and global financial markets to provide them with a balanced array of sophisticated financial solutions to address their banking, borrowing, investing and wealth protection needs.

### Positive Outlook

It is clear that 2009 was a year of transition and evolution for the Scotia Private Client Group. In 2010, we will continue to embrace an all-inclusive concept and will furnish our clients with the information that they need to fully participate in the process of defining their investment portfolio mix.

#### MAJOR ACHIEVEMENTS

- Rebranding of Scotia Private Client Group and re-alignment of local operations in keeping with the international brand.
- Launch of the premium product – Scotia Private Client Group/AAdvantage® MasterCard Black™ Credit Card

We look forward to bringing together the best of both worlds in serving our customers and to a very successful 2010 for the Scotia Private Client Group.

#### Did you know? ERMA and MICR: The Origins of Electronic Banking

The Electronic Recording Machine, Accounting, (ERMA), an electronic computer developed by the Stanford Research Institute between 1950 and 1955, was designed to take over the labour-intensive banking tasks of handling cheques and balancing accounts through automation. ERMA revolutionized banking systems through the use of account numbers instead of names to process cheques and balances, and the use of a magnetic-ink reading system to permit the automatic reading and computerized posting of cheques. Both innovations became worldwide standards and almost 60 years later are still in use.

Source:  
<http://www.sri.com/about/timeline/erma%2Dmicr.html>



## LEVERAGING TREASURY MANAGEMENT



**THE TREASURY TEAM** - (from left to right) **Lisa-Ann Tenn**, Foreign Exchange Trading Officer, **Gary-Vaughn White**, Manager, Treasury and Foreign Exchange Trading, **Karen Bolton**, Treasury Officer, **Hugh Miller**, Vice President, Treasury, **Keri-Leigh Radcliffe**, Foreign Exchange Trading Assistant and **Pauline Ewan**, Foreign Exchange Business Development Officer.

The Treasury Department played a critical role within the Scotiabank Jamaica Group in 2009, as it responded proactively and equitably to the diverse needs of Corporate, Commercial and Retail customers in a very challenging environment. The global recession was felt in major productive sectors of the economy, which contributed to the approximately 40% reduction of foreign exchange inflows into the banking sector.

### Best Foreign Exchange Bank

Against this background, effective management of scarce foreign exchange resources in the face of competing demands was a priority.

Vice President of the Treasury Department, Mr. Hugh Miller, explains that Scotiabank carefully examined various industries and the special circumstances they faced, to guide its decisions. In this context, he notes that intimate knowledge of the customer's business was a tremendous advantage.

"We addressed this challenge in a proactive way by establishing one-on-one contact with major customers to determine their immediate and critical needs. We took an 'even-handed' approach to the allocation of foreign exchange, mindful of the role these companies play as employers of labour and their contribution to the productive and service sectors of the economy," he states.

In 2009, the Treasury Department won recognition for Scotiabank, which was named the 'Best Foreign Exchange Bank' by Euromoney Magazine, the flagship publication of international business and financial publisher, Euromoney Institutional Investor. Confirming the high level of service delivery provided by the Department, Global Finance Magazine also named Scotiabank Jamaica 'Best Foreign Exchange Bank & Providers'.

### Loan Syndication

Loan syndication is another area in which the Treasury Department is active, being at the forefront of arranging large financing deals through the pooled resources of several financial institutions. Most of these transactions are undertaken for large private companies, with the Department advising on the best rate and structure for the facility. The ongoing customer relationships are however managed in the Corporate and Commercial Banking Centre.

### Enhancing our Capabilities

In the 2010 financial year, the Treasury Department will continue to explore creative means of ensuring that foreign exchange is allocated even more efficiently across all sectors. We will also be implementing an automated solution to facilitate the transmission of real time information on foreign exchange rates and other pertinent information to in-branch customers.

### MAJOR ACHIEVEMENTS

- Scotiabank named Best Foreign Exchange Bank by Euromoney Magazine
- Scotiabank named Best Foreign Exchange Bank & Providers by Global Finance Magazine
- Establishment of an electronic link with branches to facilitate real time negotiation of foreign exchange rates for customer transactions
- Effective allocation of foreign exchange resources in the face of the national recession

## REDEFINING INSURANCE

There is an increasingly synergistic relationship among banks, insurance companies and other players in the financial marketplace, as customers take a holistic approach to their financial planning. This convergence of operations has enhanced the Scotiabank customer experience with convenient access to the value-added wealth creation products and services offered by our subsidiary, Scotia Jamaica Life Insurance Company Limited (Scotia Insurance).

Our flagship product, ScotiaMINT, has achieved unparalleled performance in the financial marketplace, and has served as a catalyst for Scotia Insurance to continue to deliver personalized and purposeful financial planning services, life and health insurance, as well as credit insurance. "Our secure, long-term, insurance-linked savings and investment policies are redefining the traditions of our industry. They are also providing more than 83,000 customers with the assurance that regardless of their present economic status, they too, can achieve positive net worth, financial independence and their ultimate goal of wealth creation," asserts Jacqueline Sharp, former Vice President and General Manager, Scotia Insurance.

### New Frontiers

Market research and product development are integral elements of Scotia Insurance's value proposition, and the Company broke new ground in March 2009 when we entered the formal retirement savings market with our Individual Retirement Scheme, ScotiaBRIDGE. This pension product has generated significant interest, especially among self-employed persons and companies that do not provide a pension plan.

A larger percentage of the working population can now easily obtain the benefit of a tax-advantaged, structured retirement savings with ScotiaBRIDGE, and have the confidence that their funds are being managed by a recognized and reputable institution.

With the high cost of modern health care, people need insurance coverage in the event they are diagnosed with a critical illness. This reality prompted our Insurance subsidiary to introduce its Scotia CitiCare product to the health care market. This living benefit plan helps policyholders who are diagnosed with any of the nine critical illnesses that it covers, to meet treatment expenses with a lump sum payment up to a maximum value of J\$2 million.

Another highlight of the past year was the enhancement of our credit insurance business line to include critical illness coverage on credit cards and ScotiaLine.

### Attaining New Heights

Our committed customer service and sales agents continued to perform well in 2009. This past year, six Scotia Insurance representatives qualified for the Million Dollar Round Table and attended the annual conference in Indiana, USA. Keisha Brown, was Jamaica's flag bearer at the Conference and she received the Jamaica Association of Insurance and Financial Advisors' (JAIFA) Award as the country's top producing agent for Bancassurance for 2008.

We expanded the customer service team to enhance the timeliness, quality and efficiency of our service delivery.

These improvements to our in-house service credo have facilitated a more intense focus on the worksite marketing process, which takes us directly to our target audience for face-to-face sales interaction. Through this process, companies with existing banking relationships and those who are potential customers have an opportunity to meet and conduct business with a representative of our sales team off-site.

Customers have welcomed this personalized customer experience, which allows them to effectively handle their financial affairs without having to commute to the branch.



**THE SCOTIA INSURANCE TEAM** - (from left to right) -  
**Erica Anderson**, Product Development Manager,  
**Lois Heslop**, Senior Manager, Operations & Service Delivery,  
**Kenroy Wedderburn**, Manager, Operations, Development & Projects,  
**Marsha Ramgeet-Williams**, Manager, Finance & Compliance Officer,  
**Lana Forbes**, Senior Sales Manager,  
**Lorna Gordon Elliot**, Manager, Creditor Life Insurance and (seated)  
**Jacqueline Sharp**, (former) Vice President & General Manager

Come 2010, Scotia Insurance will engage in further widening of its insurance-based offerings primarily in the areas of education, health care and protection coverage. We will seek to establish alliances, consolidate our presence in the marketplace and reinforce our commitment as a provider of relevant financial solutions.

## It's ScotiaMINT for the Long Haul



*Customer, William Chong, discusses his ScotiaMINT life insurance product portfolio with Mrs. Lana Forbes, Senior Sales Manager, Scotia Insurance.*

Businessman, William Chong, says that the strong returns which one of his friends earned on his ScotiaMINT policy motivated him to take out his own policy more than 11 years ago.

The insurance benefits, which include automatic life and accidental death coverage, indexed to inflation, have 'sweetened the pot' and provided an additional incentive for him. He recalls his great delight when his portfolio was boosted by the long-term Savers' Bonus which is paid every five years to customers who make no withdrawals and pay their premiums on time.

Pointing to the track record of performance and integrity that Scotiabank has enjoyed over the years, Mr. Chong explains that this has given him the confidence to keep his investment intact and allow the funds to grow. "Any business that can operate for 120 years must be doing something right," says Mr. Chong.

He also speaks highly about the service offered by the staff at Scotia Insurance, whom he says are knowledgeable, helpful and provide sound advice to customers.

"ScotiaMINT is a good product, and I am investing in it for the long haul," he states.

### MAJOR ACHIEVEMENTS

- Launch of **ScotiaBRIDGE**, an Individual Retirement Scheme approved under the Pensions Act, 2004
- Launch of **Scotia CritiCare**, which offers lump sum payment for treatment of nine critical illnesses
- ScotiaMINT agent named Top Producing Agent for Bancassurance.
- Six sales agents qualify for Million Dollar Round Table status

## DEVELOPING NICHE HOUSING SOLUTIONS



**THE SCOTIA JAMAICA BUILDING SOCIETY TEAM** -  
(from left to right) - **Phillip Williams**, Manager, Mortgage Services,  
**Michelle Scott**, Manager, Finance & Operations, (seated)  
**Gladstone Whitelocke**, Vice President & General Manager.

Ownership of property and, in particular, a home is a deeply rooted part of the Jamaican psyche and is generally applied as a measure of financial independence and net worth. A small, but dynamic player in a competitive sector in which large companies have cornered the housing market, The Scotia Jamaica Building Society (SJBS) continues to create novel opportunities to fulfil the aspirations of our customers to become homeowners.

“Our focus is on delivering products and services that are relevant to prospective homeowners and consistent with the Scotiabank value brand and maintaining steady, sure-footed growth in niche markets,” Mr. Gladstone Whitelocke, Vice President and General Manager of The Scotia Jamaica Building Society, explained.

Targeted activities over the past year included a combination of promotional programmes for top-tier clients in Jamaica and our nationals overseas, as well as strategic alliances with developers and realtors with aligned customer segments.

### Strategic Alliances

The SJBS Vice President stated that the Building Society has established relationships with affiliates and pointed to the success of collaborative initiatives that were introduced for different segments of the market. “These include a strategic alliance with New Era Homes, developers of Caribbean Estates in Portmore, which evolved as a ‘win-win’ venture for the developer, investors in real estate and SJBS,” he said.

For second time homeowners, we teamed up with Coldwell Bankers Jamaica Realty and staged several sales initiatives to promote the high-end Richmond Development property in St. Ann, Turtle Crawl in Port Antonio and Tryall in Hanover.

### Customer-Focused Initiatives

This past year, as part of our continued effort to enhance the customer experience, we have streamlined our internal processes, resulting in further improvements in the turn-around time for mortgage applications.

We continue to promote and encourage planned savings as the most effective approach to home ownership, with our range of savings instruments. Customers have the comfort of knowing that they can count on our professional support and guidance on their journey to becoming homeowners.

During the second quarter of the year, the construction sector that enjoyed robust growth compared to the rest of the economy in recent times, showed a sharp decline, which was occasioned by reduced demand for residential solutions, causing price levels to remain flat.

The Scotiabank Customer Assistance Programme (CAP), established in January 2009 to provide financial support to our customers in this challenging economic environment, proved beneficial to our mortgagors who were experiencing difficulty in meeting their monthly mortgage obligation, enabling them to make good on their commitment.

### Key Priorities

Some of the key SJBS priorities for 2010 will include our continued alliance with developers and realtors; and further explorations in Diaspora markets, where there is growing interest in local properties for investment purposes. We will also be promoting our deposit options to sensitize the market of the suite of products that they may utilize to meet short, medium and long term savings goals.

### MAJOR ACHIEVEMENTS

- Establishment of strategic alliances with realtors and housing developers to promote viable housing investment options
- Streamlining of internal processes resulting in an improved turn-around time for mortgage applications



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## CONSOLIDATING CORPORATE & COMMERCIAL BANKING SERVICES



**THE CCBC SENIOR MANAGEMENT TEAM** - (from left to right) **Marcette McLeggon**, Assistant General Manager - Credit Solutions, **Tanya Palmer**, Senior Manager - Trade Services and Business Development, **Denise Brown**, Senior Relationship Manager, **Madgelyn Flake**, Senior Relationship Manager, **Craig Mair**, Senior Relationship Manager, **Carlene Lyn**, Senior Relationship Manager, (seated) **Wayne Hewitt**, Senior Vice President, Corporate & Commercial Banking

Scotiabank continues to expand and upgrade its Corporate & Commercial Banking services to meet the increasing financial needs of its valued business clients whose diverse trade and industrial operations drive the growth and development of the productive sector in Jamaica.

“Given the global financial downturn, it was imperative that the Bank positioned itself to respond to the urgent operational challenges facing this major client sector. As a result, our Corporate and Commercial Banking services were strategically targeted to deliver the resources and expertise of our regional and international network; to enhance service delivery; and to improve our knowledge and understanding of our customers’ business practices. We also extended and refined our range of products and services, particularly in Trade Finance Services, Foreign Exchange and Exposure Management Transactions,” Senior Vice President, Corporate and Commercial Banking, Wayne Hewitt, states.

In the process, we have assisted our customers to grow and expand their businesses, particularly in the areas of mergers and acquisitions, expansion and equipment purchases; thereby increasing their ability to generate profits.

### Enhanced Customer Relations

In the 2009 financial year, we strengthened our relationships with our large corporate clients and public sector institutions through an enhanced calling programme, while at the same time increasing our contact at various levels within the organizations. This enhanced our analysis of their financial statements and our ability to project future needs and proactively recommend relevant financial solutions, even before the clients asked.

During the year, the Corporate and Commercial Banking Division reorganized its structure to become more accessible to medium-sized firms and companies across the island. Our Relationship Managers worked with companies in this category to identify innovative solutions that fit their cash flow and leverage realities.

