

Waves of Change



Oceans of Opportunity



Corporate & Commercial

- Demand Loans • Letters of Credit • Lines of Credit • Trade Finance • Merchant Services • Current Accounts
- Term Deposits • Call Deposits • Foreign Exchange Accounts

Retail

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

Small Business

- Executive and Business Credit Cards • Credit Lines
- Chequing Accounts • Demand Loans
- Electronic Business Banking Services

Wealth Management

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

Insurance

- Life Insurance • Long Term Savings
- Creditor Life Protection

Mortgages

- Home Purchase • Home Improvement
- Land Purchase • Home Construction



 **Scotiabank Group**

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* See insert for Notice of Annual General Meeting, Directors' Report and Proxy Form



Mission Statement and Core Values



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.

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 a 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.

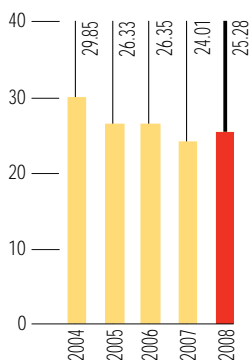


2008 Performance

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.

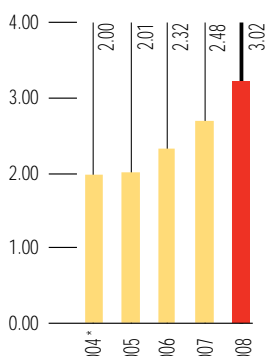
Performance:
25.28%



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:
\$3.02

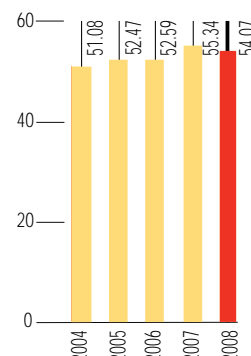


* Restated For Bonus Issue

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. By this measure, Scotia Group has historically been significantly better than the international benchmark of 60%.

Performance:
54.07%

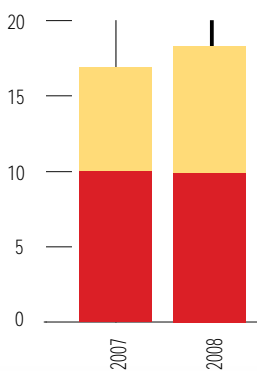


Risk Based Capital Adequacy Ratio

The Risk Based Capital Adequacy Ratio is a measure of Scotia Group's overall strength. It is required that a ratio be maintained between Scotia Group's capital base and the aggregate of its risk weighted assets at no less than 10% for its Banking, Building Society and Investment Management subsidiaries; and no less than 150% for its Insurance subsidiary. Scotia Group has continued to maintain a strong Capital Adequacy Ratio.

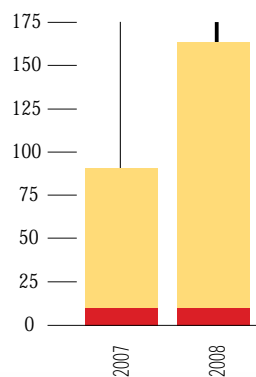
Banking and Building Society

Performance:
18.43%



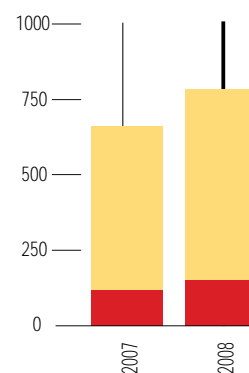
Investment Management

Performance:
164.0%



Life Insurance

Performance:
783.7%



■ Percentage above Regulatory Requirement
■ Regulatory Requirement (percentage)



Financial & Other Highlights

Scotia Group Jamaica Limited

Financial Position (\$ millions)

	2008	2007
Total Assets	280,284	263,126
Earning Assets		
Performing Loans, net of provisions	86,726	74,557
Non-performing Loans	2,971	2,109
Investments & Others	167,281	162,688
Deposits by the public	130,673	131,018
Stockholders' Equity	37,941	34,373

Earnings and Dividends (\$ millions)

Gross Operating Revenue	39,119	31,689
Profit before Taxation	13,119	10,167
Net Profit Attributable to Stockholders	9,391	7,493
Dividends paid and proposed	4,045	3,649

Financial Ratios

Earnings per stock unit (\$)	3.02	2.48
Dividends per stock unit (\$)	1.30	1.19
Dividend payout ratio (%)	43.07	47.26
Return on average equity after tax (%)	25.28	24.01
Return on assets at year-end (%)	3.35	2.85
Net Interest Margin (%)	7.86	6.92

Risk-based Capital Adequacy Ratio (%)

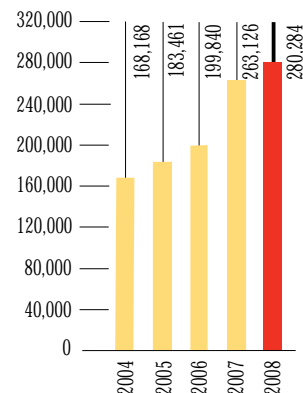
Banking and Building Society	18.43%	16.87%
Investment Management	164%	90.46%
Life Insurance	783.7%	660.4%

Other Statistics

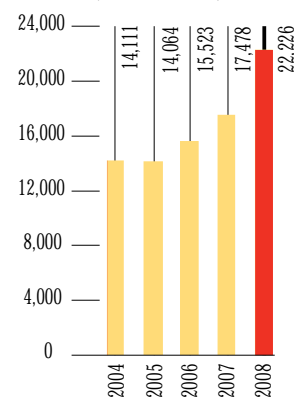
Number of stock units (ordinary shares)	3,111,572,984	3,111,572,984
Stock price at year-end (\$)	20.22	21.25
Number of stockholders	13,520	14,087
Number of staff	2,235	2,190
Number of offices	52	54

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

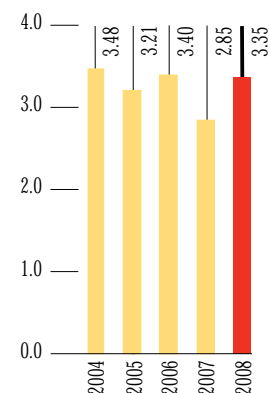
Total Assets (\$ millions)



