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# **MEDIA RELEASE**

## **SCOTIABANK LAUNCHES \$600 MILLION FUND TO SUPPORT AGRICULTURE AND TOURISM – SMALL HOTELS**

Scotiabank today announced the launch of a \$600 million fund aimed at providing loans at concessionary rates ranging from **7.875% to 8%** to small farmers and small hoteliers to assist the government's thrust in encouraging growth in the tourism and agricultural sectors.

"Since its 117 years in Jamaica, Scotiabank has always shown an unconditional commitment to the development of this country. Over the years we have implemented special loan facilities at concessionary rates to the productive sector with the objective of assisting with Jamaica's economic development. The most recent being the Scotiabank Jamaica Production Fund that was launched in April 2004 with a fund of \$1 billion", says William E. Clarke, President and CEO.

We are pleased to announce the implementation of another special loan program to assist the government's thrust in agriculture and tourism. The details of this program are as follows:

- i. **Agriculture** - a facility in the amount of \$250 million will be provided to the Development Bank of Jamaica (DBJ) for 7 years at a rate of **7.625 %** per annum for on-lending directly through the Peoples Cooperative Banks to assist small farmers. The DBJ will be allowed to add an administrative charge of 0.125% per annum; hence the final cost to the farmers will be **7.875 %**. The maximum loan under this program will be \$5 million with a minimum of \$250,000.

- ii. **Tourism** - a facility in the amount of \$350 million will be provided to the DBJ for 7 years at an interest rate of **8%** per annum for on-lending to support small hotels. As the DBJ does not have the distribution infrastructure, BNSJ will distribute the loans on their behalf to qualified borrowers at **8%** per annum.

Loans to hoteliers under the facility will be for a **maximum** of the J\$ equivalent of US\$225,000 or J\$15 million whichever is less. Loans will be specifically focused on upgrading existing facilities to achieve world-class standards, and will require approval by the DBJ.

Loans under the facility will be conditional on the borrowers maintaining ALL their banking business with BNSJ.

This fund is the fourth such program implemented by Scotiabank since 1998 to assist with the objective of stimulating economic growth and job creation. All these facilities have been fully utilized. The previous initiatives were:

**1. The Scotiabank Jamaica Economic Growth Fund – August 1998**

Scotiabank committed \$1.3 billion to providing loans to the productive sector at a concessionary rate of 8.5% per annum. At that time, average market lending rate was at 33% per annum. This fund was provided to facilitate projects in the productive sector in order to stimulate growth, create jobs and earn foreign exchange.

**2. The Scotiabank Jamaica Economic Growth Fund II - November 1999**

The second phase of the Scotiabank Economic Growth Fund was launched where a further \$500 million was committed at an interest rate of 10.25% per annum to provide loan funding for small and medium sized enterprises.

**3. Scotia Jamaica Production Fund - April 2004**

This Fund of \$1 billion was aimed at providing loans at a concessionary rate of 9.5% per annum, to small and medium sized businesses, with priority towards export related activities and job creation.

In addition to the above initiatives, in March 2000 The Scotia Jamaica Building Society introduced a special mortgage fund of \$100 million at an interest rate of 11.75% for first time homebuyers, **being the first building society in Jamaica to offer such a product**. In December 2001 the **ScotiaGraduate** program was launched with a fund of \$650 million to assist in retaining skills in Jamaica by providing mortgage loans to young university graduates at an interest rate of 10.875% per annum, with graduates in the public sector being offered a rate of 9.75% fixed for the life of the loan.