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MEDIA RELEASE

SCOTIA GROUP JAMAICA REPORTS THIRD QUARTER RESULTS

THIRD QUARTER 2010 HIGHLIGHTS (YEAR TO DATE)

- **Net Income of \$7,687 million,**
- **Net Income available to common shareholders of \$7,464 million**
- **Earnings per share of \$2.40**
- **Return on Average Equity of 20.64%**
- **Productivity ratio of 54.02%**
- **Third interim dividend of 37 cents per share**

Scotia Group Jamaica Limited (Scotia Group) today reported net income for the nine months ended July 31, 2010 of \$7,687 million compared to \$8,609 million for the same period last year. For the third quarter, net income was \$2,309 million, which was \$295 million below the quarter ended April 30, 2010.

Earnings per share (EPS) for the period was \$2.40 compared to \$2.68 for the same period last year, while the year to date Return on Average Equity (ROE) was 20.64%.

The Board of Directors today approved a third interim dividend of 37 cents per stock unit payable on October 7, 2010, to stockholders on record at September 15, 2010.

Bruce Bowen, President and CEO said “This represents the first full quarter of ‘post JDX’ results with significantly reduced yields on our securities portfolio, while at the same time our customers continue to face financial challenges given the weak economic environment. Notwithstanding these factors Scotia Group Jamaica continues to report solid earnings while maintaining strong capital and liquidity positions. These results are due to our continued focus on providing quality financial products and great service to our customers, and this has reflected in our growing market share in most key product lines. Looking forward we shall continue to focus on building core earnings while prudently managing credit and balance sheet risks and improving efficiencies across the Group”.

The contribution to net income attributable to common shareholders (excluding other comprehensive income) by major subsidiaries is outlined below:-

\$'Million	2010	% Contribution
The Bank of Nova Scotia Jamaica Limited (BNSJ)	3,305	44.28%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	3,060	41.00%
Scotia DBG Investments Limited (Scotia DBG)*	745	9.98%
Scotia Jamaica Building Society (SJBS)	345	4.62%
Other subsidiaries	9	0.12%
* Excludes minority interest		
Net Income attributable to common shareholders	7,464	100.00%

REVENUES

Total Revenue, comprising net interest revenue and other income, was \$22,980 million, this represents a marginal decline of \$76 million relative to prior year.

NET INTEREST INCOME

Net interest income was \$17,471 million, down 6.2% when compared to last year. The decline in interest margins was due to the significantly lower yields on the securities portfolio resulting from the exchange of securities in the JDX. Scotiabank was also one of the first financial institutions to lower the base lending rate to customers subsequent to the JDX. The Group continues to maintain strong volumes of earning assets.

OTHER REVENUE

Other revenue for the period was \$5,509 million, up 24.58% when compared with prior year. This is due primarily to actuarial gains on the insurance business and one-off gains on the sale of shares. Foreign exchange trading income is lower due to lower volumes and spreads.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expense/total revenue) - a key measure of cost efficiency - was 54.02%. While our total Operating Expenses for the nine month period were up \$773 million (7.50%) over last year, the expenses for the third quarter declined by \$333 Million (8.6%) from the previous quarter. This was due to our heightened focus and efforts on expense management over the last several months.

CREDIT QUALITY

Non-performing Loans at July 31, 2010 totaled \$4,090 million, up \$415 million over July 31, 2009, and \$182 million above the previous quarter ended April 30, 2010. The year over year increase reflects the financial difficulties being faced by borrowers, especially retail loan customers. Non-performing loans now represent 4.17% of total gross loans compared to 3.81% one year ago. The Group's loan loss provision at July 31, 2010 was \$1,613 million, while the loan loss reserve was \$1,997 million, providing total coverage of \$3,610 million.

BALANCE SHEET

Total assets increased year over year by \$7 billion to \$316 billion as at July 31, 2010, this growth was mainly reflected in the investments portfolio. Net loans, while down \$900 million from July 2009, was up \$2,215 million from the start of the fiscal year, despite the negative impact of the revaluation of the Jamaican dollar on the foreign currency loan portfolio. Customer liabilities (deposits, repurchase liabilities and policyholder's funds) grew to \$246 billion, up \$2 billion from the previous year, reflecting continued confidence in Scotiabank despite challenging market conditions.