### Significant Transactions

Supported by our local, regional and international experts in project and corporate finance, we completed several landmark transactions during the year under review with public sector and large private companies undertaking plant upgrades, expansion and major infrastructure projects. Transactions included:

- **Wigton Wind Farm Limited** which concluded a multi-million US dollar deal that facilitated the acquisition of additional windmills from an overseas supplier. This allowed Wigton to expand its generating capacity to deliver increased renewable energy to the national electricity grid.
- **J. Wray & Nephew Limited** has saved millions of dollars through an energy hedge arrangement that allowed the Company to overcome challenges arising from exchange rate and commodity price movements, by fixing its cost for oil and diesel fuel while prices were low.
- **The Government of Jamaica** was able to meet its Euro bond payment obligations and reduce its exposure to the Euro by successfully negotiating a refinancing programme in US dollars.

Several companies that managed large payrolls were able to streamline the payment of their employees, enhance their efficiency and reduce transaction costs by utilising the Quick Pay Card product. One such organization was the National Solid Waste Management Authority (NSWMA) that distributed 6,000 payment cards to its workers islandwide to enable them to receive their wages electronically via Automated Banking Machines or pay for goods and services at the Point-of-Sale terminals. Companies that use this payment system realized savings from the reduction in the number of cheques issued and benefited from the continuation of production as staff can access their salaries outside of normal banking hours.

### Leading Trader

The impressive performance by our Corporate Bankers, who significantly increased the volume of trade finance transactions conducted by the Bank, firmly established our reputation as the leading trade finance bank in Jamaica.

During the year, we helped several firms that import agricultural products from the United States to access lower cost financing by securing US dollar loans under the US Department of Agriculture's GSM-102 programme.

### MAJOR ACHIEVEMENTS

- Completed landmark transactions with major companies, facilitating expansion, infrastructural development and improved cost efficiencies
- Significantly increased the volume of trade finance transactions, firmly establishing the Bank as the #1 Trade Finance Bank in Jamaica
- Increased customer access to lower cost import funding through the US Department of Agriculture's GSM-102 programme
- Significantly grew the Quick Pay Card product, helping large companies such as the National Solid Waste Management Authority to manage their payrolls more efficiently

### Key Priorities for 2010

Our objective is to differentiate Scotiabank in the marketplace by being a total service provider to commercial clients.

In 2010, the Division will complete a further restructuring which will see us building a specialized team of Client Relationship Managers and Credit Solutions Managers. We are confident that our customers will benefit from this initiative, as we move to enhance the efficiencies with which we handle the delivery of credit products, provide faster turn-around times, and an overall improvement in the customer experience.

We will also increase the presence of Corporate Bankers across the island in order to bring the Bank's corporate capabilities physically closer to large and medium-sized firms to allow them to benefit from our expertise.

Finally, we will extend our focus on transactional services and non-lending activities that have been identified as critical elements in our thrust to satisfy our customers' needs, while improving their efficiencies and lowering their operational costs, placing them firmly on the path to sustained growth.

*Wigton Wind Farms, which produces a source of sustainable and renewable energy through wind turbines, is a wholly owned subsidiary of the Petroleum Corporation of Jamaica and is located in Manchester.*



## Building Lasting Relationships



*Mr. Craig Mair, Senior Relationship Manager, Scotiabank and Mr. Gassan Azan, Chairman and Chief Executive Officer of MegaMart Wholesale Club stand outside the Waterloo store location, in animated discussion.*

Cost Club Limited, better known by its trading name – MegaMart Wholesale Club – celebrates its 10th Anniversary in December 2009, and from day one, all the Company's major banking has been done through Scotiabank.

MegaMart has revolutionized the marketplace for household shopping with its three super stores, the first of which was opened in Portmore in 1999. Its other stores on Waterloo Road in St. Andrew and Montego Bay were opened on December 7, 2003 and December 7, 2007, respectively. It is one of the few companies in the Caribbean that has adopted the 'big-box' store concept that offers customers a convenient, one-stop shopping experience.

Chairman and Chief Executive Officer (CEO), Mr. Gassan Azan, says that "From the outset, Scotiabank has demonstrated confidence in our company and our financial prudence. More significantly, its officers have looked beyond the balance sheet and they have shared our vision."

Despite the continued harsh economic environment over the years, Scotiabank has helped MegaMart to grow and expand its operations, providing loan financing for the development of the Waterloo Road and Montego Bay complexes, as well as working capital.

"Scotiabank has been good to us and we have had a mutually beneficial relationship over the years," he explains. "It's the people that make the relationship, and we have developed a lasting relationship with the Scotia team. It's like personal banking on a larger scale," he adds.

Mr. Azan points out that his Company, which has business interests in St. Lucia and the Bahamas, was so pleased with the service delivered in Jamaica that it seized the opportunity to work with Scotiabank in these countries, as well. And, he says, "Our decision has been justified."

"We are always looking at the future potential to grow our business locally and throughout the Caribbean, and wherever we go, it will always be Scotiabank," he asserts.



## Scotiabank – A Responsive Financial Partner

“Any vision and new project requires the support of a good financial partner, and Scotiabank has been that for us,” says Oliver McIntosh, President and Chief Executive Officer, SportsMax Limited, the Caribbean’s only dedicated sports broadcast channel.

SportsMax, a subsidiary of International Media Content Ltd. (IMC), which started business in 2002, presently serves 22 markets in the English and French Caribbean and is presently expanding operations into Spanish-speaking countries in the region. IMC has broken new ground in regional broadcasting by pioneering the purchase and sale of rights for live broadcasts of major international sporting events.

“Although our business is unique to the Caribbean and has an element of risk, Scotiabank displayed tremendous confidence when we first approached the Bank in 2007 and has been very responsive to our need to grow the business and translate our vision into reality,” the SportsMax CEO recounts.

SportsMax is now exploring growth opportunities in affiliated businesses, as well as in markets outside of the Caribbean and the CEO eagerly anticipates the involvement of Scotiabank in brokering the new deals. “They have seen from our performance, both in terms of how we have handled our obligations, as well as from the manner in which we have met our strategic targets, that we have the ability to manage growth. We welcome the financial support and professional guidance that Scotiabank has given to us and we look forward to their continued partnership, as we venture into new markets,” Mr. McIntosh concludes.



*From left : Mr. Oliver McIntosh, President & Chief Executive Officer, Mr. Newton Robertson, Chief Operating Officer, (sitting) and Lennox Turner, Chief Financial Officer of SportsMax and Ms. Madgelyn Flake, Senior Relationship Manager, Scotiabank meet at the production studio housed at the newly constructed SportsMax offices.*



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# T H E E V O L U T I O N O F B A N K I N G

## SELF-SERVICE BANKING COMES INTO ITS OWN

### Did you know that in the year 1939, Luther Simjian patented an early and not-so-successful prototype of an ATM?

Some experts are of the opinion that James Goodfellow of Scotland is the holder of the earliest patent date of 1966 for a modern ATM, and John D White is often credited with inventing the first free-standing ATM design.

Did you know that the first ATM which was installed on June 27, 1967 took cheques instead of plastic cards? On June 27, 1967 the first ATM was installed in a bank (Barclays Bank). At that time plastic ATM cards were not in existence and so ATMs took cheques that were coated with carbon 14, a slightly radioactive substance. The ATM would read the carbon 14 mark and then match it against a personal code number.

Source:

<http://inventors.about.com/od/astartinventions/a/atm.htm>  
<http://www.prnewswire.co.uk/cgi/news/release?id=55904>

A major focus this past year was to expand non-branch delivery channels in order to offer our customers a more flexible, value-added, hassle-free banking experience.

### Enhanced Online Service

Reconfiguration of our online banking platform was one of the main avenues through which we achieved this objective, facilitated by more user-friendly and secured service features. One of the special features of the upgraded system is the multi-factor authentication, designed to reconfirm the identity of our cardholders and help protect them against identity theft, while also maintaining the confidentiality of the banker/client relationship.

The enhanced online facilities have gained traction among our customer base, evidenced by a 25% increase in usage during 2009.

### ABM Upgrade

Reliability and stability were the major factors influencing the ABM upgrading exercise undertaken during the past year. Several old machines were replaced and new service locations were added to the network to meet the growing demand by customers islandwide, bringing our fleet to 190 across the island.

We also rolled out new card features for our customers who may now conveniently transfer available funds

from their credit card or Scotialine account to their deposit accounts at the ABM or via Internet banking to meet any personal emergency that might arise.

Through a collaborative venture with telecommunications provider, Digicel, Scotiabank customers may also top-up their mobile phones at any of our ABMs. We recently signed partnership agreements with LIME and Claro, the other two mobile service providers to start offering top-up services at our ABMs in early November 2009.

We continue to explore innovative approaches that are relevant and responsive to our customers' varied needs, ever mindful of our responsibility and commitment to constantly monitor and improve all areas of the service environment, to ensure we remain on par with the highest international standards.

### Cards Creating Customer Convenience

The Bank established new frontiers during the year when it collaborated with PriceSmart to launch the first local co-branded store credit card in Jamaica, in March 2009. The Scotiabank PriceSmart Diamond MasterCard® is a credit card which offers significant rewards to cardholders. It also doubles as the PriceSmart membership card and is the only card locally that displays the photograph of the cardholder. Scotiabank PriceSmart Diamond MasterCard® cardholders get started with an attractive welcome bonus, earn up to

3% cash back on purchases at PriceSmart, and receive a 1% rebate for purchases made at other locations.

The Quick Pay Card, which was introduced in 2006, has gained in popularity and is providing safe and efficient access, both for workers and employees. Through this facility, which is offered on the Internet Banking platform, employers provide each worker with a pre-packaged debit card, which is enabled with a Personal Identification Number (PIN) on distribution. At payroll time, the corporate account is debited, individual card accounts are credited, and workers are able to use their card to access their pay, charge-free, at any Scotiabank ABM.

### Alliances Make Strong Statement

In the coming year, we will continue to work closely with our customers and retail partners, with a special focus on educational activities designed to assist customers in the proper management of their credit card accounts, and to equip merchants to handle transactions more efficiently, while reducing their vulnerability to fraud. We remain committed to seeking new and convenient avenues to enhance our products and to add value to our customers.

Alliances with the business community will continue to be an integral part of the Bank's strategic direction in 2010, as we step up our activities to provide value added opportunities for our customers.

### Renewed Focus on Savings

Scotiabank experienced an incremental inflow of savings as depositors once again relied on our track record of being a safe haven, especially in times of uncertainty. All deposit taking arms of the Group recorded significant uptake in various savings options spanning varying tenors, as the banking public sought quality, peace of mind and preservation of wealth.

Our efforts to re-educate and re-focus customers on the personal benefits to be derived from a planned approach to savings with automatic savings via pre-authorized contributions (PAC), yielded positive results during the 2009 fiscal year. Introduced in the last quarter of 2008, the initiative has gained momentum, with a growing number of persons responding to the message 'Savings. It's Possible.' and taking advantage of the hassle-free automated method of saving monthly. This campaign provided the foundation for strong growth in our retail deposits, which increased by 10% over the previous year.

#### MAJOR ACHIEVEMENTS

- Enhancement of the online banking platform to provide more secure, user-friendly service
- Upgrade of ABMs islandwide
- Launch of the Scotiabank PriceSmart Diamond MasterCard®, the first local co-branded store credit card in Jamaica



*The first of its kind, the retail store co-branded Scotiabank PriceSmart Diamond MasterCard® Credit Card is displayed by Ms. Lesley Gordon at the launch at the Knutsford Court Hotel in New Kingston on Tuesday, March 24.*



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## STIMULATING SMALL BUSINESS GROWTH

Despite the challenging global economic environment, there are positive signs that the Small Business Sector remains the centrepiece of many development strategies worldwide.

“At Scotiabank, we have been true to our pledge to assist Small & Medium Enterprises (SMEs) to build a solid foundation on which to grow their businesses, and by extension, the economy. This has seen us providing first class educational opportunities to guide enterprises in making sound business decisions and providing funding to SMEs at single digit interest rates,” explained Patsy Latchman Atterbury, Vice President, Small & Medium Enterprise.

Some of the major activities carried out under the SME umbrella for 2009 included: the administration of the \$400 million SME Development Programme Special Fund; the launch of the Inter-American Investment Corporation’s (IIC) Innovative Small Business Financing Programme (FINPYME); and continuing education through the Scotiabank Chair for Entrepreneurship and Development at the University of Technology (UTECH).

### Financing Development

A reliable source of funding, with reasonable interest rates, is one of the primary needs of small entrepreneurs. The J\$400 million SME Development Programme Special Fund, introduced in 2008, was an unprecedented initiative that cemented the Bank’s commitment to the growth and development of the sector.

An allocation of J\$100 million has also been set aside from the Fund for members of the Micro, Small and Medium Enterprise (MSME) Alliance, which are major beneficiaries of the development initiatives being spearheaded through the Scotiabank Chair at UTECH.

### Major Regional Initiative

Scotiabank’s regional partners helped to consolidate its role in the sector in December 2008 when the Bank signed an agreement with the IIC to support small businesses across the Caribbean.

FINPYME was subsequently launched in March 2009 in Jamaica, as well as the Bahamas, Trinidad & Tobago, Belize and Barbados. Under this programme, companies were exposed to energy conservation measures to bring about lower energy cost, reduced environmental footprint, lower vulnerability to energy price fluctuation, and increased competitiveness.

### The Scotiabank Chair Extends its Reach

During the year under review, members of the MSME Alliance participated in the Enterprise Risk Management Financing Programme (ERMFP), aimed at reducing credit default risk and simultaneously providing capacity building assistance to facilitate growth of MSMEs.

ERMFP is an entrepreneur-friendly support programme developed by The Scotiabank Chair in Entrepreneurship in conjunction with UTECH’s Institute of Law and Economics and funded by the International Development Bank. Its primary role is to assist MSME businesses to become better established, sustainable or upgradeable.

Close to 70 applicants had their businesses evaluated under this programme, which involved a diagnostic assessment. Each business that participated in the programme received a credit rating, reflective of its credit worthiness and readiness for financing.

### Sponsorships and Promotions

We pursued our value proposition, ‘Working together to grow your business’, in association with key stakeholders such as the Jamaica Business Development Corporation, the MSME Alliance, Women Business Owners, the Mona School of Business, the Small Business Development Agency and the IIC. Participants gleaned vital knowledge in a range of areas, including marketing, modern employment practices, financing and record keeping.

