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MEDIA RELEASE

SCOTIA GROUP JAMAICA REPORTS CONTINUED SOLID EARNINGS

FISCAL 2009 HIGHLIGHTS

- **Net Income available to common shareholders of $11,152 million**
- **Earnings per share of $3.58**
- **Return on Average Equity 26.35%**
- **Productivity ratio of 56.29%**
- **Fourth quarter dividend of 37 cents per share**

Scotia Group Jamaica Limited (Scotia Group) today reported solid results for the fiscal year ended October 31, 2009 of $11,152 million net income available to common shareholders, an increase of $1,761 million or 19% when compared with the same period last year. The Group delivered strong fourth quarter results with net income of $2,696 million, $267 million above the net income for the quarter ended October 31, 2008.

Earnings per share (EPS) for the year was $3.58, compared to $3.02 last year, while the Return on Average Equity (ROE) remains very strong at 26.35%.

The Board of Directors today approved a fourth dividend of 37 cents per stock unit payable on January 8, 2010, to stockholders on record at December 16, 2009. With this approval, the year-to-date dividend increased by 9 ¢ to $1.39 per stock unit.

Bruce Bowen, President and CEO said "Scotia Group Jamaica continues to report solid earnings due to the Group's strong capital and liquidity positions, and our diverse revenue streams. The strength of the Group lies in this diversity, as despite a decline in the Net Income of the Bank, increased contributions from all our subsidiaries ensured that the overall results of the Group continues to satisfy our stakeholders. As a market leader, we focused on stabilizing our own interest rates in order to cushion the impact of the high rate environment on the private sector. Scotiabank's strong reputation in Jamaica for stability and prudent management has put us in good stead to grow our business even in the present challenging economic environment."

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

	$'Million	% Contribution
	Year to Date	Year to Date
The Bank of Nova Scotia Jamaica Limited (BNSJ)	5,624	50.43%
Scotia Jamaica Life Insurance Company Limited (SJLIC)	3,512	31.49%
Scotia DBG Investments Limited (Scotia DBG)	1,518	13.61%
Scotia Jamaica Building Society (SJBS)	498	4.47%
Net Income attributable to common shareholders	11,152	100.00%

REVENUES

Total Revenue year to date, comprising net interest revenue and other income, was $35,188 million, an increase of $6,628 million or 23.21% from the prior year.

NET INTEREST INCOME

Net interest income year to date was $29,332 million, up $7,106 million when compared to last year. This is due to strong growth in earning assets combined with improved interest margins resulting from increased market interest rates.

OTHER REVENUE

Other revenue year to date was $5,856 million, down 7.5% when compared with last year. In 2008, the Group recorded a one-time gain of $457 million resulting from the issue of common shares to Visa members, consequent to the reorganization of VISA Incorporated. If excluded, other revenue is marginally down due to lower fee income earned on asset management and securities trading.

NON-INTEREST EXPENSES AND PRODUCTIVITY

The Group continues to pay close attention to expense control and risk management. Our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 56.29%. Non-interest Expenses, excluding Change in Policyholders' Reserve and Loan Loss Provisions, were $13,716 million, an increase of $1,872 million (15.81%) over last year. This was due mainly to increased staff costs, premises and computer related expenses. Policyholders' Reserves for ScotiaMINT's life insurance fund is directly attributed to the business in force.

CREDIT QUALITY

Non-performing Loans at October 31, 2009 totaled $3,587 million. This was an increase of $616 million when compared to October 31, 2008, and $88 million below the previous quarter ended July 31, 2009. The year over year increase reflects the impact of the current economic conditions, especially on retail loan customers. During the year, the Group implemented measures to control the growth in this area, including a Customer Assistance Program to assist existing customers to weather short term cash flow difficulties. Scotia Group's non-performing loans now represent 3.85% of total loans and 1.14% of total assets compared to 3.28% and 1.06% respectively one year ago.

The IFRS Loan Loss Provisioning requirements are computed using a different methodology from the Bank of Jamaica Regulatory requirement. The difference in the amount computed under the two methodologies is reported as Loan Loss Reserve in the equity component of the Balance Sheet. The Group's loan loss provision as determined by IFRS is $1,086 million, of which $826 million is specific and $260 million is general. This provision compares to $884 million as of October 31, 2008 and $1,058 million as of July 31, 2009. The loan loss provision as determined by Regulatory Requirement is $2,802 million.