CAPITAL

Scotia Group's capital base continues to be very strong. Total shareholders equity grew to \$53 billion, \$7 billion more than the prior year. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

OUR COMMITMENT TO COMMUNITY

Over the last quarter, Scotiabank and the Scotia Foundation maintained the Group's commitment of giving back to the community through the support of projects in the areas of Health Care, Student Care and Community Care. A total of \$12 million was disbursed to support various new and ongoing community projects including - Scoliosis surgeries for children at the Kingston Public Hospital; support of Foundation scholars at secondary and tertiary institutions; maintenance of the Scotiabank Centennial Accident & Emergency Unit - University Hospital of the West Indies and the Scotiabank Jamaica Foundation Haemodialysis Unit, Cornwall Regional Hospital; and the provision of meals for the residents of Cluster F at the Golden Age Home in Kingston.

The Foundation also announced 26 new Scotia Foundation Shinning Star Scholarships totaling \$11.4 million. Scholarships were awarded to students who performed outstandingly at the Grade Six Achievement Test and included - Top Boy and two Top Girls that received the highest scores islandwide; three Scotia Foundation Shinning Star County Scholarships; and 20 Scotia Foundation Shinning Star Awards for students from inner city schools.

The Bank also launched its 'Scotia Goes Green' programme which focuses on the environment and hosted its Annual Blood Drive in support of the National Blood Transfusion Service and the Annual HIV and AIDS Regional Testing Day. The grand final of the 'Speak Up! Speak Out!' HIV and AIDS Debating Competition was held and Christiana Leased Primary School from Manchester was awarded the winner.

AWARDS

Scotiabank received two awards during the quarter - Best Bank in Jamaica from EUROMONEY Magazine and Best Consumer Internet Bank from Global Finance Magazine.

Scotia Group Jamaica takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in us. Our continued success is as a result of the great execution by our team of skilled and dedicated employees and we thank them for their professionalism, commitment and for being a great team.



Scotia Group Jamaica Limited
Consolidated Statement of Income
Period ended July 31, 2010

Unaudited (\$Millions)	For the three months ended			For the nine months ended	
	July 2010	April 2010	July 2009	July 2010	July 2009
GROSS OPERATING INCOME	9,709	11,014	12,611	32,711	35,432
Interest Income	7,987	8,579	11,203	27,202	31,010
Interest Expense	(2,588)	(3,075)	(4,403)	(9,731)	(12,376)
Net Interest Income	5,399	5,504	6,800	17,471	18,634
Impairment losses on loans	(455)	(457)	(467)	(1,338)	(1,304)
Net interest income after impairment losses	4,944	5,047	6,333	16,133	17,330
Net fee and commission income	1,129	942	923	2,895	2,829
Insurance revenue	385	974	186	1,564	563
Net foreign exchange trading income	277	270	265	830	922
Net gains/(losses) on financial assets	(1)	14	4	20	-
Other revenue	(68)	235	30	200	108
	1,722	2,435	1,408	5,509	4,422
Total Operating Income	6,666	7,482	7,741	21,642	21,752
Operating Expenses					
Salaries and staff benefits	1,853	2,135	1,871	6,101	5,764
Property expenses, including depreciation	486	499	432	1,441	1,261
Amortisation of intangible assets	41	41	56	124	169
Impairment Losses	-	-	70	-	70
Other operating expenses	1,134	1,172	1,094	3,411	3,040
	3,514	3,847	3,523	11,077	10,304
Profit before taxation	3,152	3,635	4,218	10,565	11,448
Taxation	(843)	(1,031)	(994)	(2,878)	(2,839)
Profit for the period	2,309	2,604	3,224	7,687	8,609
Attributable to:-					
Stockholders of the Parent Company	2,240	2,566	3,125	7,464	8,325
Minority Interest	69	38	99	223	284
Earnings per share based on 3,111,572,984 shares (cents)	72	82	100	240	268
Return on average equity (annualized)	17.88%	21.30%	29.51%	20.64%	27.49%
Return on assets (annualized)	2.84%	3.17%	4.05%	3.15%	3.60%
Productivity ratio	55.74%	54.21%	48.64%	54.02%	50.35%

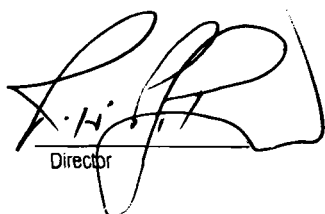


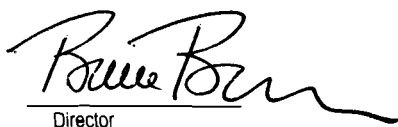
Scotia Group Jamaica Limited
Consolidated Statement of Comprehensive Income
Period ended July 31, 2010