Net Interest Income (\$ millions)



Return on Assets (%)



The Bank of Nova Scotia Jamaica Limited (Consolidated)

Financial Highlights	October 31, 2008 (\$ millions)	October 31, 2007 (\$ millions)
Total Assets	214,461	205,208
Total Investments	55,093	58,723
Loans net of provision for losses	86,152	73,106
Total Deposits by the public	126,918	127,874
Shareholders' Equity	31,716	27,801
Net Interest Income	20,266	16,766
Net Profit after Tax	8,620	6,851
ROE	28.20%	24.51%

The Scotia Jamaica Building Society

Financial Highlights	October 31, 2008 (\$ millions)	October 31, 2007 (\$ millions)
Total Assets	9,227	8,523
Mortgage Portfolio - net of provisions	6,156	4,980
Total Investments	1,401	1,564
Total Deposits by the public	4,587	4,500
Shareholders' Equity	3,279	2,834
Net Profit after Tax	445	389
ROE	14.29%	14.51%

Scotia Jamaica Life Insurance Company Limited

Financial Highlights	October 31, 2008 (\$ millions)	October 31, 2007 (\$ millions)
Total Assets	39,533	33,702
Total Investments	29,486	26,414
Policyholders' Fund	30,561	27,015
Shareholders' Equity	8,774	6,574
Net Profit after Tax	2,225	1,381
ROE	28%	23%
In-force ScotiaMINT Policies (#)	79,151	72,522

Scotia DBG Investments Limited (Consolidated)

	Twelve Months Ended October 31, 2008 (\$ millions)	Seven Months Ended October 31, 2007 (\$ millions)
Total Assets	65,997	56,353
Securities sold under repurchase agreements	40,013	31,858
Capital Management and Govt. Securities Fund	14,992	14,060
Shareholders' Equity	5,772	5,950
Funds Under Management (FUM)*	96,790	84,481
Net Interest Income	1,960	725
Net Profit after Tax	1,239	686
ROE (*Annualised)	20.19%	*21.96%

* FUM includes off-balance sheet assets of \$37.6 billion (October 2007 - \$34.8 billion)



Ten-Year Statistical Review

\$'000	2008	2007	2006
TOTAL ASSETS	280,284,251	263,125,631	199,840,115
PERFORMING LOANS	86,726,366	74,557,390	58,578,711
NON-PERFORMING LOANS	2,970,714	2,109,177	1,009,003
INVESTMENTS & OTHER EARNING ASSETS	167,281,327	162,688,005	120,465,837
DEPOSITS BY THE PUBLIC	130,673,257	131,017,687	113,279,538
SECURITIES SOLD UNDER REPURCHASE AGREEMENT	39,897,407	31,530,287	18,234,105
STOCKHOLDERS' EQUITY	37,940,932	34,373,330	27,389,555
PROFIT BEFORE TAX	13,119,095	10,167,221	9,315,624
NET PROFIT AFTER TAX ATTRIBUTABLE TO STOCKHOLDERS	9,390,739	7,492,854	6,798,908
DIVIDENDS PAID AND PROPOSED	4,045,044	3,649,313	3,132,138
UNAPPROPRIATED PROFITS AT YEAR END	21,643,109	17,789,196	14,952,595
NUMBER OF STOCK UNITS AT YEAR END ⁽¹⁾	3,111,573	3,111,573	2,927,232

FINANCIAL RATIOS

EARNINGS PER STOCK UNIT ⁽¹⁾	3.02	2.48	2.32
PRICE EARNINGS RATIO	6.68	8.56	9.51
DIVIDENDS PER STOCK UNIT ⁽¹⁾	1.30	1.19	1.07
DIVIDEND YIELD ⁽¹⁾	5.58%	5.08%	5.15%
DIVIDEND PAYOUT RATIO	43.07%	47.26%	46.07%
RETURN ON AVERAGE EQUITY PRE-TAX	35.32%	32.57%	36.10%
RETURN ON AVERAGE EQUITY	25.28%	24.01%	26.35%
RETURN ON ASSETS AT YEAR END	3.35%	2.85%	3.40%

OTHER DATA

STOCK PRICE AT THE YEAR END ⁽¹⁾	20.22	21.25	22.06
PRICE CHANGE FROM LAST YEAR	-4.85%	-3.67%	4.35%
JSE INDEX AT YEAR END	93,751	99,579	85,956
CHANGE IN JSE INDEX FROM LAST YEAR	-5.85%	15.85%	-16.10%
NUMBER OF STAFF	2,235	2,190	1,895
NUMBER OF OFFICES	52	54	47
NUMBER OF STOCKHOLDERS	13,520	14,087	14,352
EXCHANGE RATE J\$1:US\$	0.0131	0.0141	0.0151
INFLATION RATE YEAR-OVER-YEAR	25.34%	9.01%	6.49%
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS IN US\$	123,359	105,460	102,375

DIVIDEND PAID AND PROPOSED QUARTERLY

QUARTER 1	995,703	848,897	731,808
QUARTER 2	995,703	933,472	731,808
QUARTER 3	995,703	933,472	819,625
QUARTER 4	1,057,935	933,472	848,897
TOTAL	4,045,044	3,649,313	3,132,138

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

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



2005	2004	2003	2002	2001	2000	1999
183,460,578	168,167,649	147,653,177	127,367,433	102,563,972	88,430,400	77,719,597
57,324,645	52,420,106	47,111,019	38,513,658	25,244,790	20,357,184	16,669,180
918,164	1,039,396	963,695	906,857	911,345	1,217,056	1,324,321
107,526,232	90,600,604	78,502,267	66,447,596	61,368,536	53,756,639	49,082,953
107,546,636	98,810,819	87,067,332	76,947,608	67,809,259	60,384,105	54,537,781
17,319,240	18,546,429	15,292,996	11,566,632	8,392,202	8,701,050	8,016,576
23,524,953	20,605,017	17,651,197	14,065,776	11,880,802	8,353,262	6,996,243
8,329,812	8,172,633	7,307,403	5,308,735	4,418,438	3,484,976	2,946,473
5,885,586	5,856,057	5,456,670	3,869,782	3,214,178	2,557,184	2,031,051
2,927,232	2,707,689	2,561,328	1,683,158	1,463,616	1,200,165	951,350
11,918,736	9,710,382	6,580,207	4,265,864	2,829,240	1,038,755	635,886
2,927,232	2,927,232	2,927,232	2,927,232	2,927,232	2,927,232	2,927,232