Our goal is to develop the capability of the small business operator in making proper management decisions; and proven that the Bank is fully prepared to work with each entrepreneur to identify real opportunities and find the appropriate financial solutions to meet their individual aspirations.

Scotiabank also played an integral role in other small business sector events, including the National Entrepreneurial Conference, the Rural Agricultural Development Authority’s (RADA) Conference and Expo, and the Retirement Seminar hosted by the Young Entrepreneurs Association (YEA) of Jamaica.

### Building on Our Gains

Next year, we will establish the Scotiabank SME Information Hub, which will be integral to our efforts to provide a full service environment to our clients. We will also roll out several new products, each of which will offer unique SME features for the diverse segments of the market that we serve.

We will continue to seek new opportunities for education and capacity-building in the sector and to enhance SME performance in the marketplace through the full use of the Scotiabank Chair and the formation of new alliances in the academic community.

## MAJOR ACHIEVEMENTS

- Partnership with the Inter-American Investment Corporation (IIC) to launch the FINPYME Programme across the Caribbean
- Roll out of the Scotiabank SME Development Programme
- Collaboration through the Scotiabank Chair to undertake the Enterprise Risk Management Financing Programme (ERMFP)
- Staging of the first BNSJ hosted Record-Keeping Seminar for SMEs. Each participant received a licensed copy of QuickBooks® accounting software.

## Working Together to Grow Your Business

Imogene Todd Watson, President of the National Association of Hairdressers and Cosmetologists (NAHC) and owner/operator of La Femme Jolie Beauty Salon and Spa, attributes her new approach to the management of her salon and the positive impact it is having to the entrepreneurial training provided by the Micro Small and Medium Enterprise (MSME) Alliance in collaboration with Scotiabank's Small Business Unit. About 40 persons representing the leadership of NAHC Chapters islandwide have benefited from the four-month programme, and are sharing the information with the wider membership.

Mrs. Todd Watson noted, as she reflected on the business principles to which participants were exposed, "We were taught how to set our goals, keep records, prepare a good business plan and use this to access funding. We learned how to effectively use information technology in our business and we have also come to appreciate the importance of market research in our planning and decision-making. If I had known these things before, my business would have done much better. This programme has been an eye-opener, it has broadened my outlook and it has taken me to a new level," she explains.

The NAHC President recalls that she was about to close her salon because of declining business and high operational costs. However, the entrepreneurial course motivated her to seek innovative approaches, including the diversification of services. The refurbished salon now offers a range of spa treatments, and Mrs. Todd Watson is developing an electronic database, which will facilitate the storage of client profiles and enhance service quality. The sale of hair care products and accessories is among other plans on the drawing board.

A grateful Imogene Todd Watson asserts, "Scotiabank's Small Business Unit has become a forerunner in the banking sector, because it is more customer-friendly. By listening to us and addressing our concerns in a practical way, it stands true to its slogan – *Working together to grow your business.*"



*Mrs. Imogene Todd Watson, proprietor of La Femme Jolie Beauty Salon & Spa, attends to a client, while Mrs. Patsy Latchman Atterbury, Vice President, Small and Medium Enterprise looks on.*

## STIMULATING SMALL BUSINESS GROWTH (CONTINUED)

### Fulfilling a Dream with MEFL



*Mrs. Hyacinth Lewis, micro-finance business owner, shows off her new wares to visiting Operations Manager of Micro Enterprise Financing Limited (MEFL), Mrs. Marguerite Hunt, at the Redemption Arcade in downtown Kingston. The MEFL was established in May 2002 by Scotiabank in partnership with the Canada International Development Agency (CIDA) and the Kingston Restoration Company (KRC). The objective of the MEFL is to be a catalyst of change in breaking the cycle of poverty. Through this programme, residents in vulnerable communities can gain access to collateral-free financing to start sustainable micro-businesses.*

Hyacinth Lewis has always had a passion for business. When she was made redundant from her job as a machine worker in 2002, she launched full-time into selling clothing, footwear and personal care items.

On the recommendation of a friend, she approached Micro Enterprise Financing Limited (MEFL) for a startup loan. Since receiving her first loan of J\$10,000, Miss Lewis has taken 11 other loans from MEFL, and she has never been late or missed any of her weekly payments. As a result, she was among the 45 top clients honoured by the Company in 2009.

A true entrepreneur, she has expanded her business, which also includes a shop, operated by her aunt in the Redemption Market, and she now employs two assistants at the Matthew's Lane/West Queen Street location.

"MEFL is not only concerned about its money," Miss Lewis states. "The Company provides strong support for me and a Field Officer visits me regularly to ensure that my business is doing well. I have learned to operate on a budget, to record my expenses and daily sales in a Cash Book, to keep the receipts from my purchases, and also to assess my performance at the end of every week, as well as to plan ahead," she explains.

"I have gained confidence in my ability to manage the business and this is allowing me to fulfill my dream of being a successful entrepreneur," she states.

## CUSTOMER ASSISTANCE PROGRAMME: RELIEF THAT COUNTS

The financial security of our customers is the focal point of our operations at Scotiabank, especially in the context of the present global financial crisis, which had a ripple effect on the national economy and adversely affected customers at all levels.

“We recognized very early that the worsening financial environment would negatively impact our clients’ disposable incomes and that this, in turn, would pose a challenge for them in repaying their debt in the short-term. Our major strategy during the year under review, therefore, was to identify solutions that would assist credit customers to withstand the economic downturn and, at the same time, protect our shareholders,” says Mr. Wayne Powell, Executive Vice President, Branch Banking.

The result of the proactive stance adopted by Scotiabank was the Customer Assistance Programme (CAP) launched in January 2009. Through this initiative, the Bank has already assisted customers with total loan balances amounting to just under J\$3 billion.

While providing credit customers who are in good standing with flexible options for managing and maintaining their credit obligations, CAP is also providing timely relief for persons who are experiencing a temporary reduction in their income and cash flow and for individuals who experienced job loss. At the same time, the initiative is also helping to reduce the risk which the anticipated high rate of delinquency and the associated losses in our loan portfolio would pose to the Bank. It has also enhanced our customer relationships by generating goodwill among beneficiaries.

### Proactive Approach

This relief package was designed especially for retail and small business customers who have consistently maintained a good credit record.

Mr. Powell notes that the Bank has taken a proactive approach which involves an ongoing review of account history statistics and monitoring of weekly past due accounts and demand loans.

The nature of the customer’s business and the industry in which it operates are also considered in the review process, to determine how the business has been impacted by the economic crisis and whether the difficulties are expected to be short-term.

Beneficiaries of the programme are given the opportunity of consolidating their revolving debts and non-revolving loans into a single non-revolving loan. Some customers have been offered moratoriums of up to six months on the payment of principal.

“Repossessions and foreclosures are a last resort, even in the case of customers who have a poor credit history, and

do not qualify for the CAP benefits,” Mr. Powell asserts. In these circumstances, the Bank is assisting customers in difficulty to consolidate their debt, using standard commercial procedures or to use readily realizable collateral to liquidate the debt.

Scotiabank is a critical stakeholder in the operations of our commercial customers, helping to guide the effective management of their finances; and we continue to build on this relationship. In what has been a most challenging year for business, our competent team of Relationship Managers successfully averted unnecessary dislocation and, where necessary, developed individual solutions to resolve cash flow and income reduction difficulties.

### Committed Partner

While CAP is not a long-term credit solution, Scotiabank is committed to finding ways to assist customers through the economic crisis during the coming fiscal year, as we expect that the recession will continue well into 2010.

### MAJOR ACHIEVEMENTS

- Forerunner in introducing a Customer Assistance Programme in response to the economic crisis
- Many small business operators have withstood the economic crisis with the help of CAP
- The retail credit customer base has benefited from CAP, with total loan balances amounting to just under J\$3 billion



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## REVOLUTIONIZING OUR CORPORATE PHILANTHROPY

In 2009, Scotiabank Group and its philanthropic arm, the Scotiabank Jamaica Foundation (ScotiaFoundation) made a fundamental change in the methodology of giving back to communities. Partnerships were forged with organizations with a similar corporate philanthropy outlook and we were able to leverage these alliances to have more far-reaching effects on the less fortunate in our country.

An overall donation of approximately \$612 million was made to new and ongoing programmes to improve the delivery of health care, create educational opportunities, recognize and motivate academic excellence and stimulate community development.

### Fostering Entrepreneurship

This past year, the Foundation handed over its second tranche of \$6.5 million to fund the Scotiabank Chair in Entrepreneurship and Development at the University of Technology. We supported the ongoing programme of small business advocacy and education to complement the work of our Small Business Banking Division.

### Nurturing Young Minds

The fostering of educational opportunities to provide a tangible 'head start' has been identified as the cornerstone of our Foundation's Student Care Programme, which touches the lives of more than half a million primary school children across the island.

This year, we awarded 16 new scholarships to outstanding performers in the Grade Six Achievement Test (GSAT). Eleven of the awardees attended inner city primary schools; three were recognized for receiving the highest scores in each county and two were granted to the Top Boy and Girl in the island. In addition, some 140 new and continuing students benefited from varying levels of financial assistance under our Student Care Programme.

We recognize that good nutrition is a critical element in the learning process and the ultimate success of our children. Consequently, the Breakfast Programme, under which more than 550 students from five schools in the Corporate Area and rural parishes were fed on school days, was an integral part of our Student Care Programme during the past year.

"The school's Breakfast Programme is having a positive effect on the nutritional status, attendance, curricular and extra curricular activities and most significantly, improved behaviour among our students," Principal of Holy Family Infant & Primary Schools, Ms. Cecille Palmer, said.

### A Healthy Society is a Wealthy Society

The health and well-being of our people are intrinsically tied to our country's level of productivity, and impacts its growth and development. Our cadre of staff volunteers across the Scotiabank Group assisted us in bringing health issues such as the need to create a culture of blood donation and HIV/AIDS testing, to national attention.

In Accident and Emergency Care, the Foundation continued to maintain equipment at the Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies. Our volunteers raised half the funds, with the Bank providing the matching amount for a \$5 million Intra Aortic Balloon Pump. This machine is used to provide the heart with more oxygen and as such blood circulation, cardiac output and the heart rate are improved in patients suffering from stroke or heart failure. It is currently the only one in the island for the treatment of adults.





### Partnerships Making a Difference - Shaggy and Bustamante Hospital for Children

The Shaggy I Dare You benefit concert for the Bustamante Hospital for Children created an opportunity for 150 ScotiaVolunteers to assist in making the concert a success, and raised some \$27 million to procure equipment for the Hospital.

### National Blood Transfusion Service: The Blood Bank

We launched the Scotiabank Inaugural Annual Blood Drive in April 2009 in partnership with the Blood Bank. The drive collected a record 570 units, surpassing the target of 500. The first 120 units went to the Bustamante Hospital for Children to facilitate heart surgeries, and the ScotiaFoundation also committed \$5 million to the hospital to assist with these procedures.

### Hope Charitable Services & Kingston Public Hospital

In April, Mustard Seed's 'Martha's House' in Kingston, which cared for children infected with HIV and AIDS, was destroyed by fire. We partnered with Hope Charitable Services, a group of volunteers from the United States, to bring in bedding and clothing supplies to meet the needs of the children. This alliance also resulted in a partnership to help source equipment to set up an orthopaedic operating

theatre, and expand our Scoliosis and Spine Care Programme at the Kingston Public Hospital (KPH).

For the second consecutive year, KPH made its operating theatre available in August and September to facilitate our Scoliosis and Spine Care Programme. Corrective surgery was performed on six girls and two boys, selected from a waiting list of 140 persons. Scotiabank donated \$2.7 million to purchase the rods and screws for these operations.

### Ministry of Health and Caribbean Broadcast Media Partnership

On June 26, HIV Testing Day, Scotiabank teamed up with the National HIV/STI Programme of the Ministry of Health, the Caribbean Broadcast Media Partnership and the Pan Caribbean Partnership against HIV/AIDS for the second year of the Know Your Status Campaign to reduce the number of cases. More than 1,600 persons were tested at nine Scotiabank branches across the island.

### Food For The Poor & Kiwanis Club of Providence

A family with nine children in Comfort Castle, Portland, was the beneficiary of a house which the ScotiaVolunteers built on Labour Day in their continuing partnership with Food For The Poor. The volunteers and the charity agency also collaborated with the Kiwanis Club of Providence to erect and

furnish a house for a single mother with six small children in Hurlock, St. James. Both houses were constructed at a total cost of \$2 million.

### Ministry of Education

Our ongoing partnership with the Ministry of Education enabled the Bank to execute the third year of the Speak Up! Speak Out! Education Programme among 138 schools.

In November, the Bank also hosted a Parenting Seminar for 250 parents in western Jamaica, focussing on the topic of *Sexuality and HIV/AIDS*.

### Road Safety Education Unit: Police Traffic Headquarters

Our partnership with the police resulted in the creation of a Street Smart! Street Safe! Road Safety Instructional Video. Scotiabank gained international recognition for this programme when it received a *Gold Camera Award* and *two Certificates of Excellence* at the International Film and Video Festival, California, USA.

### Key Priorities

The key priorities for 2010 will be to continue to expand the work of the Foundation, leverage our network of volunteers across the island and support projects in the communities in which they live and work.

### MAJOR ACHIEVEMENTS

- Collected a record 570 units of blood in Scotiabank's Inaugural Annual Blood Drive
- More than 1,600 persons tested for HIV/AIDS on June 26, HIV Testing Day
- Donation of the only Intra Aortic Balloon Pump for adults in the island to the University Hospital of the West Indies

## Kedsha's New Lease on Life



*Brimming with confidence after a successful corrective surgery for her Scoliosis, Kedsha Reid stands tall on the lawns in front of Shortwood Teachers' College, where she is currently pursuing studies in Early Childhood Education.*

Today, Kedsha Reid literally stands tall, following a lifesaving operation which Scotiabank sponsored in December 2008 to correct the curvature of her spine, due to Scoliosis which she suffered for some eight years.

Her aunt, Miss Valerie May, recalls the family's distress as they watched Kedsha suffer, knowing that they could not afford the cost of the corrective surgery, and marvels at the dramatic change in her niece, who graduated from the Merl Grove High School in 2008.