Unaudited (\$millions)	For the three months ended		For the nine months ended	
	July 2010	July 2009	July 2010	July 2009
Profit for the period	2,309	3,224	7,687	8,609
Other comprehensive income				
Unrealised gains on available for sale financial assets	152	1,848	1,468	1,260
Realised losses / (gains) on available for sale financial assets	6	(27)	(198)	(9)
Actuarial gains on defined benefit pension plan	156	115	469	343
Other actuarial losses	(83)	(52)	(275)	(155)
	231	1,884	1,464	1,439
Taxation	(27)	(588)	(439)	(464)
Other comprehensive income, net of tax	204	1,296	1,025	975
Total comprehensive income for the period	2,513	4,520	8,712	9,584
Attributable to:-				
Stockholders of the Parent Company	2,445	4,328	8,456	9,241
Minority Interest	68	192	256	343

Scotia Group Jamaica Ltd.
Consolidated Balance Sheet
July 31, 2010

	Period ended July 31	Year ended October 31	Period ended July 31
<i>Unaudited</i> (\$ millions)	2010	2009	2009
ASSETS			
CASH RESOURCES	53,746	59,032	53,887
INVESTMENTS			
Held To Maturity	15,966	47,777	42,222
Financial assets at fair value through profit and loss	114	105	106
Securities available for sale	67,769	26,669	27,184
	<u>83,849</u>	<u>74,551</u>	<u>69,512</u>
PLEGGED ASSETS	63,208	66,813	67,482
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	251	556	381
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	94,393	92,178	95,293
OTHER ASSETS			
Customers' Liability under acceptances, guarantees and letters of credit	6,646	9,357	9,319
Property, plant, and equipment	3,458	3,434	3,247
Deferred Taxation	15	101	118
Taxation Recoverable	1,257	1,127	922
Retirement Benefit Asset	6,296	5,827	5,745
Other assets	602	461	322
Intangible Assets	1,960	2,119	2,120
	<u>20,234</u>	<u>22,426</u>	<u>21,793</u>
TOTAL ASSETS	315,681	315,556	308,348
LIABILITIES			
DEPOSITS			
Deposits by public	142,376	141,877	140,537
Other deposits	11,547	10,771	10,793
	<u>153,923</u>	<u>152,648</u>	<u>151,330</u>
OTHER LIABILITIES			
Acceptances, Guarantees and Letters of Credit	6,675	9,357	9,319
Liabilities under repurchase agreements	40,913	46,120	44,486
Promissory Notes	8	55	57
Capital Management and Government Securities Fund	15,174	15,899	15,754
Redeemable Preference Shares	100	100	100
Deferred Taxation	2,774	2,232	1,881
Retirement Benefit Obligation	1,408	1,132	1,085
Assets Held in Trust on behalf of Participants	42	44	43
Other liabilities	5,321	5,617	5,144
	<u>72,415</u>	<u>80,556</u>	<u>77,869</u>
POLICY HOLDERS' FUND	36,235	34,408	33,061
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the company's shareholders			
Capital- Issued and fully paid, 3,111,572,984			
Ordinary stock units, no par value	6,570	6,570	6,570
Reserve Fund	3,249	3,218	3,200
Retained Earnings Reserve	10,742	9,610	9,210
Capital Reserve	9	9	9
Loan Loss Reserve	1,997	1,716	1,684
Other Reserves	13	13	13
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(385)	(1,242)	(1,320)
Unappropriated Profits	28,532	25,831	24,642
	<u>50,727</u>	<u>45,725</u>	<u>44,008</u>
Minority Interest	2,381	2,219	2,080
	<u>53,108</u>	<u>47,944</u>	<u>46,088</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	315,681	315,556	308,348