2.01	2.00	1.86	1.32	1.10	0.87	0.69
10.51	12.62	4.80	5.92	6.96	7.38	4.83
1.00	0.925	0.875	0.575	0.50	0.41	0.33
3.88%	4.41%	9.78%	7.34%	6.54%	6.35%	9.70%
49.74%	46.24%	46.94%	43.49%	45.54%	46.93%	46.84%
37.26%	41.65%	45.83%	40.00%	44.72%	44.05%	44.00%
26.33%	29.85%	34.22%	29.16%	32.53%	32.32%	30.33%
3.21%	3.48%	3.70%	3.04%	3.13%	2.89%	2.61%

21.14	25.26	8.95	7.83	7.64	6.46	3.35
-16.31%	182.18%	14.30%	2.49%	18.27%	92.84%	0.00%
102,445	104,001	60,304	41,044	32,595	29,776	21,124
-1.50%	72.46%	46.93%	25.92%	9.47%	40.96%	5.36%
1,843	1,864	1,851	1,805	1,756	1,691	1,757
47	48	47	49	48	50	49
14,105	10,982	9,401	9,447	9,165	9,040	8,912
0.0156	0.0162	0.0166	0.0203	0.0210	0.0224	0.0250
19.02%	12.27%	14.13%	5.04%	7.56%	8.30%	6.44%
92,061	94,805	90,549	78,387	67,498	57,281	50,776

731,808	585,446	446,403	402,493	329,314	182,952	182,952
731,808	658,627	446,403	417,131	358,586	182,952	182,952
731,808	731,808	526,902	417,131	373,222	292,723	182,952
731,808	731,808	1,141,620	446,403	402,494	541,538	402,494

2,927,232	2,707,689	2,561,328	1,683,158	1,463,616	1,200,165	951,350
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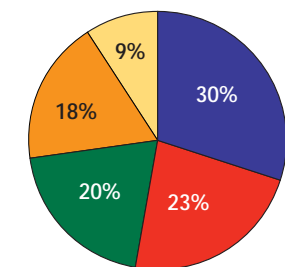
Waves of Change Oceans of Opportunity

As we navigate the waves of change and oceans of opportunity to remain the institution of choice, we reflect on our past achievements and focus on those we hope to attain.

The Scotiabank Group is committed to diversifying our operations, leveraging our global strength and pursuing excellence in executing our strategies to assist our customers in achieving their dreams and creating wealth for our shareholders.

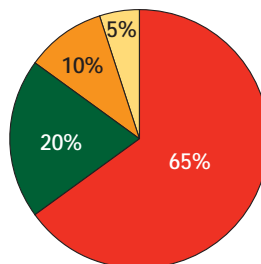
Report to Shareholders

**Segment Reporting Information
(Consolidated)**



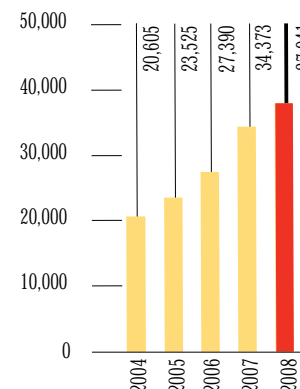
- Retail Banking
- Treasury Operations and Investments
- Insurance Services
- Commercial Banking
- Investment Management Services

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



- BNS
- SDBG
- SJLIC
- SJBS

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



In 2008, your company demonstrated, once again, its proven ability to innovate, integrate and execute initiatives that drive growth and excellence.

Scotia Group Jamaica Limited (Scotia Group) continues to be the most profitable company listed on the Jamaica Stock Exchange, with net income of \$9,391 million available to equity shareholders of the company in 2008.

We continued to build leading positions in many customer segments such as retail lending and deposits and will be placing particular focus in 2009, on areas such as mortgage lending, small business banking, capital markets and wealth management.

We are committed to continue building a financial services group that people and organisations throughout Jamaica will instinctively seek out to help them create, build, preserve and grow the wealth they need to seize opportunities, achieve their goals and realize their dreams.

Record Financial Performance in 2008

Scotia Group achieved its twelfth consecutive year of profit growth with our 2008 net income available to common shareholders representing a 25% increase over 2007.

Our continued success is due to our strategy of diversifying across all major business lines as our wide earnings mix enabled us to remain profitable despite extremely challenging conditions. Our focus on growing volume and increasing non-interest revenue, has

allowed us to continue to meet or exceed our financial targets.

This record financial performance has enabled us to continue our impressive record of 41 years of consecutive dividend payments to shareholders, with the dividends paid in 2008 increasing by 9.2% over that of 2007.

We have consistently demonstrated our ability to manage expenses, and will continue to do so in 2009, as our objective is to maintain a positive operating leverage¹ of 2%.

Growth Strategy

Our objective in 2009, is to manoeuvre through the current global economic storm, and use our advantages - size, scale, revenue diversity, innovation and execution - to position the Group for rapid growth when the storm subsides.

For the past ten years, we have focussed primarily on generating growth through process improvement, increasing customer satisfaction and product innovation. There is nothing more important than executing on our current organic growth strategy as we build on the opportunities we have with our customers and prospects in our current market.

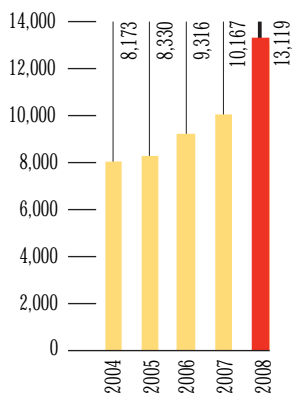
Our ability to pursue multiple paths to growth is a Scotia Group hallmark. Therefore, we will always consider acquisitions when they increase our potential for growth; and the rewards and risks have the potential to produce attractive returns for you, our shareholders.