Kedsha, now enrolled in the Early Childhood Education programme at the Shortwood Teachers' College, resumed classes in May 2009, three months after the procedure.

"Scotiabank has saved the day for us and changed our lives. The Bank continues to assist the poor, and I hope that one day, we will also be able to make a difference in someone else's life," a thankful Miss May adds.

## DEVELOPING YOUTH THROUGH SPORTS

Sports touch the lives of everyone, and are an effective vehicle for promoting human development. At Scotiabank Jamaica, we recognize the invaluable contribution of sports in the development of our youth as it serves to inculcate vital life skills and shape character. This has guided our strategic support of programmes in this arena.

“Our holistic approach to the development of sound minds and bodies through sports, has been a major part of our focus on youth. We are pleased to sponsor programmes that give us an opportunity to assist in the advancement of sports, play an active role in developing young talent and create avenues for that talent to shine,” Senior Vice President, Marketing & Products, Mrs. Heather Goldson, notes.

### Netball

During the year under review, we extended our partnership with the Jamaica Netball Association (JNA) by sponsoring the Scotiabank Beginners Umpire Programme. This initiative is an off-shoot of the Scotiabank Netball Training Camp (Under-13 Nursery Programme), which was launched in 2007, and through which future generations of ‘Sunshine Girls’ are being groomed. Eighteen girls from the Under-13 Nursery Programme were among the first batch of persons selected for the new umpire training programme, which also targets coaches.

Meanwhile, 16 of the 40 girls who graduated from the two-year Nursery Programme have moved up to the JNA’s Under-16 programme, co-sponsored by Scotiabank.

### Tennis

Mr. Lockett McGregor, Tournament Co-ordinator for Tennis Jamaica, describes the Bank’s contribution to this sport over the past nine years as invaluable. “The annual Scotiabank Open Amateur Doubles Tennis Championship has not only provided an opportunity for junior players to develop their skills, but has also created an avenue through which several participants have won scholarships to educational institutions overseas,” he explains.

The Championship continues to grow, and this year, more than 100 players competed in the event held in July.

The other programme that we support is the Scotiabank Top 16 Invitational Tennis Tournament, which serves as the training ground for the prestigious Davis Cup Competition.

### Football

The Inter-Secondary Schools Sports Association (ISSA)/Pepsi/Digicel Schoolboy Football Competition through which the majority of players are identified for the national programme, is another developmental area that Scotiabank supports.

In the year just ended, some 2,332 players, representing 106 schools islandwide, participated in the Competition, which culminated with St. George’s College winning both the Manning Cup and Olivier Shield. St. Elizabeth Technical High School claimed the DaCosta Cup title, with Jamaica College taking the Walker Cup, and Glenmuir High School lifting the Ben Francis Cup.

### Cricket

As The Official Bank of West Indies Cricket, Scotiabank has played an important role for more than 10 years in promoting and developing this sport, especially among the youth through our exclusive sponsorship of the Scotiabank Kiddy Cricket programme. This programme teaches boys and girls ages 7 to 12 in primary schools how to play the game and creates a framework within which we can celebrate the rich heritage of Caribbean cricket, while promoting sustained growth of the sport among future generations.

We were also the proud sponsor of the Scotiabank/Jamaica Cricket Association (JCA) Prep Schools’ Cricket Competition for the second consecutive year, contributing \$2.5 million towards gears, equipment and the overall execution of the 2009 competition. Forty-six schools vied for the All-Island Prep Schools’ Championship Trophy with Monymusk Prep School defeating Hydel Prep School to take the trophy home in the finals.

## DEVELOPING YOUTH THROUGH SPORTS (CONTINUED)

The top 20 performers in the Competition were invited to participate in the Inaugural Scotiabank/JCA Prep School Cricket Camp at Sabina Park for a week-long programme in July. The young players received one-on-one instruction under the expert direction of cricket legend and former West Indies Captain - Jimmy Adams, who was ably assisted by former Jamaica Captain and West Indies player, Robert Samuels, and the former Jamaica player and current National Under-15 Coach, Terrence Corke.

Jimmy Adams, the Technical Director for the Jamaica Cricket Association, has lauded Scotiabank for its role in

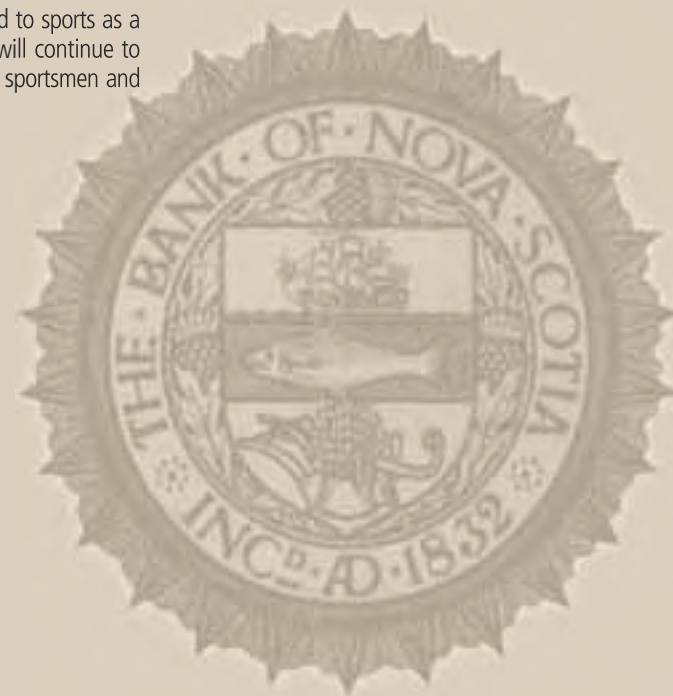
the development of the sport, especially among junior players.

“The initiatives spearheaded by Scotiabank are giving us the potential to identify our better players and place them in an elite programme at an earlier age. By laying a foundation at the grassroots level, we are paving the way for a better pool of players for the future,” he states.

Scotiabank Jamaica remains committed to sports as a medium for youth development and will continue to foster a nurturing environment for our sportsmen and sportswomen to excel.

### MAJOR ACHIEVEMENTS

- Launch of the Scotiabank Netball Beginners Umpire Programme to develop technically competent officials for the sport
- Sponsorship of Malysa Kelly, a member of Jamaica’s successful team at the 2009 World Youth Under 21 Netball Championships
- A record 100 plus participants in the annual Scotiabank Open Amateur Doubles Tennis Championship
- Successful launch of Scotiabank/JCA Prep School Cricket Camp for top Prep School players



## CRICKET

Below: Scotiabank/JCA Cricket Camp participants with Coaches - Jimmy Adams (centre), Robert Samuels (left) and Terrence Corke (right) and Scotiabank's Director of Marketing Services, Joan Forrest Henry



Above:  
Kiddy Cricket action

# Scotiabank - Committed to the Development of Jamaica's Youth Through Sports

## FOOTBALL

Below: Bridgeport High School and St. George's College compete in the Manning Cup Final



Above: Monymusk Prep School's Team All-Island champions of the Scotiabank/JCA Prep Schools' Cricket Competition celebrate their victory over Hydel Prep School in the final



## NETBALL

Left: The National Under-16 Team  
Above: The National Under-13 Team



## TENNIS

Left and above: Scotiabank Open Amateur Tennis Championship participants in action on the courts



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# T H E E V O L U T I O N O F B A N K I N G

## ENRICHING CUSTOMER EXPERIENCE

At Scotiabank Jamaica, our overarching objective is to deliver a world-class experience to our customers whenever and wherever they interact with the companies in our Group.

Service is the centerpiece of all our transactions and client relationships. "Our main priority was to strengthen our service response process in addressing customer concerns. We have made significant improvements in tracking this aspect of our operations since we rolled out the Counselor for Service complaints management system across our retail network in January 2009. With the assistance of this new management tool, staff is able to capture and log grievances electronically, refer issues to supervisors or other departments for appropriate action where necessary, and provide timely responses to our customers," says Miss Walrond, Senior Vice President, Customer Experience, Technology Innovation & Projects.

### Accountability in Focus

The system is now being extended to our subsidiaries and it is affording a higher degree of accountability, while also facilitating performance assessment across individual branches and business units. This, in turn, has enabled our Customer Experience team to develop a broader perspective of the root causes of complaints, as well as to identify relevant solutions for organizational problems. A resulting 92% of customer complaints are now satisfactorily addressed within targeted time frames.

### Reward and Recognition

Studies have shown that good performance is likely to decline unless it is recognized, and that positive feedback from management can reinforce outstanding achievement by employees.

Our Service Stars and Applause Programmes, were brought on stream during the year, and were strong motivators for our employees. 'Catch them doing it right' is the motivational theme for our Service Stars programme, which provides on the spot assessment and recognition for outstanding performers.

At another level, the Applause Programme, which facilitates peer recognition from management and line staff alike, also offers tangible rewards.

Our service tracking initiatives will be extended throughout the organization along with intensive training at the supervisory level to ensure that the focus on customers is integrated throughout the organization and exceptional service becomes a way of life for employees at every level.

### Contact Centre Growing

Our Contact Centre has evolved into a modern, multifaceted service hub, providing reliable, seamless and efficient support for our 40 branches and subsidiaries seven days a week, 24-hours a day. Over the past year, the Contact Centre has expanded its service portfolio to include outbound sales; and as an active player in the local market, we have become a real contributor to revenue growth in the Scotiabank Group. Our reputation for quality

performance has placed us in a favourable position to exploit new opportunities in the regional marketplace. Along with our sister company in Trinidad & Tobago, we have been selected to provide call centre sales and service on behalf of Scotiabank across the English-speaking Caribbean.

### Strengthening Service Links

In 2010, we will shift our focus outside of our traditional branches to facilitate improved access to convenient and efficient person-to-person services and ensure that banking with Scotiabank continues to be an enriching customer experience.

### MAJOR ACHIEVEMENTS

- Launch of **Counselor for Service** complaints management tool in branches and subsidiaries. Improved employee accountability and performance
- Corporate culture of excellence reinforced by **Service Stars** and **Applause** Programmes
- Contact Centre's quality service opens up opportunity for expansion into regional market

# The Evolution of Banking

## Corporate & Commercial

- Demand Loans
- Letters of Credit
- Lines of Credit
- Trade Finance

## Retail

- Savings & Chequing Accounts
- Retail Term Deposits
- Debit Cards
- Short/Medium/Long Term Loans
- Credit Cards
- Electronic Banking & Merchant Services

## Small Business

- Executive and Business Credit Cards
- Credit Line
- Chequing Account
- Demand Loans
- Electronic Business Banking Services



## Wealth Management

- Securities Trading
- Pension & Asset Management
- Stock Brokerage
- Insurance
- Unit Trusts & Mutual Funds
- Private Client Group Services

## Treasury

- Foreign Exchange Trading
- Loan Syndication
- All Currency Term and Call Deposit Rates
- Structuring of Non-standard Loans

## Mortgages

- Home Improvement
- Purchase Land
- Build a House
- Buy a Home

## Insurance

- Life Insurance Products
- Long-Term Savings
- Credit Insurance
- Retirement Planning



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## T H E E V O L U T I O N O F B A N K I N G

### CORPORATE HUMAN RESOURCES - AN EVOLVING CULTURE OF PROFESSIONALISM

Scotiabank Group continues to hone the skills of its employees, and to equip them to implement and deliver the Scotia brand of service, which is central to the culture of professionalism that permeates every aspect of the Group's service delivery.

Last year, the Group's key strategies included the efficient use of per capita training and benefits cost to support business needs; and to improve efficiencies through employee engagement research and application.

"We also sought to ensure that compensation and benefits were a competitive advantage in attracting the brightest and the best to our company, and provided our employees with access to a wide cross section of training opportunities, which would not only enhance their individual performance, but contribute to higher levels of retention," Michael Jones, Senior Vice President, Human Resources, disclosed.

Our employees were able to participate in online training programmes for self directed learning, at their own pace; and they also continued to participate in REAP - the Rotation, Exposure, Apprenticeship Programme - which provided intensive cross-training in different departments and units, to build staff awareness about the full scope and operations of the Group.

The Scotiabank Group also continues to support the educational achievements of our staff members through funding of scholarships and educational assistance for specific programmes of study.

We established 'On Location' during the second quarter of the year, to give our employees the opportunity to interact face-to-face with the President and CEO, which has been instrumental in building clear lines of communication between the President and a wide cross section of our staff.

We established the Scotia Ambassador Awards Programme with the objective to reinforce our core values among our employees. This programme earned the 'Silver Star Leader in HR Innovation Award' from the Human Resource Management Association of Jamaica.

The Employee Consultations and Ombuds Services organized a series of in branch workshops under the slogan *Taking ECOS to You*. These sessions were instrumental in assisting our employees to improve their interpersonal and communication skills; resolve individual and team issues, including stress management; and share leadership challenges and explore best practices.

Other strategic objectives include the further leveraging of the internal communications infrastructure, such as the intranet, increased use of the HR metrics for internal and external benchmarking; as well as the adoption of learning organization initiatives to drive knowledge retention and capability development.