 Director


 Director

Consolidated Statement of Changes in Shareholders' Equity
July 31, 2010

<i>Unaudited</i> <i>\$millions</i>	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement from AFS Financial Assets	Unappropriated Profits	Total	Minority Interest	Total Equity
Balance at 31 October 2008	6,570	3,200	7,310	9	13	1,301	(2,105)	21,643	37,941	1,815	39,756
Net profit	-	-	-	-	-	-	-	8,325	8,325	284	8,609
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Unrealised losses on available-for-sale securities, net of tax	-	-	-	-	-	-	791	-	791	60	851
Realised losses on available-for-sale securities	-	-	-	-	-	-	(6)	-	(6)	(1)	(7)
Actuarial gains/ (losses), net of tax	-	-	-	-	-	-	-	130	130	-	130
Total comprehensive Income	-	-	-	-	-	-	785	8,455	9,240	343	9,583
Transfer to Retained Earnings Reserve	-	-	1,900	-	-	-	-	(1,900)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	383	-	(383)	-	-	-
Transfer to Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	7	7
Dividends Paid	-	-	-	-	-	-	-	(3,173)	(3,173)	(85)	(3,258)
Balance at 31 July 2009	6,570	3,200	9,210	9	13	1,684	(1,320)	24,642	44,008	2,080	46,088
Balance at 31 October 2009	6,570	3,218	9,610	9	13	1,716	(1,242)	25,831	45,725	2,219	47,944
Net profit	-	-	-	-	-	-	-	7,464	7,464	222	7,686
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Unrealised gains on available-for-sale securities, net of tax	-	-	-	-	-	-	989	-	989	50	1,039
Realised gains on available-for-sale securities	-	-	-	-	-	-	(132)	-	(132)	(17)	(149)
Actuarial gains/ (losses), net of tax	-	-	-	-	-	-	-	134	134	-	134
Total comprehensive Income	-	-	-	-	-	-	857	7,598	8,455	255	8,710
Transfer to Retained Earnings Reserve	-	-	1,132	-	-	-	-	(1,132)	-	(110)	(110)
Transfer to Loan Loss Reserve	-	-	-	-	-	281	-	(281)	-	(5)	(5)
Transfer to Reserve Fund	-	31	-	-	-	-	-	(31)	-	(27)	(27)
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	145	145
Dividends Paid	-	-	-	-	-	-	-	(3,453)	(3,453)	(96)	(3,549)
Balance at 31 July 2010	6,570	3,249	10,742	9	13	1,997	(385)	28,532	50,727	2,381	53,108



Scotia Group Jamaica Limited

Condensed Statement of Consolidated Cash Flows
July 31, 2010

Unaudited (\$ millions)	2010	2009
Cash flows provided by / (used in) operating activities		
Profit for the period	7,687	8,609
Items not affecting cash:		
Depreciation	338	298
Impairment losses on loans	1,338	1,304
Impairment loss, other	-	70
Loss on sale of subsidiary	78	-
Amortisation of intangible assets	124	169
Other, net	(14,593)	(18,671)
	<u>(5,028)</u>	<u>(8,221)</u>
Changes in operating assets and liabilities		
Loans	(3,555)	(6,895)
Deposits	(302)	10,404
Policyholders reserve	1,827	2,500
Securities sold under repurchase agreement	(4,098)	4,170
Financial Assets at fair value through profit and loss	(9)	11
Other, net	36,188	22,607
	<u>25,023</u>	<u>24,576</u>
Cash flows provided by / (used in) investing activities		
Investments	(3,866)	(26,768)
Repurchase Agreements, net	1,423	33
Property, plant and equipment, Intangibles, net	(361)	(636)
	<u>(2,804)</u>	<u>(27,371)</u>
Cash flows used in financing activities		
Dividends paid	(3,549)	(3,258)
	<u>(3,549)</u>	<u>(3,258)</u>
Effect of exchange rate on cash and cash equivalents	(163)	2,244
Net change in cash and cash equivalents	18,507	(3,809)
Cash and cash equivalents at beginning of year	15,796	18,359
Cash and cash equivalents at end of period	34,303	14,550
Represented by :		
Cash resources	53,746	53,887
Less statutory reserves at Bank of Jamaica	(15,848)	(17,545)
Less amounts due from Bank of Jamaica greater than ninety days	-	(16,703)
Less amounts due from other banks greater than ninety days	(6,313)	(2,434)
Less accrued interest on cash resources	(93)	(1,299)
Repurchase agreements assets less than ninety days	5,824	1,176
Cheques and other instruments in transit, net	(3,014)	(2,532)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	34,303	14,550



SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

July 31, 2010

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	4,802	7,198	4,099	2,661	4,220	-	-	22,980
Revenues from other segments	(2,358)	1,279	1,094	(23)	(2)	3,472	(3,462)	-
Total Revenues	2,444	8,477	5,193	2,638	4,218	3,472	(3,462)	22,980
Expenses	(51)	(6,864)	(3,798)	(905)	(657)	(26)	(114)	(12,415)
Unallocated expenses								
Profit Before Tax	2,393	1,613	1,395	1,733	3,561	3,446	(3,576)	10,565
Taxation								(2,878)
Profit for the period								7,687