¹ Operating Leverage is defined internally as the difference between the rate of revenue growth and the rate of expense growth.

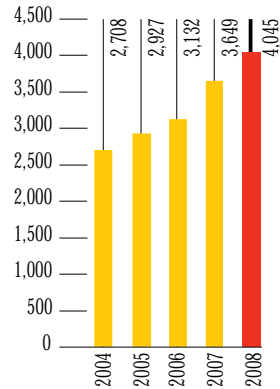


Report to Shareholders *(continued)*

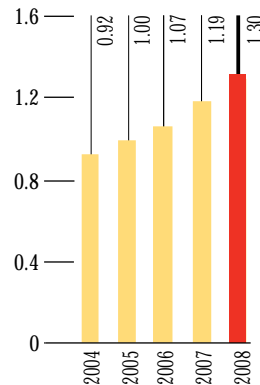
**Profit Before Tax
(\$ millions)**



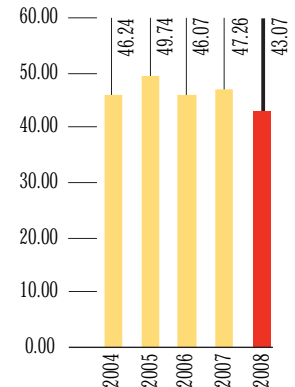
**Dividends Paid &
Proposed
(\$ millions)**



**Dividend Per
Stock Unit
(\$)**



**Dividend Payout Ratio
(%)**



Unique Advantages

While our people and culture represent our greatest strengths, there are some additional key attributes that give us a unique advantage in the Jamaican marketplace.

The size of our franchise, our international connections and our extensive network across Jamaica give us tremendous advantage, as evidenced by our achievements including growth in retail loans of approximately \$6.1 billion during 2008. We were able to create operational efficiencies, with the recently concluded Information System Centre consolidation which transferred our main technology platform offshore.

Execution is a core strength of the Scotia Group which enables us to get things done right, on schedule, on budget and in ways that enhance our customers' experience. It is a combination of these unique attributes that enables us to create opportunities and value for our customers and shareholders.

Focus for 2009

We anticipate that Jamaica will experience some short-term fallout from the turmoil in the global financial markets. However, we are confident and optimistic about our competitive position and our ability to generate attractive financial results in the future.

For 2009, we will continue to pursue our growth mandate while paying very keen attention to cost management in order to ensure the greatest possible efficiency in our operations.

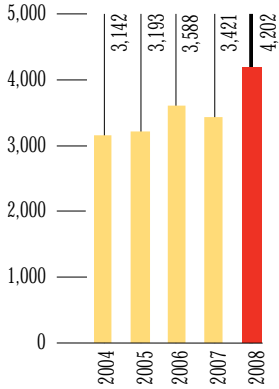
The 2009 fiscal year will be the second year of execution of our Customer Experience strategy and while we look back with pride on the successful implementations of the past year, there is more work to be done to achieve the customer-centricity we desire. Expanding the service feedback processes to all companies within the Group as well as the implementation of a complaints management system will be priorities for us this year. Business process re-engineering and retooling projects that seek to reduce the number of service failures due to delays and errors, as well as expansion of our self-service offerings will also be critical to the achievement of our goals this year.

As a financial services provider, we have always been proud of our achievement of world-class efficiency benchmarks. Our commitment to ongoing improvement and our desire to achieve increased profits in challenging economic circumstances have made it necessary to strategically focus on cost management. Therefore, in 2009, we expect to place all supplier arrangements under the microscope and leverage our position within the market to achieve greater cost savings. Additionally, we will upgrade our procurement processes to ensure that we can improve our expenditure forecasts and proactively manage our expense targets.

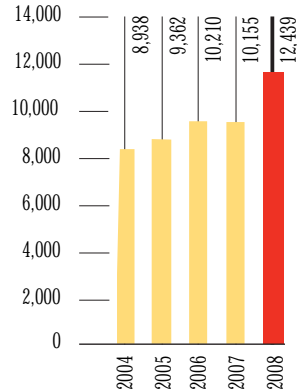
Our life insurance and investment management companies will be at the forefront of our strategic objective of repositioning our income statement to one that has a greater reliance on non-interest income, consistent with international benchmarks. In 2009, we intend to move towards this long-term objective through the introduction of innovative, value-added products and greater market penetration.



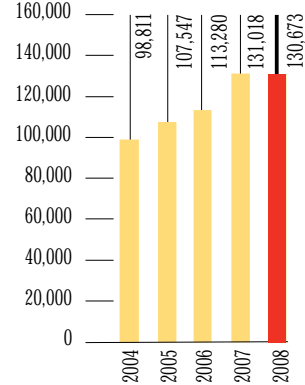
**Profit Per Employee
(\$ thousands)**



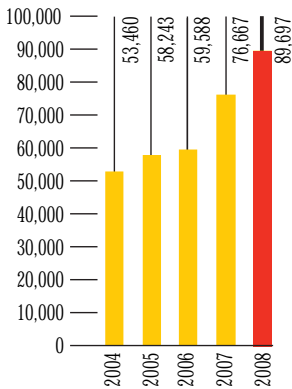
**Revenue Per Employee
(\$ thousands)**



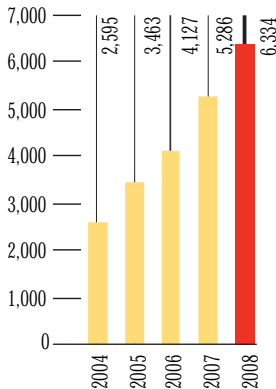
**Total Deposits
(\$ millions)**



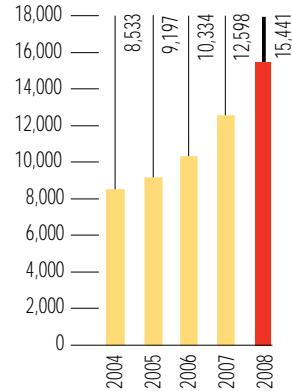
**Total Loans -
Net of Provisions
(\$ millions)**



**Other Income
(\$ millions)**



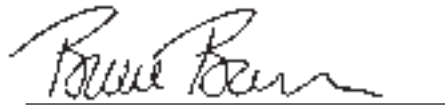
**Expenses
(\$ millions)**



Over the past year, we have formulated and tested strategies to best serve market segments in which we are less dominant. In 2009, we intend to rollout many of these strategies to the youth and young professional segments in order to further diversify our customer base.