BALANCE SHEET

Total assets increased year over year by $35 billion or 12.58% to $316 billion as at October 31, 2009. The Group's loan portfolio totaled $92 billion, up $2.5 billion over the previous year, with growth coming mainly in the commercial loan portfolio. Cash resources, investments and pledged assets increased by $29.8 billion.

Deposits grew to $153 billion, up $12.7 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 $48 billion, $8.2 billion more than the prior year. We continue to maintain a strong capital position to enable us to take advantage of future growth opportunities.

INVESTING IN JAMAICA

"The Scotia Group in Jamaica continues to play a leadership role in stimulating the economy. Through the pioneering of such initiatives as the Productive Sector Growth Fund, the lowering of interest rates on our lending instruments and the continuous presence of our staff volunteers in the communities in which we live and work, the Group plays a pivotal role in the growth and development of Jamaica's economic and social landscape. As one of the country's leading employers and largest taxpaying entities, we continue to maintain our over 2000 strong workforce and grow our business to the satisfaction of our stakeholders. By focusing on our customers while maintaining prudent risk management and expense control, the Group is well positioned to both weather the uncertainties over the coming year and to take advantage of opportunities as the Jamaican economy stabilizes and begins to grow" commented Group CEO Bruce Bowen.

Productive Sector Growth Fund

In October 2009, Scotiabank launched a J$500 million Productive Sector Growth Fund to provide loans at an interest rate of 9.95% to stimulate production through the creation of new or the expansion of existing businesses. The Fund provides $75 million for small and medium enterprises under two years old, and $425 million for larger entities seeking to expand and improve production. The Fund is also expected to assist in stimulating employment and generating exports in a challenging economic climate.

Developing Small Business in Jamaica

Scotiabank continues to demonstrate its commitment to development of the small business sector through the provision of pertinent information and training for entrepreneurs. The Bank hosted a workshop for 40 entrepreneurs to highlight the importance of proper record-keeping and efficient management of their operations to improve cash flows and ultimately access to financing. The Bank will also this year provide support to the Private Sector Organization of Jamaica's diagnostic program, which will assist family owned Small Businesses with planning for management succession. The program begins in November 2010 and will run through 2011.

Scotiabank Reduces Lending Rates

In October 2009, the Bank announced a second reduction in interest rate in less than three months, which took effect on November 1, 2009. The base lending rate was reduced from 20.5% to 19.875%, the lowest in the industry.

Our Commitment to the Community

The Scotiabank Jamaica Foundation (SJF) continues to lead the Bank's corporate philanthropy with outreach support totaling over $15 million during the quarter. Of this amount, approximately $11 million was donated under the Student Care programme providing 16 new scholarships to outstanding students in the Grade Six Achievement examinations, bursaries for 100 students sitting the CSEC examinations and tuition for students at several tertiary institutions. The Foundation also expanded its Scotia Big Brother, Big Sister Mentorship Programme to include an additional 20 Foundation scholars and hosted a parenting seminar to provide insight to several social issues affecting the students' performance in school.

We continued to demonstrate our commitment to assist in the provision of high quality health care in Jamaica by providing maintenance funding for equipment donated to the Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies, and the funding of corrective surgeries for nine teenagers under the Bank's Scoliosis Care programme at the Kingston Public Hospital. Three surgeries were conducted over the period, bringing the total to 14 needy young persons who had surgeries since the programme was launched in May 2008.