#### MAJOR ACHIEVEMENTS

- Launch of Scotia Ambassador Awards Programme to reinforce our core values among our employees
- Establishment of 'On Location' to provide opportunity for employees to engage in dialogue with the President
- Silver Star Leader in HR Innovation: 2nd Place awarded by the Human Resource Management Association of Jamaica for Scotia Ambassador Awards Programme



## OUR 2009 AWARDS

- **Best Bank in Jamaica**  
– Latin Finance Magazine
- **Best Bank in Jamaica**  
– Euromoney Awards for Excellence
- **Best Banking Group, Jamaica**  
– World Finance Magazine Awards
- **Best Internet Banks in Latin America**  
Category – Best Consumer Internet Bank  
– Global Finance Magazine
- **Best Foreign Exchange Bank**  
– Euromoney Magazine
- **Best Foreign Exchange Bank & Providers, Jamaica**  
– Global Finance Magazine
- **The Governor General's Award for Excellence**  
Scotia DBG Investments Ltd.  
– Jamaica Stock Exchange Best Practices Awards
- **Best Practices Annual Report**  
Joint 1st Runner up, Scotia DBG Investments Ltd. & Scotiabank Group  
– Jamaica Stock Exchange Best Practices Awards
- **Best Practices Website - Brokerage**  
1st Runner Up, Scotia DBG Investments Ltd.  
– Jamaica Stock Exchange Best Practices Awards
- **Best Practices Corporate Disclosure & Investor Relations**  
2nd Runner Up, Scotiabank Group  
– Jamaica Stock Exchange Best Practices Awards
- **Best Practices Website – Listed Company**  
2nd Runner Up, Scotia DBG Investments  
– Jamaica Stock Exchange Best Practices Awards
- **MasterCard's Regional Quality Award**
- **Human Resources Silver Star Innovation Award**  
for Scotia Ambassador Programme  
– Human Resources Association of Jamaica
- **Employer of Choice**  
Sectional Award, Learning and Development Opportunities  
– Jamaica Employers' Federation
- **Bright Future – Philanthropy Country Award**  
– Scotiabank, Toronto
- **Top Performer – Philanthropic Contribution**  
– Scotiabank, Toronto
- **Gold Camera Award**  
for demonstration video on road safety  
- *Street Smart! Street Safe!*  
– International Film and Video Festival
- **Certificate of Creative Excellence**  
in the category Public Issues and Concerns, Corporate for demonstration video on road safety - *Street Smart! Street Safe!*  
– International Film and Video Festival
- **Certificate of Creative Excellence**  
in the category Public Issues and Concerns, Educational for demonstration video on road safety *Street Smart! Street Safe!*  
– International Film and Video Festival





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# T H E E V O L U T I O N O F B A N K I N G

## MANAGEMENT'S DISCUSSION & ANALYSIS

### OVERVIEW

#### PRINCIPAL ACTIVITIES

Scotia Group Jamaica Limited (Scotia Group) is one of the largest banking and financial services organisations in Jamaica, with assets of \$316 billion as at October 31, 2009. Scotia Group delivers banking, mortgage-financing, investment, and insurance services, through its main subsidiaries to a wide base of personal, commercial, corporate, and government clients across Jamaica.

Scotia Group has been operating in Jamaica for over 120 years and is supported by a network of some 53 offices, and 2,273 employees. Our parent company, The Bank of Nova Scotia, is headquartered in Toronto, Canada.

#### STRATEGIC DIRECTION

Scotia Group's strategic direction reflects our commitment to being the institution of choice in the financial sector to the benefit of our customers, shareholders and staff. Our strategy is therefore aligned to both the changing needs of our diverse customer and employee base, while generating sustainable, profitable growth in all our business lines.

Our strategic focus over the next three to five years will be building our business on three key pillars: efficiency, non-branch sales and service, and customer relationship management.

Our efficiency pillar will focus on leveraging our position as one of the largest financial services groups in Jamaica, as

well as Scotiabank's presence in the wider Caribbean to achieve economies of scale and best practices. Process reengineering will become an ongoing mantra for the Group as we consolidate similar support functions and services across the Group and across the region.

The pillar of non-branch sales and service will focus on delivering innovative alternative channels for doing business with us while lowering the cost of operations. This supports our customers' need for convenience and flexibility by making our products and services more accessible at more locations and for longer periods. We will therefore continue to explore new operating models, alliances and technologies that meet this goal.

Finally, the pillar of customer relationship management will focus on strengthening our customer relationships and delivering a seamless customer experience across all the companies of Scotia Group. We will develop and implement systems and processes that will allow us to not only recognise the needs of our customer base, but also guide us in enhancing our value proposition to each of our customer segments.

We are confident about the strategic direction of the Group, and will be able to execute our strategies based on our committed team and infrastructure, which is supported by the global strength of Scotiabank, and the strength of our capital base.

#### FINANCIAL RESULTS

Scotia Group delivered an improved financial performance and exceeded our key financial targets for 2009.

Net income available to common shareholders was \$11,152 million, an increase of \$1,761 million or 19% when compared to the same period last year.

Our strategy of diversification across business lines has served us well, as our insurance and investment management business lines showed significant growth during the year. The performance of our banking and residential mortgage business lines was commendable, against the background of the downturn in the economy, which resulted in weak loan demand and higher credit losses. Each business line made a solid contribution to asset growth and increased profitability for the Group.

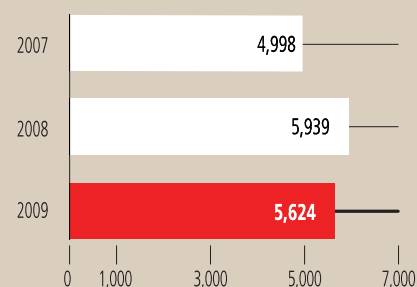
Earnings per share for the year was \$3.58, compared to \$3.02 last year and return on average equity remains very strong at 26.35%, compared to 25.28% for the same period last year.

- Earnings per share of \$3.58, up 19% compared to last year
- Return on Average Equity 26.35%, compared to 25.28% for last year
- Productivity ratio of 56.29%, compared to 54.07% for last year
- Dividend of \$1.39 per share, up 7% compared to last year

## Net Income Attributable to Common Shareholders by Subsidiary

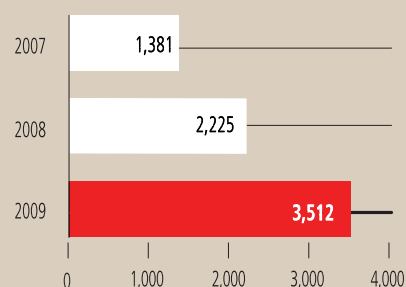
### The Bank of Nova Scotia Jamaica Limited

(JMD\$ millions)



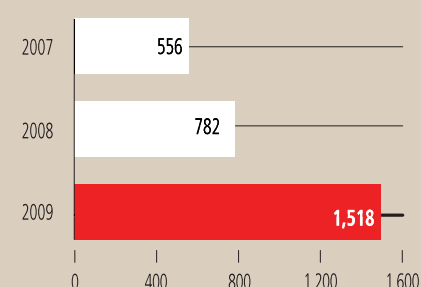
### Scotia Jamaica Life Insurance Company Limited

(JMD\$ millions)



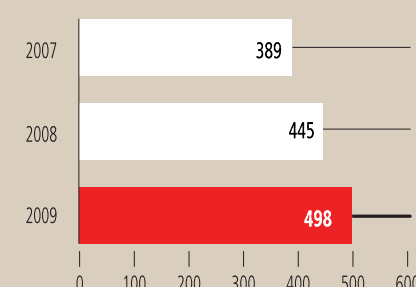
### Scotia DBG Investments Limited

(JMD\$ millions)



### The Scotia Jamaica Building Society

(JMD\$ millions)



## Total Shareholder Return

For the year ended October 31	2009	2008	2007	2006	2005
Ordinary Shares in issue ('000)	3,111,573	3,111,573	3,111,573	2,927,232	2,927,232
Closing market price (\$ per share)	18.38	20.23	21.25	22.06	21.14
Market Capitalisation ('000)	57,190,712	62,931,564	66,105,368	64,574,738	61,881,684
Dividend paid (\$ per share)	1.39	1.30	1.19	1.07	1.00

	Dividends Reinvested			Share Price Movements		
	Over 1 Year	Over 3 Years	Over 5 Years	Over 1 Year	Over 3 Years	Over 5 Years
SGJ Shareholder return	-5%	-3%	-8%	-12%	-19%	-30%
Benchmarks:						
JSE Index	-12%	-1%	-23%	-14%	-6%	-23%
JSE Select Index	-26%	-26%	N/A	-28%	-26%	N/A

## SHAREHOLDER RETURN

Our total shareholder return (including both dividends and change in price of the Group's common shares) was -5%, which compares favourably with returns on other listed companies on the JSE Index (-12%) and the JSE Select Index (-26%). Shareholders continue to receive quarterly dividends, which totalled \$1.39 per share for this year, an increase of 7% over 2008.

We remain focused on achieving sustainable, long term earnings growth and stable dividend income streams to our shareholders.



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## MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

### GROUP FINANCIAL PERFORMANCE

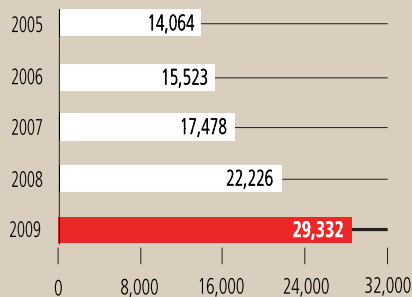
#### Total Revenue

Total revenue was \$35,188 million in 2009, an increase of 23% or \$6,628 million over the prior year. Scotia DBG and Scotia Insurance had exceptional growth in total revenues stemming from higher portfolio yields coupled with volume increases, particularly during the first three quarters of the year. Our Corporate and Commercial Banking Division also experienced higher revenues due to solid growth in loan volumes.

#### Net Interest Income

Net Interest income was \$29,332 million in 2009, reflecting an increase of \$7,106 million over last year. We achieved growth in net interest income due to strong portfolio volume growth and higher interest income from investment securities. The Group's average earning assets during the year increased by 6.8% to \$279 billion, while the net interest margin (net interest income as a percentage of average earning assets) increased relative to the previous year by 200 basis points to 10.5%.

#### Net Interest Income (\$ millions)

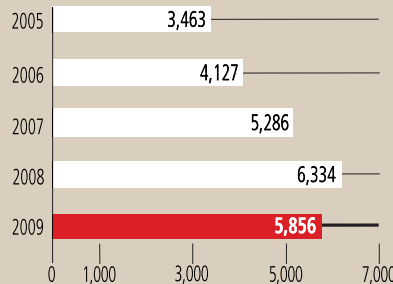


#### Other Income

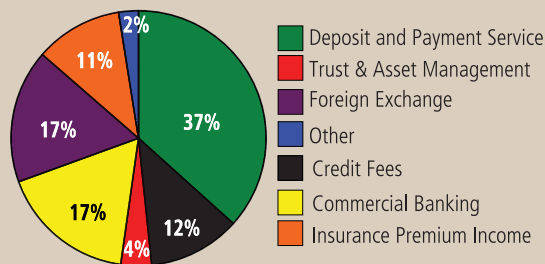
Other Income, defined as all income other than interest income, amounted to \$5,856 million for the year, representing a decrease of \$477 million when compared with last year. Included in Other Income are the gains resulting from the issue of common shares to Visa members consequent to the reorganization of Visa Incorporated. The gain in 2009 was \$53 million compared to \$457 million in 2008. If these gains were excluded from both years, the reduction in other income would be marginal (1.2%).

The larger portions of our income came from deposit and payment service fees (37%), commercial banking fees (17%) and foreign exchange trading (17%).

#### Other Income (\$ millions)



#### Other Income

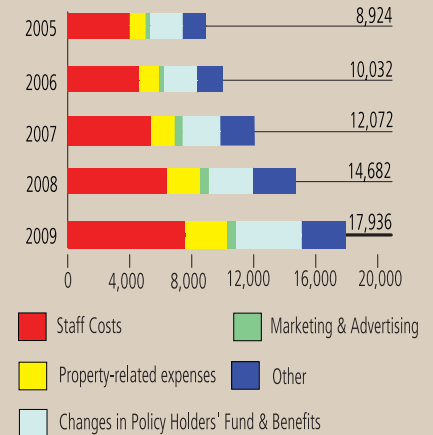


#### Non-Interest Expenses

Non-Interest expenses, excluding changes in policyholders' reserves and loan loss provision, totalled \$13,716 million in 2009, an increase of \$1,872 million from last year. Salaries and employee benefits, the largest component of our expenses, totalled \$7,603 million, up \$1,195 million or 15.7% from last year. Our profit per employee ratio increased 17% over the prior year.

Property and systems related expenses totalled \$2,694 million in 2009, an increase of \$324 million or 13.7% from last year. This was driven mainly by increases in systems and computer related expenses.

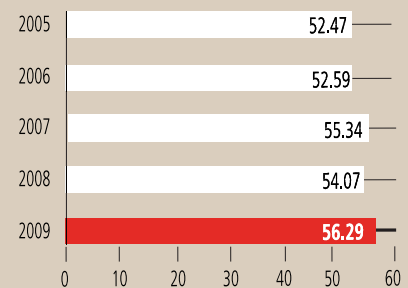
#### Non Interest Expenses (\$ millions)



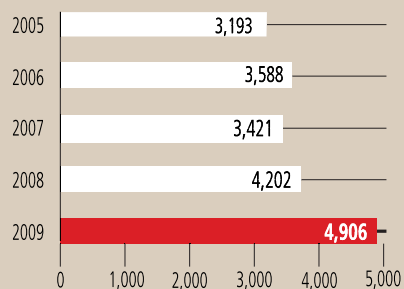
The change in Policyholder's Funds and Benefits reflect the growth in liabilities during the year combined with benefits paid out commensurate with the growth in the insurance business.

Our productivity ratio, non-interest expense as a percentage of total revenue, was 56.29%, compared with 54.07% in 2008. The decline in productivity in 2009 is attributable primarily to the \$1,114 million increase in loan loss provisions (which are included in non-interest expenses for the purposes of calculating the productivity ratio). Despite this, our productivity ratio remains below the international benchmark of 60%.

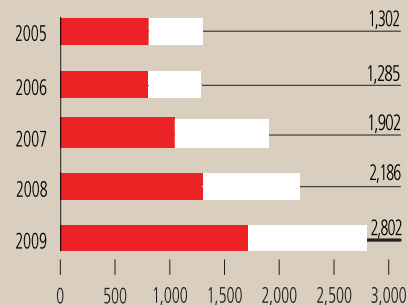
#### Productivity Ratio (%)



### Profit Per Employee (\$ thousands)

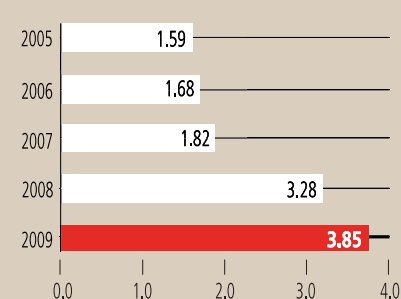


### Loan Loss Provisions (\$ millions)



■ Loan Loss Reserve □ Loan Loss Provision

### NAL as a % of LOANS (%)



We will continue our focus on finding new ways of improving operational efficiency by consolidating and streamlining processes and structures, eliminating duplication, and sharing best practices throughout our network.