Consolidated Balance Sheet

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	82,949	53,588	55,691	70,003	53,189	10,098	(17,081)	308,437
Unallocated assets								7,244
Total Assets								315,681
Segment liabilities	580	90,462	74,793	59,444	37,615	439	(6,728)	256,605
Unallocated liabilities								5,968
Total liabilities								262,573
Other Segment items:								
Capital Expenditure	-	190	167	5	-	-		362
Impairment losses on loans	-	1,144	150	44	-	-		1,338
Depreciation and amortization	-	188	124	137	4	9		462



Segment Reporting Information

Consolidated Statement of Income

July 31, 2009

Unaudited

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	6,053	6,554	4,160	2,573	3,701	15	-	23,056
Revenues from other segments	(3,054)	1,478	1,535	33	(2)	3,198	(3,188)	-
Total Revenues	2,999	8,032	5,695	2,606	3,699	3,213	(3,188)	23,056
Expenses	(45)	(6,092)	(3,913)	(952)	(450)	(3)	(153)	(11,608)
Unallocated expenses								
Profit Before Tax	2,954	1,940	1,782	1,654	3,249	3,210	(3,341)	11,448
Income tax expense								(2,839)
Net profit								8,609

Consolidated Balance Sheet

(\$ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	80,471	51,299	59,842	72,777	45,720	9,924	(18,181)	301,852
Unallocated assets								6,496
Total Assets								308,348
Segment liabilities	1,051	88,555	76,857	64,574	34,111	245	(8,649)	256,744
Unallocated liabilities								5,516
Total liabilities								262,260
Other Segment items:								
Capital Expenditure	-	330	298	5	3	-		636
Impairment losses on loans and securities	-	1,190	91	93	-	-		1,374
Depreciation and amortisation	-	152	116	181	4	14		467



SCOTIA GROUP JAMAICA LIMITED

Notes to the Consolidated Financial Statements

July 31, 2010

1. Identification

Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of The Bank of Nova Scotia (100%), which is incorporated and domiciled in Canada and is the ultimate parent.

The Company is the parent of the Bank of Nova Scotia Jamaica Limited (100%) and Scotia DBG Investments Limited (77.01%).

On June 1, 2010 The Bank of Nova Scotia Jamaica Limited acquired 100% interest in Scotia DBG Merchant Bank Limited, previously a wholly-owned subsidiary of Scotia DBG Investments Limited.

2. Basis of presentation

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

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operation of the Company and its subsidiaries presented as a single economic entity. Intra-group transactions, balances, and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

The purchase method of accounting required by IFRS 3 is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The acquisition of Scotia DBG Merchant Bank Limited by the Group is exempt under IFRS 3 as this transaction involved entities under common control, and is therefore accounted for at the carrying value.

Comparative information

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

3. Significant new standards and amendments to published standards that became effective during the period:

IAS 1 (Revised) Presentation of Financial Statements, effective for annual periods beginning on or after January 1, 2009. It requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income or in a statement of income and statement of comprehensive income. The Group has adopted the two statement presentation.

IFRS 8 Operating Segments, effective for annual periods beginning on or after January 1, 2009. It replaces IAS 14, and sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. This standard did not materially impact the Group's financial statements. The major segments are described in note 12.

4. Financial Assets

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

Financial Assets at Fair Value through Profit and Loss

This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.



SCOTIA GROUP JAMAICA LIMITED
Notes to the Consolidated Financial Statements
July 31, 2010

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale, financial assets at fair value through profit and loss are carried at fair value. Loans and receivables investment is carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the trading securities are included in the statement of income in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in the statement of comprehensive income. Interest calculated using the effective interest method is recognized in the statement of income.

5. Pledged Assets

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

(\$millions)	<u>Asset</u>		<u>Related</u>	<u>Liability</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Securities Sold under Repurchase Agreements	44,989	48,855	38,278	41,419
Securities with BOJ and other Financial Institutions	<u>3,592</u> 48,581	<u>5,387</u> 54,242	<u>2,635</u> 40,913	<u>3,067</u> 44,486
Capital Management and Government Securities Funds	<u>14,627</u>	<u>13,240</u>	<u>15,174</u>	<u>15,754</u>
	<u>63,208</u>	<u>67,482</u>	<u>56,087</u>	<u>60,240</u>

6. Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

7. Loan loss provision

IFRS loan loss provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or last repriced date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the balance sheet.



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8. Employee benefits

The Group operates both a defined benefit and a defined contribution pension plan, the assets of which are held in separate trustee-administered funds.

Defined benefit pension plan- the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income, and the net of the present value of the pension obligation and the fair value of the plan assets, is reflected as an asset on the balance sheet.

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

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

9. Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

10. Property, plant and equipment

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

11. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

12. Segment reporting

The Group is organized into six main business segments:

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

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