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

CONSOLIDATED FINANCIAL STATEMENTS

Scotia Group Jamaica Limited
Statement of Consolidated Revenues and Expenses

	For the three months ended			For the year ended	
	October	July	October	October	October
($ millions)	2009	2009	2008	2009	2008
GROSS OPERATING INCOME	**12,494**	**12,611**	**10,363**	**47,926**	**39,119**
INTEREST INCOME					
Loans and deposits with banks	6,060	6,055	6,161	23,886	20,204
Securities	5,000	5,149	2,618	18,184	12,581
	11,060	11,204	8,779	42,070	32,785
INTEREST EXPENSE					
Deposits and repurchase agreements	3,239	3,324	2,810	12,738	10,559
Net interest income	7,821	7,880	5,969	29,332	22,226
Impairment losses on loans	(569)	(467)	(334)	(1,873)	(759)
Net interest income after provision for credit losses	7,252	7,413	5,635	27,459	21,467
Net fee and commission income	861	923	954	3,690	3,799
Insurance premium income	202	186	187	765	755
Gains less losses from foreign currencies	254	264	267	1,176	1,136
Other operating income	117	34	176	225	644
	1,434	1,407	1,584	5,856	6,334
TOTAL OPERATING INCOME	**8,686**	**8,820**	**7,219**	**33,315**	**27,801**
OPERATING EXPENSES					
Staff costs	2,027	1,809	1,580	7,603	6,408
Premises and equipment, including depreciation	674	857	572	2,694	2,371
Amortisation of intangible assets	1	56	76	170	241
Changes in policyholders' reserves	1,332	1,095	730	4,220	2,838
Impairment Losses	-	70	-	70	-
Other operating expenses	909	653	823	3,179	2,824
	4,943	4,540	3,781	17,936	14,682
PROFIT BEFORE TAXATION	**3,743**	**4,280**	**3,438**	**15,379**	**13,119**
Taxation	**(878)**	**(1,012)**	**(956)**	**(3,774)**	**(3,495)**
NET INCOME	**2,865**	**3,268**	**2,482**	**11,605**	**9,624**
ATTRIBUTABLE TO:					
Stockholders of the company	2,696	3,169	2,429	11,152	9,391
Minority interest	169	99	53	453	233
	2,865	**3,268**	**2,482**	**11,605**	**9,624**
Earnings per share based on 3,111,572,984 shares (cents)	**87**	**102**	**78**	**358**	**302**
Return on average equity	**24.04%**	**29.92%**	**25.59%**	**26.35%**	**25.28%**
Return on assets	**3.42%**	**4.11%**	**3.47%**	**3.53%**	**3.35%**
Productivity ratio	**59.55%**	**53.91%**	**54.48%**	**56.29%**	**54.07%**

Scotia Group Jamaica Ltd.
Consolidated Balance Sheet
October 31, 2009

($ millions)	2009	2008
ASSETS		
CASH RESOURCES	59,032	56,048
INVESTMENTS		
Held To Maturity	47,777	35,942
Financial assets at fair value through profit and loss	105	117
Securities available for sale	26,669	19,772
	74,551	55,831
PLEDGED ASSETS	66,813	58,705
GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT	556	408
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	92,178	89,697
OTHER ASSETS		
Customers' Liability under acceptances, guarantees and letters of credit	9,357	6,919
Real estate and equipment at cost, less depreciation	3,434	2,911
Deferred Taxation	101	242
Taxation Recoverable	1,127	1,012
Retirement Benefit Asset	5,827	5,402
Other assets	461	821
Intangible Assets	2,119	2,288
	22,426	19,595
TOTAL ASSETS	**315,556**	**280,283**
LIABILITIES		
DEPOSITS		
Deposits by public	141,877	130,673
Other deposits	10,771	9,235
	152,648	139,908
OTHER LIABILITIES		
Acceptances, Guarantees and Letters of Credit	9,357	6,919
Liabilities under repurchase agreements	46,120	40,207
Promissory Notes	55	71
Capital Management and Government Securities Fund	15,899	14,992
Redeemable Preference Shares	100	100
Deferred Taxation	2,232	1,581
Retirement Benefit Obligation	1,132	931
Assets Held in Trust on behalf of Participants	44	50
Other liabilities	5,617	5,208
	80,556	70,059
POLICY HOLDERS' FUND	34,408	30,561
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
Reserve Fund	3,218	3,200
Retained Earnings Reserve	9,610	7,310
Capital Reserve	9	9
Loan Loss Reserve	1,716	1,301
Other Reserves	13	13
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	(1,242)	(2105)
Unappropriated Profits	25,831	21,643
	45,725	37,941
Minority Interest	2,219	1,815
	47,944	39,756
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**315,556**	**280,284**

Director

Director

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Changes in Shareholders' Equity