#### Taxes

In 2009, the provision for income and deferred taxes was \$3,774 million, up \$279 million or 7.9% from last year.

This resulted in the Group's overall effective tax rate being 24.5%, compared to 26.6% for last year.

#### Credit Quality

The current economic climate has heightened the role of our credit adjudication process, as delinquency control becomes even more important. Continuous enhancement of loan underwriting policies, and tight management of past due loans was carried out during the year by the

Group's Credit Risk and Asset Recovery units. In the context of the effects on our customers of the global economic downturn, we took proactive steps to mitigate the impact on the quality of the Group's loan portfolio. In the first quarter of the year, we launched the Customer Assistance Programme for our retail customers and in the second quarter, a similar programme was rolled out for our Small and Medium Enterprise borrowers. These programmes provided tangible assistance to our customers.

Non-performing loans (NALs) as at October 31, 2009 totalled \$3,587 million (2008: \$2,971), representing 3.85% (2008: 3.26%) of total loans and 1.14% (2008: 1.06%) of total assets.

The loan loss provisions for our non-bank entities are determined by the International Finance Reporting Standards (IFRS). In the case of our banking entities, BNSJ, SJBS and Scotia DBG Merchant Bank, the total loan loss provisions and reserves reflect the higher of the IFRS provisions and the Bank of Jamaica regulatory provisions.

The Group's loan loss provisions as determined by IFRS are based on the present value of the expected future cash flows of non-performing loans. Regulatory (BOJ) loan loss provisions in excess of the IFRS loan loss provision are dealt with as a non-distributable loan loss reserve. The table overleaf shows the movement in the IFRS and Regulatory provision for the past three years:

Taxation Charge	2009	2008	2007
Profit Before Taxes	15,379,659	13,119,095	10,167,221
Current Income Tax:			
Income tax calculated at 33 1/3%	2,681,103	2,431,611	2,143,822
Income tax calculated at 30%	194,427	192,037	164,227
Premium tax calculated at 3%	81,383	93,199	81,226
Investment Income tax calculated at 15%	447,420	183,590	122,913
	<b>3,404,333</b>	<b>2,900,437</b>	<b>2,512,188</b>
Deferred Income Tax	369,867	594,601	44,973
<b>Taxation Charge</b>	<b>3,774,200</b>	<b>3,495,038</b>	<b>2,557,161</b>
Effective Tax Rate	<b>24.54%</b>	<b>26.64%</b>	<b>25.15%</b>



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## MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

### Loan Loss Provision Analysis (\$'000's)

	2009	2008	2007
<b>Gross Loans</b>	<b>93,264,752</b>	<b>90,581,393</b>	<b>77,523,109</b>
<b>Non Accrual Loans</b>	<b>3,587,030</b>	<b>2,970,714</b>	<b>2,109,177</b>
<b>IFRS Loan Loss Provisions</b>	<b>1,086,441</b>	<b>884,314</b>	<b>856,542</b>
Represented by:			
Specific Provisions	826,661	612,086	666,720
General Provisions	259,780	272,228	189,822
<b>IFRS Loan Loss Provision as a % of Gross Loans</b>	<b>1.2%</b>	<b>1.0%</b>	<b>1.1%</b>
<b>IFRS Loan Loss Provision as a % of Non Accrual Loans</b>	<b>30.3%</b>	<b>29.8%</b>	<b>40.6%</b>
<b>Loan Loss Reserve</b>	<b>1,715,750</b>	<b>1,301,215</b>	<b>1,045,600</b>
<b>Total Regulatory Loan Loss Provision</b>	<b>2,802,191</b>	<b>2,185,529</b>	<b>1,902,142</b>
<b>Total Regulatory Loan Loss Provision as a % of Gross Loans</b>	<b>3.0%</b>	<b>2.4%</b>	<b>2.5%</b>
<b>Total Regulatory Loan Loss Provision as a % of Non Accrual Loans</b>	<b>78.1%</b>	<b>73.6%</b>	<b>90.2%</b>

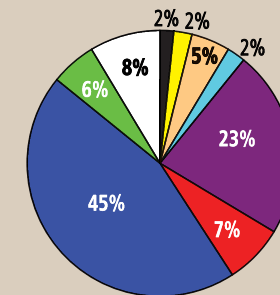
### Summary of Quarterly Results

The Group delivered consistent results for each of the quarterly reporting periods during the year. Net income grew for the first three quarters of the year, primarily as a result of increased portfolio growth and interest margins

on the Jamaican dollar book. In the fourth quarter, net income declined relative to the third quarter by \$403 million to \$2,865 million, reflecting the downward trend in market interest rates in the latter half of 2009.

(\$ billions)	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Operating Income	9.3	9.7	9.8	10.4	11.0	11.8	12.6	12.5
Total Operating Income	6.6	7.0	6.9	7.2	7.6	8.2	8.8	8.6
Operating Expenses	3.6	3.5	3.7	3.8	4.2	4.3	4.5	4.9
Net Income	2.2	2.6	2.4	2.5	2.5	3.0	3.3	2.8
Earnings per share (cents)	69c	81c	74c	78c	78c	92c	\$1.02	87c
ROE (percentage)	24.40%	27.74%	24.61%	25.59%	25.34%	28.73%	29.92%	24.04%
Total Assets	272	282	287	280	292	307	308	316
Stockholder's Equity	36	39	38	38	39	41	44	46

### Credit Exposure (Loans and Advances)

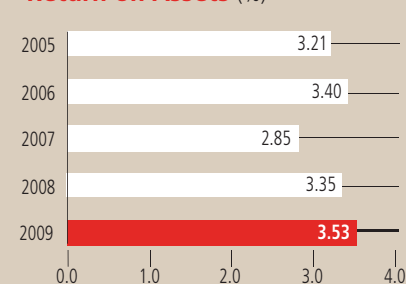


### GROUP FINANCIAL CONDITION

#### Assets

The Group's total assets increased year-over-year by \$35.3 billion or 12.5% to \$315.5 billion as at October 31, 2009. Growth took place primarily in the investment securities held by the Group, with lower growth in our retail and commercial loans.

#### Return on Assets (%)



### Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$59 billion (2008: \$56 billion). The increase stems primarily from the increase in the cash reserve requirements by 5% and 2% for JMD and foreign currency deposits respectively, which was implemented by BOJ at the start of the year. The Cash Resources are held in liquid form at adequate levels and on terms that enable us to respond effectively to changes in our cash flow, without material adverse consequences.

### Securities

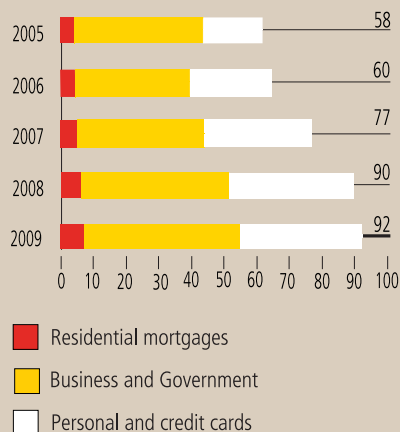
Total investment securities, including assets pledged for repurchase agreements increased from \$114.5 billion to \$141.3 billion. Pledged securities, mainly relating to securities sold under repurchase agreements and the capital management accounts offered by Scotia DBG, now stands at \$66.8 billion, compared to \$58.7 billion last year. In October 2008, Scotia DBG adopted the Amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures (October 2008) as a consequence of the adverse market conditions in the global financial markets. This allowed the company to reclassify available-for-sale securities to the loans and receivables category for financial assets. As at October 31, 2009, \$14.4 billion (2008: \$12.8 billion) was reclassified from available-for-sale securities to loans and receivables. The fair value for these securities was \$13.16 billion (2008: \$11.0 billion). The other investments that have not been pledged, increased by \$18.7 billion to \$74.5 billion, as at October 31, 2009, as our deposit, repo liabilities and policyholders' fund balances increased, and there was weak demand for credit facilities.

### Loans

The Group experienced a 2.7% growth in its loan portfolio, with loans after allowance for impairment losses, growing to \$92.1 billion. Our Commercial loan

portfolio, which comprise Business and Government loans, increased by 6% year-over-year. The personal loan portfolio remained flat, as demand for new consumer loans remained weak, and there was high run-off on the existing loans.

### Loan Portfolio (\$ billions)



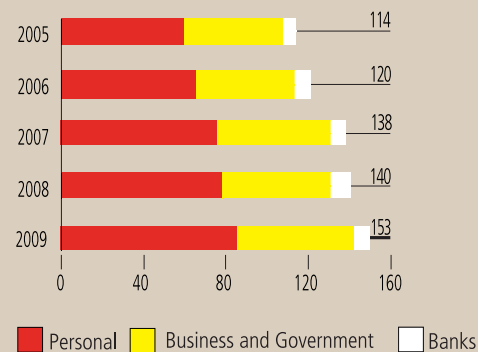
### Liabilities

Total liabilities were \$267 billion as at October 31, 2009, an increase of \$27 billion or 11% from last year. The increase primarily reflected incremental deposits, repo liabilities and insurance contract liabilities.

### Deposits

Deposits grew to \$152 billion, up \$12 billion from the previous year with growth in both the retail and commercial portfolios. This growth reflects the continued strong confidence felt by our customers in Scotiabank, especially with the increased uncertainty caused by the volatility in the global markets.

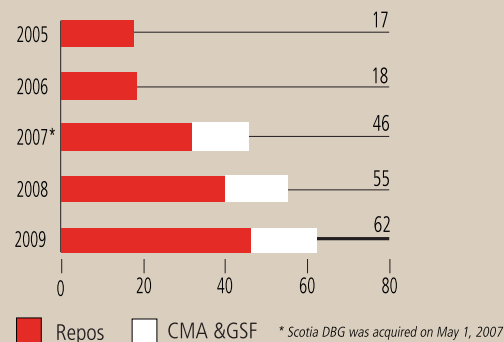
### Deposit Portfolio (\$ billion)



### Obligations related to repurchase agreements, capital management and government securities funds

These represent another source of retail and wholesale funding to the Group. Securities sold under repurchase agreements now stands at \$46.1 billion up \$5.9 billion or 15% over last year. The capital management and government securities funds amounted to \$15.9 billion as at October 31, 2009.

### Repurchase Agreements and Capital Management Accounts (\$ billions)



\* Scotia DBG was acquired on May 1, 2007



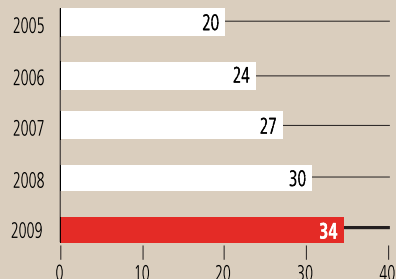
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## MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

### Policyholders' Fund

Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance. The Fund increased to \$34.4 billion, an increase of \$3,846 million or 12.6% over 2008. This resulted from strong sales performance for the year.

**Policyholders' Fund** (\$ billions)



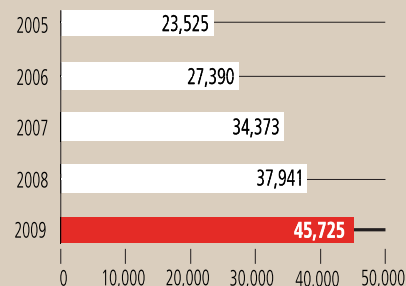
### Shareholders' Equity

Scotia Group maintains a strong capital base to support the risks associated with its diversified businesses. This base contributes to safety for the Group's customers, and fosters investor confidence, while allowing the Group to take advantage of growth opportunities that may arise.

Total shareholders' equity rose to \$45.7 billion in 2009, \$8.2 billion more than prior year fuelled by internally generated capital.

Our risk based capital adequacy ratios, a measure of the Group's overall strength, continues to exceed the regulatory requirements and remain among the highest of its peer group.

**Stockholders' Equity** (\$ millions)



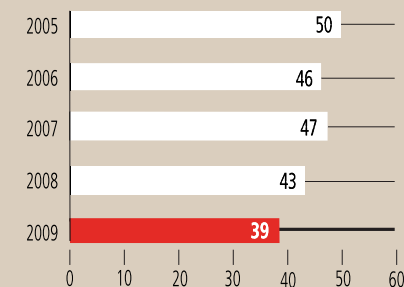
### Dividends

Our shareholders received increased dividends during 2009 in keeping with our policy to increase dividends in line with the trend in earnings, while ensuring that adequate levels of capital are kept for the purpose of protecting depositors and growing the business of the Group.

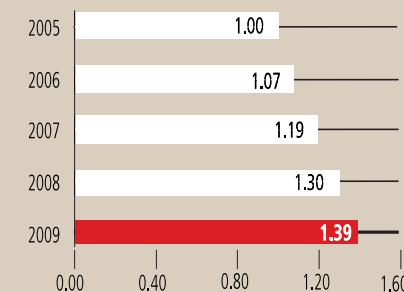
Dividends per share totalled \$1.39 in 2009, an increase of 6.9% from 2008. The dividends paid for 2009 was \$4,325 million up \$280 million from last year.

The steady growth in dividends is a major contributor to the long-term returns generated for shareholders. The dividend payout ratio for 2009 was 38.78% compared to 43.07% last year.