We believe that our focus and commitment to growth and development in each of these strategic areas will allow us to remain relevant in the market and to remain the premier financial services group in Jamaica.


ROBERT H. PITFIELD
 Chairman


BRUCE BOWEN
 President & CEO





The Captain's Log

We log the changing of the guard, the distance travelled, the currents that affected us and the course maintained.

Entries in the Log



Friday, October 31, 2008

This is my final entry of record, after 13 years of captaincy of the Scotia Group. It has been a long journey through uncharted waters and many rough seas. However, every year at the helm since 1995 has proven that we charted the right course for the Group, evident through the bounty of awards that we have reaped and the profitable rewards gained for all stakeholders.

Everything is shipshape for the incoming captain, Bruce Bowen, with whom I just concluded the last of our handing over meetings. Our exchange centered on the major achievements of the Group during my command, the anticipated challenges due to the upheaval in the global economy, staying the course as the leading financial institution in Jamaica and providing a safe haven for our customers. On this, my last voyage, I wish Bruce well, as he prepares to take over at the helm of the Group.

I will always be grateful to my crew of Scotiabankers for their support and dedication. Thank you to the many customers, shareholders, Scotiabankers and friends for your encouragement and support over the years; and for displaying faith in my leadership as we navigated the oceans of opportunity and rode the waves of change to remain the financial institution of choice. Thank you to all the members of the various Boards of Scotia Group Jamaica for your confidence in my capabilities and for supporting my decisions over the years. Godspeed.

Hon. William E. Clarke, OJ, CD
Out-going Captain



Friday, October 31, 2008

This morning when I walked into Scotiabank Centre, memories came flooding back and it seemed like only yesterday that I was here in the capacity of Senior General Manager. My return to take over the responsibilities of captaincy on November 1, 2008, marks a new chapter in Scotia Group's journey. Having just concluded my briefing with outgoing Captain, Bill Clarke, I am appreciative of the legacy he has left behind and cognizant of the fact that I must continue to build on it.

In preparing to take over as Captain, I am acutely aware of the storm clouds gathering on the horizon, a sign of the economic turbulence that might very well darken our shores. I am, however, confident of our seaworthiness; and with the expertise of all hands on deck, we will weather the storm as we continue to move ahead.

I wish to congratulate Bill and the staff for delivering yet another sterling year of performance and profitability for the benefit of all stakeholders. I will uphold our Group's commitment to the development of Jamaica and to help the less fortunate among us. I will maintain our excellent record of executing our fiduciary responsibility in serving the people of this country with the highest level of integrity and commitment.

As I chart new courses for Scotia Group and continue to navigate through what will undoubtedly be rough seas, I wish Bill all the best on his retirement.

Bruce Bowen
Captain Designate

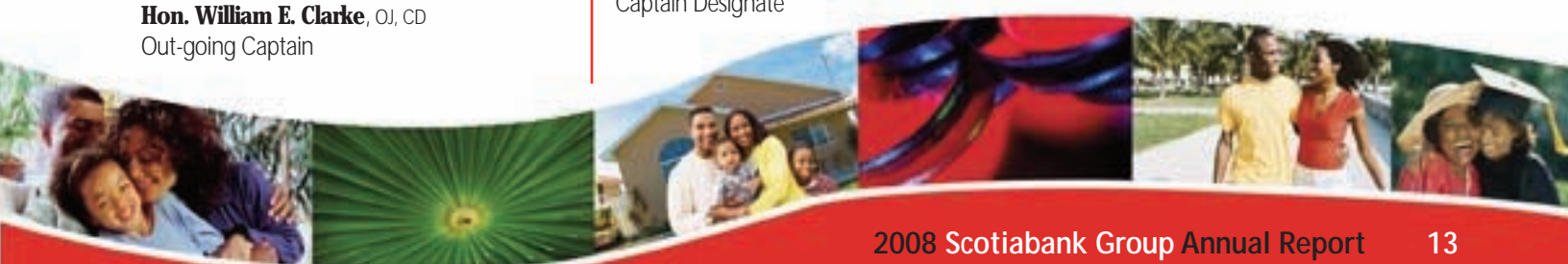
About Bruce Bowen

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

Since February 2004, he has held the post of President & CEO, Scotiabank de Puerto Rico. During his tenure, the Bank undertook an aggressive growth strategy; rebuilding its commercial banking business and expanding its retail business into mortgage banking and credit card issuance. In February 2007, Scotiabank acquired a 10 per cent interest in Puerto Rico's second largest bank, First Bank Puerto Rico. Today, it is the leading local lender to the Commonwealth of Puerto Rico and its agencies, and a major player in the country's corporate and institutional banking market.

In each country in which he has worked, Bruce has been involved in charitable and private sector activities. In Trinidad, he was active in trade and investment promotion through the American Chamber of Commerce (AMCHAM) and the Trinidad & Tobago Manufacturers' Association (TTMA) and was a Director of Maple Leaf School. In Jamaica, he was a Director of the Jamaica Economic Conference Board, a Director of the Scotiabank Jamaica Foundation and was a founding advisor to Micro Enterprise Finance Limited, a non-profit micro finance company. In Puerto Rico, Mr. Bowen was a Director of the Scholarship Foundation for Hotel & Tourism Studies.

Bruce holds an Honours Bachelor of Business Administration degree from Wilfrid Laurier University in Waterloo, Ontario, Canada, and is the recipient of that University's 1984 Gold Medal for the top graduating grade point average. Bruce Bowen is married to Suzanne Fernando-Bowen and together they have 5 children.