$millions	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserve	Other Reserves	Loan Loss Reserve	Cumulative Remeasurement result from Available for Sale financial assets	Unappropriated Profits	Total	Minority Interest	Total Equity
Balance at 31 October 2007	**6,570**	**3,161**	**5,993**	**-**	**27**	**1,046**	**(212)**	**17,789**	**34,374**	**1,935**	**36,309**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	(1,850)	-	**(1,850)**	(218)	**(2,068)**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	(43)	-	**(43)**	(8)	**(51)**
Net profit	-	-	-	-	-	-	-	9,390	**9,390**	233	**9,623**
Movement of reserves relating to subsidiary					(9)	-	-	-	**(9)**		**(9)**
Transfer of gain relating to liquidation of subsidiary				9	(5)	-	-	(4)			
Transfer to Reserve Fund	-	39	-	-	-	-	-	(39)	**-**	-	**-**
Transfer to Loan Loss Reserve	-	-	-	-	-	255	-	(255)	**-**	-	**-**
Transfer to Retained Earnings Reserve	-	-	1,317	-	-	-	-	(1,317)	**-**	-	**-**
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	**-**	(25)	**(25)**
Dividends Paid	-	-	-	-	-	-	-	(3,921)	**(3,921)**	(102)	**(4,023)**
Balance at 31 October 2008	**6,570**	**3,200**	**7,310**	**9**	**13**	**1,301**	**(2,105)**	**21,643**	**37,941**	**1,815**	**39,756**
Unrealised Gains/(Losses) on available-for-sale investments, net of taxes	-	-	-	-	-	-	826	-	826	62	**888**
Realised (Gains)/Losses on available-for-sale investments transferred to Statement of Revenue & Expenses	-	-	-	-	-	-	37	-	37	(3)	**34**
Net profit	-	-	-	-	-	-	-	11,152	11,152	453	**11,605**
Transfer to Reserve Fund	-	18	-	-	-	-	-	(18)	-	-	**-**
Net movement in reserves for minority interests	-	-	-	-	-	-	-	-	-	6	**6**
Transfer to Loan Loss Reserve	-	-	-	-	-	415	-	(415)	-	-	**-**
Transfer to Retained Earnings Reserve	-	-	2,300	-	-	-	-	(2,300)	-	-	**-**
Dividends Paid	-	-	-	-	-	-	-	(4,231)	(4,231)	(114)	**(4,345)**
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**

Scotia Group Jamaica Limited
Condensed Consolidated Statement of Cash Flows
October 31, 2009

($ millions)	**2009**	**2008**
Cash flows provided by / (used in) operating activities		
Net Income	11,605	9,624
Adjustments to net income		
Depreciation	381	363
Impairment losses on loans	1,873	759
Impairment losses - other	70	-
Amortisation of intangible assets	170	241
Other, net	(25,609)	(19,181)
	(11,510)	(8,194)
Changes in operating assets and liabilities		
Loans	(4,330)	(13,669)
Deposits	12,102	574
Policyholders reserve	3,846	3,547
Securities sold under repurchase agreement	5,627	8,079
Financial Assets at fair value through profit & loss	12	1,008
Other, net	23,371	5,272
	29,118	(3,383)
Cash flows provided by / (used in) investing activities		
Investments	(28,726)	(5,097)
Repurchase Agreements, net	(146)	715
Property, plant and equipment, Intangibles, net	(907)	(578)
Net proceeds on liquidation of subsidiary	-	18
	(29,779)	(4,942)
Cash flows used in financing activities		
Dividends paid	(4,346)	(4,022)
	(4,346)	(4,022)
Effect of exchange rate on cash and cash equivalents	2,444	272
Net change in cash and cash equivalents	(2,563)	(12,075)
Cash and cash equivalents at beginning of year	18,359	30,434
Cash and cash equivalents at end of period	**15,796**	**18,359**
Represented by :		
Cash resources	59,032	56,048
Statutory reserves at Bank of Jamaica	(17,878)	(11,054)
Less amounts due from Bank of Jamaica greater than ninety days	(20,739)	(20,743)
Less amounts due from other banks greater than ninety days	(2,605)	(9,383)
Less accrued interest on cash resources	(2,029)	(1,479)
GOJ Treasury bills, repurchase agreements and bonds less than ninety days	2,295	7,648
Cheques and other instruments in transit, net	(2,280)	(2,678)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**15,796**	**18,359**