**Dividend Payout Ratio** (%)



**Dividend Per Share** (\$)



	Banking and Investment Management				Life Insurance		
	Regulated by the Bank of Jamaica BNSJ, SJBS & SDBG Merchant Bank		Regulated by the Financial Services Commission SDBG		Regulated by the Financial Services Commission SJLIC		
	2009	2008	2009	2008	2009	2008	
<b>Actual Regulatory Capital to Risk Weighted Assets</b>	22%	18%	208%	135%	<b>Actual Continuing Capital and Surplus</b>	1708%	784%
<b>Regulatory Requirement</b>	10%	10%	10%	10%	<b>Regulatory Requirement</b>	135%	135%

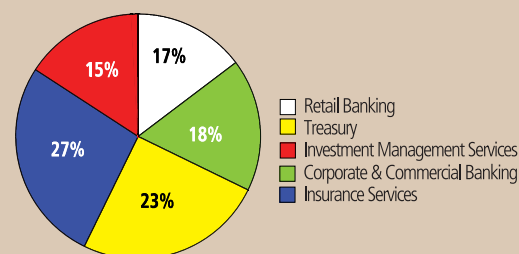


# BUSINESS LINE OVERVIEW

## 2009 Financial Performance

(\$ millions)	Retail Banking	Corporate & Commercial Banking	Treasury	Investment Management Services	Insurance Services	Other	Total
Revenues	14,886	10,363	3,653	10,393	9,076	(446)	47,926
Expenses	(12,216)	(7,595)	(146)	(8,036)	(4,874)	320	(32,547)
Profit before taxes	2,670	2,768	3,507	2,357	4,202	(126)	15,379

## Profit before Taxes

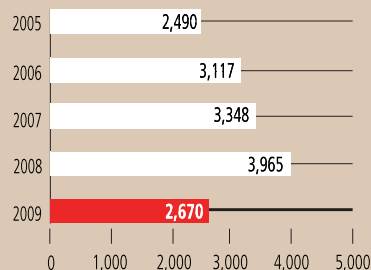


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### Profit before Taxes

#### Retail Banking

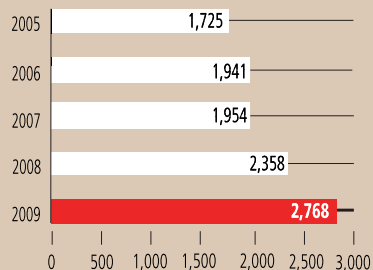
(\$ millions)



### Profit before Taxes

#### Corporate & Commercial Banking

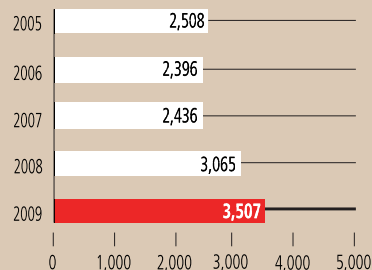
(\$ millions)



### Profit before Taxes

#### Treasury

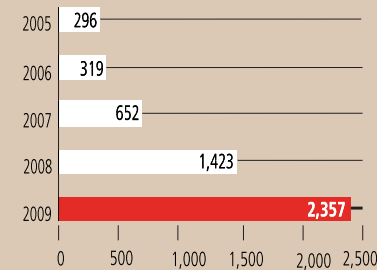
(\$ millions)



### Profit before Taxes

#### Investment Management Services

(\$ millions)

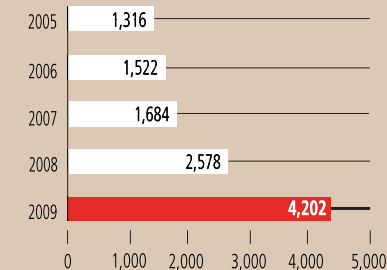


\* Scotia DBG was acquired on May 1, 2007

### Profit before Taxes

#### Insurance Services

(\$ millions)



## Retail Banking

Gross External Revenues for this year was \$14.9 billion, and Profit before Taxes decreased from \$3,965 million in the prior year to \$2,670 million this year. This is reflective of the slowdown in new loan bookings as a result of the harsh economic climate, coupled with the increased level of loan loss provisions and write-offs, which precipitated the implementation of the Customer Assistance Programme.

Our retail deposit portfolio grew year-over-year by \$7.5 billion, to \$85 billion. This was primarily due to the flight to safety that we experienced as a result of the effects of the global financial crisis, supported by aggressive advertising campaigns.

## Corporate & Commercial Banking

Our Corporate and Commercial Banking Division had a good year, with Profit before Taxes of \$2,768 million, an increase of \$410 million or 17% from last year. This result was achieved with appreciable growth in the loan portfolio, against the background of a contracting economy and other negative economic indicators. Significant loan growth took place in the Government and Public Sector segment of the portfolio. Private sector demand for credit was curtailed, reflecting the general deterioration in the economy.

The commercial deposit portfolio stood at \$56 billion, reflecting an increase of \$3,674 million over the prior year, on the strength of the Scotiabank brand during times of uncertainty.

## Treasury

Our Treasury Division delivered Profit before Taxes of \$3,507 million, reflecting an increase of \$442 million over last year. This is mainly attributable to the JMD investment portfolio managed by Treasury, which recorded an increase in both the average volumes and the portfolio yields year-over-year. Net foreign exchange trading income increased marginally to \$1,176 million, despite a 41% decrease in volumes traded due to the dramatic reduction in inflows from net foreign exchange earners.

## Investment Management Services

Our Investment Management business line, managed through Scotia DBG, delivered excellent results this year with Profit before Taxes rising by 66% to \$2,357 million. The results were based primarily on the positive impact of increased JMD yields on earning assets and increasing the maturity gaps between funding liabilities and investment assets within well defined and controlled risk limits. We also recorded appreciable growth in funds under management. As at the year end, the Repurchase Agreements and Fund portfolios which grew by \$7.1 billion up to \$62 billion. In addition, the Funds managed off-balance sheet on behalf of Unit Trust investors and Pension Funds increased by \$16.6 billion to \$65 billion.

## Insurance

Scotia Insurance had another great year as Profit before Taxes rose by \$1,623 million or 63%, to \$4,202 million in 2009. This was mainly due to an increase in the yields earned on the investment portfolio, coupled with volume growth. There was also continued focus on tight expense management.

## Other

The Other category includes activities of inactive subsidiaries and other corporate adjustments, which are not allocated to an operating segment.

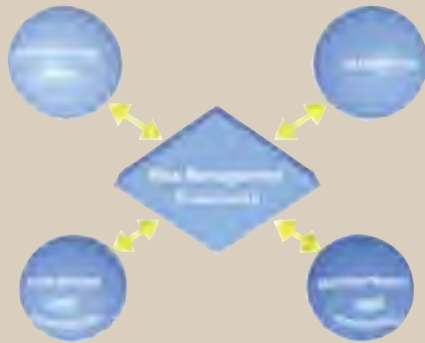
## Risk Management

### Overview

The Scotia Group risk management framework has been developed to address the diversity of the Group's business activities. We manage risk through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned with the activities of our business units. This framework is supported by a robust risk management culture and a strong commitment to active management of risks by the Board of Directors, senior executive team and business line management.

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are predictable and consistent with the Group's objectives and risk tolerance, and that there is an appropriate balance between risk and reward in order to maximize shareholder returns. Effective execution of these activities will ensure that we protect the safety and stability of customers' funds that are placed in our fiduciary care.

Scotia Group has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed in conducting its activities, which include credit, market, liquidity, operational and reputational risks. The framework is integrated with the Group's strategic and business planning processes.



The framework has four main components:

1. Policies and Limits
2. Guidelines
3. Processes and Standards
4. Measurement and Reporting

Each of these components is continually reviewed and updated to ensure that they are consistent with risk-taking activities and that they remain relevant to the business and financial strategies of the Group.

We continue to assess existing risk management programmes and make improvements where necessary to the processes related to the identification, measurement, management, monitoring and reporting of risks.

### Scotia Group's risk management framework

#### Policies & limits

Policies define the Group's overall risk appetite, and are developed based on the risk culture desired by the units and the requirements of regulatory authorities, with input from the Board of Directors and senior executive management. Policies set the boundaries on the types of risks the Group is prepared to assume and specify the manner in which the Group assumes these risk.

Limits are set for two purposes. First, limits control risk-taking activities within the tolerances established by the Board of Directors and senior executive management. Second, limits establish accountability for key tasks in the risk-taking process and establish the level or conditions under which transactions and actions may be approved or executed.

#### Guidelines

Guidelines are the directives provided to implement policies. These may relate to aggregate corporations and exposures, risk/return benchmarks, and acceptable

liquidity levels. These may change from time-to-time, due to market or other circumstances. Risk-taking outside of these guidelines is usually approved by the Group's Asset and Liability Committee (ALCO). The ALCO ensures that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction.

#### Processes & standards

Processes are the activities associated with identifying, evaluating, documenting, reporting and controlling risk. Standards define the breadth and quality of information required to make a decision, and the expectations in terms of quality of analysis and presentation.

#### Measurement, monitoring and reporting

Measurement tools quantify risk across products and businesses and are used, among other things, to determine risk exposure. The Credit Risk Management, and Market & Operational Risk units of the Group, operate independently of the business lines and are responsible for developing and maintaining an appropriate suite of such tools to support the operations of the Group.

Reporting tools are also required to aggregate measures of risk across products and businesses for the purposes of ensuring compliance with policies, limits and guidelines and providing a mechanism for communicating the amounts, types and sensitivities of the various risks in the portfolio. This information is used by the Board and senior executive management to understand the Group's risk profile and the performance of the portfolio. A summary of the Group's risk profile and performance of the portfolio against defined goals is presented quarterly to the Board of Directors.

Internal Audit independently monitors the effectiveness of risk management policies, procedures and internal controls through periodic testing of the design and

operation of the processes related to the identification, measurement, management, monitoring and reporting of risks. Internal Audit reports independently to the Audit and Conduct Review Committee of the Board on the effectiveness of risk management policies, procedures and internal controls.

### Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Group. Credit risk is created via the Group's direct lending and contingent credit facilities, and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Group. The effective management of credit risk requires the establishment of an appropriate credit risk culture. Credit risk policies and procedures are important elements used to create this culture.

Scotia Group's credit risk is managed through strategies, policies and limits that are approved by the Board of Directors. The credit risk strategy defines target markets and risk tolerances that are developed at an all-Group level, and then further refined at the business line level. The objectives of the credit risk strategy are to ensure that for the Group, including the individual business lines:

- target markets and product offerings are well defined,
- the risk parameters for new underwritings and for the portfolios as a whole are clearly specified, and
- transactions, including origination and syndication are managed in a manner to ensure the goals for the overall portfolio are met.

The Group's credit risk rating systems are designed to provide for a meaningful differentiation of risk, and allows for reasonable estimation of loss characteristics at the portfolio and risk grade level. The credit risk rating systems provide consistency in terms of credit adjudication, minimum lending standards by risk ratings and reporting

of credit risk. The Group periodically reassesses its risk rating methodologies and makes enhancements when necessary.

The Group's credit adjudication and portfolio management methodologies are designed to facilitate consistent underwriting and early identification of problem loans. The Group's retail and commercial collections units are organized to support the efficient recovery of late payments and outstanding amounts on credit facilities which are in default.

The credit risk exposure for the Group is summarized in Note 47(b).

#### Corporate and Commercial

Portfolio management objectives and risk diversification are key factors in setting policies and limits. Credit risk limits covering single name /business group exposures are reviewed and approved by the Board of Directors annually, and applied through the credit origination process.

Consistent with the Board-approved limits, credit exposures are managed through limits, lending criteria and guidelines relevant to each particular risk type. Borrower limits are set within the context of established guidelines for individual borrowers, particular business segments, and certain types of lending as applicable, to ensure the Group does not have excessive concentration in any single borrower, or related group of borrowers. Through the portfolio management process, loans may be syndicated or other actions pursued to reduce overall exposure to a single name.

The decision-making process for corporate and commercial credit exposures is intended to ensure that risks are adequately assessed, properly approved, continually monitored and actively managed. All significant credit requests are processed through the credit adjudication units of the Group's Credit Risk Management Unit.

The Group uses a dual risk rating system that separately assesses the risk of borrowers and their associated credit

facilities. Borrower risk is evaluated using methodologies that are relevant to particular industry sectors. The risk associated with facilities of a given borrower is assessed by considering the facilities' structural and collateral-related elements.

Internal borrower and facility risk ratings are assigned when a facility is first authorized, and are promptly re-evaluated and adjusted, if necessary, as a result of changes to the customer's financial condition or business prospects. Re-evaluation is an ongoing process, and is done in the context of general economic changes, specific industry prospects, and event risks, such as revised financial projections, interim financial results and extraordinary announcements.

The internal risk ratings also determine the management level at which the facilities can be authorized or amended. Lower-rated credits require increasingly more senior management involvement.

#### Retail

The decision-making process begins with an assessment of the credit risk of the of the retail (or individual) borrower. Key factors considered in the assessment include, the retail borrower's current and sustainable income: the repayment capacity of the borrower; and the credit history of the borrower. Based on this assessment, a risk score is assigned to the individual borrower and the credit application is approved at the appropriate level based on the size of the credits related to the borrower and the risk score.

Retail credit exposures are regularly monitored by both the business line units for signs of deterioration.

### Market Risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices, and foreign exchange rates), the correlations among them, and their levels of volatility.

## Risk Management *(continued)*

The Group assumes market risk in both its trading and non-trading (funding and investment) activities. Market risk exposures are managed through specific operating policies, and limits at the product, portfolio, business unit and business line levels, and for the Group in total. These policies and limits are established by the Board of Directors, and are reviewed and approved at least annually.

The Group's Market and Operational Risk unit provides independent oversight of all significant market risks, and supports the business units and ALCO with analysis, risk measurement, monitoring, and reporting. The Group uses a variety of metrics and models to measure and control market risk exposures. The measurements used are selected based on an assessment of the nature of risks in a particular activity. The principal measurement techniques are Value at Risk (VAR), stress testing, sensitivity analysis and simulation modeling, and gap analysis. Models are independently validated prior to implementation and are subject to formal periodic review.

To ensure compliance with policies and limits, market risk exposures are independently monitored on a continuing basis, either by the Market and Operational Risk unit or by the back office. Senior management, business units, ALCO, and the Board of Directors are provided with a series of daily, weekly, monthly and quarterly reports of market risk exposures by business line and risk type.

### Funding and investment activities

Market risk arising from the Group's funding and investment activities is identified, managed and controlled through the Group's asset-liability management processes. ALCO meets monthly to review risks and opportunities, and evaluate performance. The Group holds investment portfolios for liquidity, longer-term capital appreciation or attractive after-tax yields. These portfolios expose the Bank to interest rate, foreign currency, credit

spread and equity risks. Debt investments primarily consist of Government and corporate bonds. Equity investments include common and preferred shares, as well as a diversified portfolio of third-party managed funds. The majority of these securities are valued using prices obtained from external sources. These portfolios are controlled by a Board approved policy and limits.