Safe Harbour

The Board of Directors of Scotia Group will continue to ensure that we remain a safe harbour for all stakeholders to ride out turbulent waters.

As Harbour Masters, our Directors understand, evaluate and effectively manage and minimize the associated risks that unpredictable market conditions bring, adapting the Group's strategies to the changing environment to maintain the safety of all our stakeholders.

Corporate Governance

Scotia Group Jamaica Limited Board of Directors



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.

The Honourable M. M. Matalon, OJ Deputy Chairman

The Honourable Mayer Matalon is the Deputy Chairman of I.C.D. Group Limited. He has been the Deputy Chairman of Scotia Group Jamaica Limited since March 15, 2007 and a member of the Board of Directors of The Bank of Nova Scotia Jamaica Limited (BNSJ) since 1966. Mr. Matalon is also Chairman of the Executive Committee of the BNSJ Board.

The Honourable W. E. Clarke, OJ, CD

The Honourable William Clarke, President and CEO of The Bank of Nova Scotia Jamaica Limited, was appointed to the Board of Scotia Group Jamaica Limited effective December 4, 2006. 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, Scotia Jamaica Investment Management Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica General Insurance Brokers Limited, Scotia Financial Services Limited, Scotiabank Jamaica Foundation, and Scotia DBG Investments Limited.

He is a graduate of the Harvard Business School International Senior Management Programme/ Advanced Management Programme and the Institute of Canadian Bankers. Mr. Clarke is also a Fellow of the Institute of Canadian Bankers.

B. A. Alexander

Ms. Barbara Alexander was appointed to the Board of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited (BNSJ) 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 and a Director of Scotia DBG Investments Limited, Scotia DBG Fund Managers Limited, The Scotia Jamaica Building Society, The Bank of Nova Scotia Jamaica Limited and United Way of Jamaica.

A. V. Chang

Mr. Anthony Chang is the Managing Director of Lasco Distributors Limited. He was appointed to the Board of Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited on February 5, 2001. He is also a member of the Audit & Conduct Review and Pension Committees of the Board. Mr. Chang is 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. Mr. Chang is also the recipient of the Hubert Humphrey Fellow at American University.

Our approach to effective corporate governance incorporates full regulatory compliance and builds on Scotia Group's strong governance fundamentals. This is achieved by implementing best 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.

These practices are designed to preserve the independence of our Board of Directors.

Board independence ensures that Scotia Group is managed for the long-term benefit of all stakeholders – shareholders, employees,

customers and the communities in which we operate. As a result, as at October 31, 2008, 11 of our 16 current Directors were independent of Scotia Group, its parent or its affiliates (and 11 members of the Board were non-executive).

The Board also ensures that key committees (such as the Audit & Conduct Review Committee and the Human Resources Committee) are composed of independent Directors who have the requisite skills to carry out their respective mandates.

The effectiveness of any Board is also dependent on the quality of the individuals who serve as Directors. We pride ourselves on having individuals serving on the Board who are business and community leaders and have distinguished themselves in various fields of business and academia. Our Directors have contributed significantly to the Group's success over the years and we are confident that they will continue to do so in the future.



Corporate Governance *(continued)*

Scotia Group Jamaica Limited Board of Directors



Professor C. Christie Samuels

Professor Celia Christie Samuels is a Professor of Paediatrics and a specialist in Paediatric Infectious Diseases, Epidemiology and Public Health at the University of the West Indies. She has been a Director of Scotia Group Jamaica Limited since March 15, 2007 and a member of the Board of Directors of The Bank of Nova Scotia Jamaica Limited since February 5, 2001. Professor Christie Samuels is also a member of the Human Resources Committee of the Board and a Director of Scotia Jamaica Life Insurance Company Limited.

(Resigned July 28, 2008)

Dr. J. A. Dixon, CD

Dr. Jean Dixon is the Permanent Secretary in the Ministry of Industry, Commerce and Investments and has worked with the Government of Jamaica since 1996. She has been a Director of Scotia Group Jamaica Limited since March 15, 2007 and a Board member of The Bank of Nova Scotia Jamaica Limited since February 19, 1998. Dr. Dixon is a member of the Pension Committee of the Board, as well as Chairperson of the Board of Directors of The Scotia Jamaica Building Society and of the 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.

Sen. M. J. Golding

Sen. 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 of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited on November 26, 2007 and is a member of the Audit & Conduct Review Committee of the Board. He is a founding partner of Jamaica's first investment house, Dehring Bunting and Golding Limited which was formed in 1993. Sen. Golding is a graduate of Oxford University and the Norman Manley Law School, University of the West Indies and was appointed to the Senate in 2007.

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.

C. H. Johnston, CD

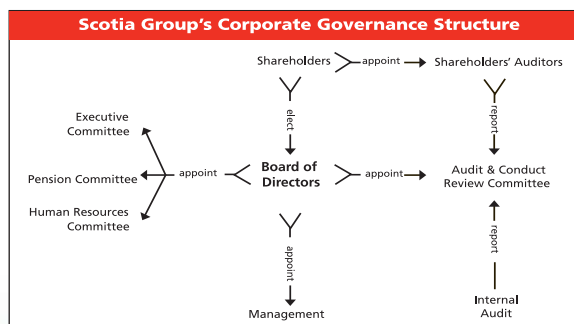
Mr. Charles Johnston is the Chairman and Managing Director of Jamaica Fruit and Shipping Company Limited. He was appointed to the Board of Directors of Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited on August 22, 2002. Mr. Johnston is also a member of the Audit & Conduct Review and Human Resources Committees of the Board and a Director of Scotia DBG Merchant Bank Limited. He is a graduate of the Wharton School of Finance & Commerce, University of Pennsylvania.

W. A. McDonald

Mr. Warren McDonald is the Managing Director and Chief Executive Officer of Berger Paints Jamaica Limited. Mr. McDonald 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. He is also a member of the Human Resources Committee of the Board. Mr. McDonald is a graduate of the University of the West Indies and has done executive training at Harvard Graduate School of Business, Columbia Graduate School of Business and Cranfield School of Business. He is also a Fellow of the Chartered Association of Certified Accountants and the Institute of Chartered Accountants of Jamaica, a Justice of the Peace and a Lay Magistrate.