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

For the period ended October 31, 2009								
($ millions)	**Treasury**	**Retail Banking**	**Corporate Banking**	**Investment Management Services**	**Insurance Services**	**Other**	**Eliminations**	**Group Total**
Gross External Revenues	8,233	12,520	7,958	10,090	9,105	20	-	47,926
Revenues from other segments	(4,580)	2,366	2,405	302	(29)	4,268	(4,732)	-
Total Revenues	3,653	14,886	10,363	10,392	9,076	4,288	(4,732)	47,926
Expenses	(146)	(12,216)	(7,595)	(8,036)	(4,874)	(8)	328	(32,547)
Unallocated expenses								
Profit Before Tax	3,507	2,670	2,768	2,356	4,202	4,280	(4,404)	**15,379**
Income tax expense								(3,774)
Net profit								**11,605**

Consolidated Balance Sheet

As at October 31, 2009								
($ millions)	**Treasury**	**Retail Banking**	**Corporate Banking**	**Investment Management Services**	**Insurance Services**	**Other**	**Eliminations**	**Group Total**
Segment assets	85,974	50,243	58,064	74,705	48,218	10,097	(18,557)	308,744
Unallocated assets								6,812
Total Assets								315,556
Segment liabilities	467	88,858	78,926	65,959	35,806	422	(9,019)	261,419
Unallocated liabilities								6,193
Total liabilities								267,612
Other Segment items:								
Capital Expenditure	-	480	408	11	8	-		907
Impairment losses on loans	-	1,704	102	67	-	-		1,873
Depreciation	-	195	145	16	6	19		381

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

For the period ended October 31, 2008

($ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Gross External Revenues	7,174	12,367	6,658	6,980	5,898	42	-	39,119
Revenues from other segments	(4,030)	2,074	2,005	201	8	4,010	(4,268)	-
Total Revenues	3,144	14,441	8,663	7,181	5,906	4,052	(4,268)	39,119
Expenses	(79)	(10,476)	(6,305)	(5,758)	(3,328)	(169)	115	(26,000)
Unallocated expenses								
Profit Before Tax	3,065	3,965	2,358	1,423	2,578	3,883	(4,153)	**13,119**
Income tax expense								(3,495)
Net profit								**9,624**

Consolidated Balance Sheet

As at October 31, 2008

($ millions)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	72,424	51,384	51,406	66,621	39,533	9,931	(17,599)	273,700
Unallocated assets								6,584
Total Assets								280,284
Segment liabilities	1,504	81,995	69,429	59,857	30,759	304	(8,248)	235,600
Unallocated liabilities								4,928
Total liabilities								240,528
Other Segment items:								
Capital Expenditure	-	349	220	10	3	9		591
Impairment losses on loans	-	795	(41)	5	-	-		759
Depreciation	-	183	127	24	5	24		363

1. Identification

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

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

2. Basis of presentation

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

Basis of consolidation

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

Comparative information

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

3. Financial Assets

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

Financial Assets at Fair Value through Profit and Loss

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

Loans and receivables

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

Held-to-Maturity

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

Available-for-sale

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

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

4. Pledged Assets

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

($millions)	Asset		Related Liability	
	2009	2008	2009	2008
Securities Sold under Repurchase Agreements	51,960	43,862	46,120	40,207
Securities with BOJ and other Financial Institutions	1,641	1,626	-	-
	53,601	45,488	46,120	40,207
Capital Management and Government Securities Funds	13,212	13,217	15,899	14,992
	66,813	58,705	62,019	55,199

5. Impairment Loss

Scotia DBG Investments Limited has an outstanding liability to Lehman Brothers (Europe) arising from a repurchase agreement entered into during the normal course of business. Under these arrangements GOJ EURO- denominated bonds were pledged as security and it is considered doubtful that the excess of the value of these pledged assets held over the liability will be recovered, in light of the insolvency proceedings that have been initiated with respect to the members of the Lehman Brothers Group. Consequently, a full provision for this excess of EURO 561,183 has been made in these financial statements.

6. Insurance contracts

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

7. Loan loss provision

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 reprice date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the balance sheet.

8. Employee benefits

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

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

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

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.