### Interest rate risk

Interest rate risk is the risk of loss due to: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; and mortgage prepayment rates. The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Group's funding and investment activities is managed in accordance with Board approved policies and global limits, which are designed to control the risk to income and economic value of shareholders' equity. The income limit controls the effect of a specified shift in interest rates on the Group's annual net income, while the economic value limit controls the impact of a specified change in interest rates on the present value of the Group's net assets. Interest rate exposure in individual currencies is also controlled by gap limits. Gap analysis and sensitivity analysis are used to assess exposure and for planning purposes.

The interest rate risk exposure for the Group is summarized in Note 47 (c).

### Foreign currency risk

Foreign currency risk is the risk of loss due to changes in spot and forward prices, and the volatility of currency exchange rates. Foreign exchange risk arises from trading activities and foreign currency operations. In its trading activities, the Group buys and sells currencies in the spot market for its customers. Foreign exchange gains and losses from these activities are included in other income.

The Group mitigates the effect of foreign currency exposures by financing its net investments in its operations with borrowings in the same currencies, as the functional currency involved. Foreign currency risk arising from the Group's foreign currency trading is subject to Board approved limits. The ALCO reviews and manages these exposures.

The foreign exchange risk exposure for the Group is summarized in Note 47 (c).

### Equity Risk

Equity risk is the risk of loss due to changes in the prices, and the volatility of individual equity instruments and equity indices. The Board sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact on the portfolio, which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristics of these instruments, the Group limits the amount invested in them.

The equity risk exposure for the Group is summarized in Note 47 (c).

### Trading activities

Scotia Group's policies, processes and controls for trading activities are designed to achieve a balance between pursuing profitable trading opportunities and managing earnings volatility within a framework of sound and prudent practices. Trading activities are primarily customer focused, but also include a proprietary component.

Market risk arising from the Group's trading activities is managed in accordance with Board approved policies and limits. VAR and stress testing are also employed for our foreign currency and equity trading portfolios.

The quality of the Group's VAR is validated by regular back testing analysis, in which the VAR is compared to theoretical and actual profit and loss results. The Board reviews VAR and stress testing results quarterly.

Trading portfolios are marked to market in accordance with the Group's valuation policies. Positions are marked to market daily and valuations are independently reviewed by the back office or the Market and Operational Risk unit on a regular basis. These units also provide profit and loss reporting, as well as VAR and limit compliance reporting to business unit management and executive management for evaluation and action where appropriate.

### Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors and policyholders, settlement of securities borrowing and repurchase transactions, and lending and investment commitments.

Effective liquidity risk management is essential in order to maintain the confidence of depositors and counterparties. This risk is managed within the framework of policies and limits that are approved by the Board of Directors. The Board receives reports on risk exposures and performance against approved limits.

ALCO provides senior management oversight of liquidity risk and meets monthly to review the Group's liquidity profile.

The key elements of our liquidity risk framework are:

- Measurement and modeling – the Group's liquidity model measures and forecasts cash inflows and outflows on a daily basis. Risk is

managed by a set of key limits over the maximum net cash outflow by currency over specified short-term horizons and a minimum level of core liquidity.

- Funding diversification – the Group actively manages the diversification of its deposit liabilities by source, type of depositor, instrument, and term.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements.
- Core liquidity – the Group maintains a pool of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings understressed market conditions or due to company-specific events. The Group also maintains liquid assets to support its intra-day settlement obligations in payment, depository and clearing systems.
- Contingency Planning – the Group maintains a liquidity contingency plan that specifies an approach for analyzing and responding to a liquidity crisis. The plan outlines the crisis management team's mandate, the internal and external parties to be contacted to ensure effective distribution of information, and the actions that need to be considered at various stages of an event.

#### Liquidity profile

The Group maintains large holdings of liquid assets to support its operations. In the course of the Group's day-to-day activities, securities and other assets are pledged to secure an obligation, and participate in clearing or settlement systems. Securities may also be sold under repurchase agreements.

The liquidity risk exposure for the Group is summarized in Note 47 (d).

### Funding

The Group ensures that its funding sources are well diversified. Funding source concentrations are regularly monitored and analyzed. The principal sources of funding are capital, core deposits from retail and commercial clients through our branch network, and wholesale funding. To ensure that the Group does not place undue reliance on a single entity as a funding source, the Group maintains a limit on the amount of deposits it will accept from any one entity.

### Capital Commitments

Scotia Group has an ongoing programme of capital investment to provide the necessary level of technology and real estate resources to service our customers and meet new product requirements. All major capital expenditures go through a rigorous review and approval process.

### Operational Risk

Operational risk is the risk of loss, whether direct or indirect, to which the Group is exposed due to external events, human error, or the inadequacy or failure of processes, procedures, systems or controls. Operational risk, in some form, exists in each of the Bank's business and support activities, and can result in financial loss, regulatory sanctions and damage to the Bank's reputation.

The Group has developed policies, standards and assessment methodologies to ensure that operational risk is appropriately identified, managed and controlled. The governing principles and fundamental components of the Group's operational risk management approach include:

- Accountability in the individual business lines for management and control of the significant operational risks to which they are exposed.



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## MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)

### Risk Management *(continued)*

- A robust internal control environment.
- An effective organization structure through which operational risk is managed, including:
  - A Board of Directors responsible for sound corporate governance.
  - Executive Management who have clearly defined areas of responsibility
  - A central operational risk management unit responsible for developing methods to identify, assess and monitor operational risks.
  - Independent specialist units responsible for developing methods to control/mitigate specific components of operational risk, including codifying policies and processes required to control those specific risks.
  - Separation of duties between key functions.
  - An independent internal audit department responsible for verifying that significant risks are identified and assessed, and for determining whether appropriate controls are in place to ensure that overall risk is at an acceptable level.
- A variety of risk management programs, including a programme designed to promote compliance with relevant laws and regulatory requirements. Compliance risk is managed through an established network and a process that includes: monitoring regulatory changes; conducting compliance risk assessments; implementing policies and procedures; training; and monitoring and resolving issues.
- An operational risk management framework, consisting of processes and controls to identify, assess, monitor and manage operational risk.

#### Reputational risk

Reputational risk is the risk that negative publicity regarding Scotia Group's conduct or business practices, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

Negative publicity about an institution's business practices may involve any aspect of its operations, but usually relates to questions of business ethics and integrity, or quality of products and services. Negative publicity and attendant reputational risk frequently arise as a by-product of some other kind of risk management control failure.

Reputational risk is managed and controlled throughout the Group by codes of conduct, governance practices and risk management programmes, policies, procedures and training. Many relevant checks and balances are outlined in greater detail under other risk management sections, particularly Operational Risk, where reference is made to the Group's well-established compliance programme.

In providing credit or advice to customers, the Group considers whether the transaction or relationship might give rise to reputational risk. The Group has an established, Board-approved reputational risk policy, as well as a policy and procedures for managing reputational and legal risk related to structured finance transactions.

## SHAREHOLDINGS

### Scotia Group Jamaica Limited Shareholdings of Directors and Connected Parties as at October 31, 2009

	<i>Units</i>
Alexander, Barbara	108,000
Bowen, Bruce	NIL
Chang, Anthony	3,274
Dixon, Dr. Jean	90,102
Golding, Sen. Mark	319,492
Hall, Jeffrey	NIL
Issa, Muna	196,953
Johnston, Charles	2,328
Marine Management Services	64,472
McDonald, Warren	10,000
Minicucci, Pasquale	NIL
Matalon, Hon. Mayer M.	100,000
Pitfield, Robert	9,270
Thompson, Dr. Herbert	NIL
Thompson, Dr. Herbert/Thompson, Avery	29,640
Vasciannie, Prof. Stephen	43,079
Waugh, Richard E.	NIL
Waugh, Richard E./Waugh, Lynne	100,000

\*Inclusive of shares in Jamaica Central Securities Depository

### Scotia Group Jamaica Limited List of Top Ten (10) Largest Shareholders as at October 31, 2009

	<i>Units</i>
1. The Bank of Nova Scotia	2,233,403,384
2. Scotia Jamaica Investment Management Limited A/C 3119	55,725,439
3. Life of Jamaica PIF Equity Fund	53,257,034
4. National Insurance Fund	34,025,552
5. Scotia Jamaica Investment Management Limited A/C 560-01	27,541,658
6. Capital and Credit Merchant Bank Limited	26,165,542
7. Investment Nominees Ltd-A/C Lascelles Henriques S/A Fund	16,064,743
8. NCB Insurance Co. Ltd. A/C WT089	12,983,520
9. Grace Kennedy Limited Pension Scheme	12,715,965
10. UTC Growth & Income Fund	11,750,000

### Scotia Group Jamaica Limited Shareholdings of Senior Management Officers and Connected Parties as at October 31, 2009

	<i>Units</i>
Bowen, Bruce	NIL
Brown, Keri-Gaye	10,775
Callam, Bevan	469,224
Callam, Bevan/Callam, Lilieth	673,180
Colquhoun, Sharon	NIL
French, Monique	244,500
Goldson, Heather	175,000
Griffiths Irving, Joylene	55,734
Hewitt, Wayne	NIL
Hewitt, Wayne/Hewitt, Geraldine	2,000
Jones, Michael	247,322
Jones, Michael/Jones, Joan	40,542
Latchman Atterbury, Patsy	175,000
Lewis, Bridget	NIL
Lewis, Bridget/Lewis, Margaret	63,800
McLeggan, Marcette	125,108
McLeod, Suzette	50,000
Miller, Hugh	33,886
McDonald, Sheila	5,172
Pandohie, Yvonne	NIL
Pandohie, Yvonne/Pandohie, Leonard	220,640
Pilliner, Rosemarie	74,216
Pilliner, Rosemarie/Pilliner, Gordon St. Elmo	72,458
Powell, H. Wayne	1,284,932
Powell, H. Wayne/Powell, Jennifer	7,453
Yanissa Investments	144,448
Ramsaran, Shirley	26,906
Ramsaran, Shirley/Ramsaran, Nellie/Ramsaran, Clive	60,229
Schnoor, Anya	237,000
Sharp, Jacqueline	79,000
Sharp, Jacqueline/Sharp, Jason	59,000
Sylvester, Courtney	142,602
Sylvester, Courtney/Sylvester, Fay	37,496
Sylvester, Courtney/Sylvester, Corah-Ann	87,268
Thompson, Michael	100,000
Thompson James, Julie	NIL
Villafana Sylvester, Maroya E.	NIL
Voordouw, Rosemarie	1,320
Voordouw, Rosemarie/Chung, Gabrielle	12,200
Walrond, Maya	175,000
Walters, Dudley	1,787
Whitelocke, Gladstone	54,000
Whitelocke, Gladstone/Campbell, Ruth	10,000
Whitelocke, Gladston/Whitelocke, Elaine	65,000
Whitelocke, Gladstone/Whitelocke, Justin	4,200
Whitelocke, Gladstone/Whitelocke, Renee	4,320
Williams, David M.	66,698
Williams, David M./Williams, Fay	114,403
Williams, Frederick	26,906
Williams, Frederick/Williams, Colleen	46,153

\*Inclusive of shares in Jamaica Central Securities Depository



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# Did You Know...



**D**OWNTOWN KINGSTON, just north of the waterfront, is the mecca of commerce. It has risen like the phoenix from the flames having survived a terrible fire and the devastating earthquake of 1907 that nearly destroyed all the buildings south of Parade. Its rich and colourful history includes Parade Square, formerly used as a parade ground by British troops in the 18th century and in the square's centre, the former Victoria Park renamed St. William Grant Park in 1977 after the labour leader and black nationalist; the renowned Ward Theatre, home to the Jamaica Pantomime north of the park and to the west, the Jamaican Jubilee Market, otherwise known as "Solas Market".

Today, downtown is still a significant hub of Kingston. It is the seat of Government, commerce and finance, and the major market district for wholesalers and retailers. It is also home to many businesses, including Scotiabank Jamaica.



## OUR PAST

IS RICH IN ITS CONNECTIONS TO JAMAICA'S CULTURAL, SOCIAL AND ECONOMIC DEVELOPMENT. FOR OVER A CENTURY, "YOU'RE SAFE WITH US" HAS BEEN A STATEMENT BACKED BY OUR EXPERIENCE AND STABILITY.



**L**ABOUR DAY was originally declared to be the anniversary of the working class movement, which began in 1938 in Jamaica and was celebrated on May 23rd. The National Holiday took on new meaning in 1972 when then Prime Minister, the Most Hon. Michael Manley made an appeal to all Jamaicans to make it a day of voluntary labour.

We are proud to exhibit our strong spirit of volunteerism through our Scotiabank Volunteers, some 1,000 strong participants contributing to the communities in which we live and work. Every year, we support one major national project on Labour Day in addition to year round community activities.



## OUR PRESENT

COMMITMENT TO CORPORATE PHILANTHROPY WAS BORNE OUT OF OUR DESIRE TO MAKE A CONTRIBUTION TO NATION BUILDING. THROUGH THE SCOTIABANK JAMAICA FOUNDATION, WE HAVE CONTRIBUTED OVER \$600 MILLION IN THE AREAS OF HEALTH, EDUCATION AND COMMUNITY CARE, ALONG WITH COUNTLESS HOURS OF COMMUNITY SERVICE THROUGH OUR STAFF VOLUNTEERS - AFFIRMING THAT "YOU'RE SAFE WITH US."

CELEBRATE WITH US...120 YEARS IN JAMAICA.



**C**ONSTANT SPRING took its name from the constant spring waters that flowed down from the nearby hills through the lush green golf course (now belonging to the Constant Spring Golf Club) of the then Constant Spring Hotel, down to the Liguanea Plains.

Today, Constant Spring is considered one of the main centres of commerce in the Corporate area. Scotiabank Jamaica continues to etch itself in the Jamaican landscape with the expansion of our branch network, joining the hub of commerce with the addition of a new location on Constant Spring Road, which houses a full service branch and a wealth management division.



## OUR FUTURE

AS JAMAICA'S PREMIER FINANCIAL SERVICES PROVIDER IS EVOLVING. SCOTIABANK NOT ONLY OFFERS A DIVERSE RANGE OF FINANCIAL PRODUCTS, BUT ALSO LOCAL EXPERTISE BACKED BY GLOBAL STRENGTH AND THE KNOWLEDGE THAT "YOU'RE SAFE WITH US".