From time to time, new Directors are appointed to the Board who are able to provide a different perspective to the Board's deliberations. The process of continually appointing new Directors as others retire, ensures that the Board continues to evolve in changing times.

The Group is committed to good corporate governance and will continue to comply with international best practices and guidance from the Jamaica Stock Exchange, the Bank of Jamaica and the Financial Services Commission.





M. M. Issa

Miss Muna Issa is the Treasurer of SuperClubs and President of International Lifestyles Inc. She has been a Director of the Board of Scotia Group Jamaica Limited since March 15, 2007 and The Bank of Nova Scotia Jamaica Limited since August 26, 1999. Miss Issa is also a member of the Executive, Audit & Conduct Review and Human Resources Committees of the Board. She is the Chairperson of the Board of Scotia Jamaica Life Insurance Company Limited and a member of the Boards of The Scotia Jamaica Building Society, Scotia DBG Investments Limited, and Scotia DBG Fund Managers Limited.

She is a graduate of the University of Notre Dame.

P. Minicucci

Mr. Pat Minicucci is Senior Vice President, International Banking Caribbean, Scotiabank, and is responsible for the Bank's operations in nineteen countries in the region. He joined Scotiabank in 1997 in Montreal and has held various positions of increasing responsibilities in Retail Banking and Small Business Operations. Mr. Minicucci 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 also a Director of Scotiabank Trinidad & Tobago, Scotiabank Bahamas, and Maduro & Curiel's Bank.

Mr. Minicucci is a graduate of McGill University, with advanced management training from Harvard Business School, Harvard University.

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 Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited on August 19, 1998. Dr. Thompson is a member of the Executive and Human Resources Committees of the Board and 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.

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. He was appointed as a Director to the Board of Scotia Group Jamaica Limited on March 15, 2007 and The Bank of Nova Scotia Jamaica Limited on September 1, 2005. Professor Vasciannie is a member of the Executive, Audit & Conduct Review and Pension Committees of the Board, a Director of Scotia Jamaica Life Insurance Company Limited and Chairman of Scotia DBG Investments Limited.

Professor Vasciannie 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, the Institute of International and Comparative Law, and the Independent Jamaica Council on Human Rights. Professor Vasciannie is also the author of numerous publications.

R. E. Waugh

Mr. Richard Waugh is the President of The Bank of Nova Scotia headquartered in Canada and has been with the company since 1970. He has been a member of the Board of Directors of Scotia Group Jamaica Limited since March 15, 2007, and is a Director 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 21, 2003.

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

S. A. Wright

Miss Stacie Ann Wright is the Executive Vice President and Chief Financial Officer of the Bank and has been with the company since June 1995. She was appointed to the Board of the Directors of Scotia Group Jamaica Limited on December 4, 2006 and The Bank of Nova Scotia Jamaica Limited on September 1, 2005. She is also a member of the Pension Committee of the Board. Miss Wright is a Director of 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 is a graduate of the University of the West Indies, a Fellow of the Chartered Certified Accountants and the Institute of Chartered Accountants of Jamaica. Miss Wright is also a CFA Charterholder.

Board & Committee Members

EXECUTIVE COMMITTEE OF THE BOARD

- Hon. M. M. Matalon, *oi*, Chairman
- Hon. W. E. Clarke, *oi*, *cd*
- Miss M. M. Issa
- C. H. Johnston, *cd*
- Dr. J. A. Dixon, *cd*
- Dr. H. J. Thompson, *cd*
- Prof. S. C. Vasciannie

HUMAN RESOURCES COMMITTEE

- Miss M. M. Issa, Chairperson
- C. H. Johnston, *cd*
- J. M. Hall
- W. A. McDonald
- Dr. H. J. Thompson, *cd*

AUDIT & CONDUCT REVIEW COMMITTEE

- C. H. Johnston, *co*, Chairman
- Ms. B. A. Alexander
- M. J. Golding
- A. V. Chang
- Miss M. M. Issa
- Prof. S. C. Vasciannie

PENSION COMMITTEE

- Prof. S. C. Vasciannie, Chairman
- Ms. B. A. Alexander
- Hon. W. E. Clarke, *oi*, *cd*
- A. V. Chang
- Dr. J. A. Dixon, *co*
- Miss S. A. Wright





Treasure Chest

Every year, our treasure chest is filled with a wealth of awards received for the concerted efforts that we make as a Group to achieve success in every area of our business. The bounty of recognition is a testament to our commitment 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, staff and the communities that we serve.

Scotiabank Group Awards

2003

- Bank of the Year Jamaica – The Banker Magazine

2004

- Bank of the Year Jamaica – The Banker Magazine
- Top 10 Employers - Jamaica Employers' Federation

2005

- Bank of the Year Jamaica – The Banker Magazine
- Best Annual Report 2004 : 1st Place
– Jamaica Stock Exchange Award (Scotiabank)
- Best Practices Corporate Disclosure & Investor Relations:
1st Place – Jamaica Stock Exchange Best Practices Awards

2006

- Banker of the Year – Latin Finance Magazine
- Best Bank in Jamaica – Euromoney Awards For Excellence
- Best Annual Report 2005: 1st Place
– Jamaica Stock Exchange Best Practices Awards (Scotiabank)
- Best Practices Corporate Disclosure & Investor Relations:
2nd Place – Jamaica Stock Exchange Best Practices Awards
- Top 10 Employers – Jamaica Employers Federation

2007

- Governor General's Award for Overall Excellence
– Jamaica Stock Exchange Best Practices Award
- Best Annual Report 2006: 1st Place
– Jamaica Stock Exchange Best Practices Awards (Scotiabank Group)
- Best Practices Annual Report: 2nd Place
– Jamaica Stock Exchange Best Practices Awards (Scotiabank Group)
- Best Website for Listed Companies 2006: 3rd Place
– Jamaica Stock Exchange Best Practices Awards (Scotiabank Group)
- MasterCard's Global Quality (Worldwide Gold) Award for Excellence
- Certificate for Creative Excellence in Communications for the video drama
'A Letter to Pearl' – US International Film and Video Festival

2008

- Best Bank - Global Finance Magazine
- Best Bank in Jamaica – Euromoney Awards For Excellence
- MasterCard's Global Gold Quality Award for Excellence
- Certificate for Creative Excellence for televised Grand Final of 'Speak Up! Speak Out!' - US International Film and Video Festival
- Silver Screen Award for televised Grand Final 'Speak Up! Speak Out!' – US International Film and Video Festival
- Corporate Social Responsibility Award for voluntary, positive initiatives and partnerships,
resulting in community and marketplace development – Jamaica Employers' Federation
- Corporate Social Responsibility Award - Private Sector Organization of Jamaica
- Best Stockbrokerage Website 2007: 1st Place – Jamaica Stock Exchange Best Practices Awards (Scotiabank Group)
- Best Annual Report 2007: 2nd Place – Jamaica Stock Exchange Best Practices Awards (Scotiabank Group)
- Best Website for Listed Companies 2007: 3rd Place – Jamaica Stock Exchange Best Practices Awards (Scotiabank Group)



The President's Council



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 and has been Executive Vice President and Chief Financial Officer of Scotiabank Jamaica since May 2003.

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

Stacie is a Director of Scotia Group Jamaica Limited, The Bank of Nova Scotia Jamaica Limited, Scotia Jamaica Life Insurance Company Limited, The Scotia Jamaica Building Society, Scotia Jamaica Investment Management Limited, Scotiabank Jamaica Foundation, Scotia DBG Investments Limited, Scotia DBG Merchant Bank Limited and Asset Management Company Limited.



H. Wayne Powell

Executive Vice President, Branch Banking

A career banker of many years, Wayne Powell is Executive Vice President, Branch Banking with responsibilities for the management of the branch network, the Corporate and Commercial Banking Centre and Small and Medium Enterprises. 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

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 organisation, including management positions in central operations, Branch Manager and Assistant General Manager of information Systems Centre.

Rosemarie has benefited from several management training courses to hone her credit, leadership, operations and organisation 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

Senior Vice President, Senior Legal Counsel & Corporate Secretary

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.

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.

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



Maya Walrond

Senior Vice President
Customer Experience, Technology Innovation & Projects

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.



Michael Jones

Senior Vice President, Human Resources

A well rounded Scotiabanker, Michael Jones has gained valuable experience in several areas of the Bank, having held key roles across the company. These include Accounting Manager, Operations Manager, Assistant General Manager - Operations, 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) as well as the Institute of Chartered Secretaries and Administrators (ACIS). He also holds an MBA (Distinction) from the University of Wales and is a graduate of the Executive Human Resource Management programme of the University of Michigan.

Michael serves as a Director on the Boards of the Scotiabank Jamaica Foundation, Church Services, The Human Resource Management Association of Jamaica, the UWI Career and Placement Board and the Hope Gardens/Nature Preservation Foundation.



Anya Schnoor

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

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 15 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, The Jamaica Stock Exchange, Scotiabank Jamaica's Asset and Liability Committee (ALCO) and the Finance Committee of Heart Trust NTA.



Monique French

Senior Vice President, Risk Management

Monique French is directly responsible for the structure, risk and quality of the commercial and corporate credit portfolio of Scotiabank Group (Jamaica).

Monique is a banking professional with twelve years of experience in Credit & Market Risk Management, Corporate Banking, Treasury & Derivatives. She has served on several industry and private sector committees, and holds a BSc Accounting Degree (First Class Hons.) 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 is a CFA Charter Holder and an IBM Scholar.

Monique is a member of the Bank's Asset & Liability Committee (ALCO).



Heather Goldson

Senior Vice President, Marketing & Products

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 acquisition of the retail portfolio of the Bank.

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 SJLIC's Investment Advisory Committee.



Jacqueline Sharp

Vice President & General Manager
Scotia Jamaica Life Insurance Company Limited

Jacqueline Sharp joined Scotiabank in 1997 and has worked in several areas including Treasury, Finance and Private Banking. Jackie is currently responsible for the overall growth, profitability and operations of the insurance arm of the Scotiabank Group.

Jackie holds a Bachelor of Science (BSc.) 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, Life Insurance and Market Research Association's (LIMRA's) Caribbean Executive Board, and is also a Vice President of the Insurance Association of Jamaica (IAJ).

The President's Council *(continued)*



Patsy Latchman-Atterbury

Vice President, Small and Medium Enterprises

Patsy Latchman-Atterbury joined Scotiabank in September 2007 with 13 years of General Management experience. She is the Vice-President in charge of Small & Medium Enterprises; a strategy growth area of the Bank.

In the past fifteen years Patsy has held key roles in a leading regional manufacturing and distribution company in the Caribbean. This included a dynamic 13-year General Management career in the fiercely competitive consumer retail marketplace in Jamaica. It was during this time that she honed her experience in small business and entrepreneurship. She was also one of a four member regional team set up to assess trade opportunities in Central America.

She holds a Bachelor of Science in Management Studies (Hons) and an Executive MBA (Distinction) in Business Administration from the University of the West Indies. Graduating at the top of her EMBA cohort, she represents a combination of practical business acumen and academia.



Yvonne Pandohie

Vice President and Chief Auditor

Yvonne Pandohie's career with Scotiabank began in 2001 after a tenure of twelve and a half years at PricewaterhouseCoopers. She underwent advanced training in Scotiabank's Toronto offices in both the Corporate and Commercial Banking Business Unit and the Audit Department.

In 2004, she became the first Jamaican and the first female to assume the role of Chief Auditor in Scotiabank Jamaica. She has also worked as an Account Manager assigned to the Corporate & Commercial Banking Centre.

Yvonne holds a MBA from the Manchester Business School, is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Institute of Chartered Accountants of Jamaica.



Gladstone Whitelocke

Vice President & General Manager
The Scotia Jamaica Building Society

Gladstone Whitelocke has been with Scotiabank for over 22 years with a career that has spanned Retail Lending, Centralized Retail Collections and Project Management. As Vice President & General Manager of the Building Society, he is responsible for the development, growth and operations of the mortgage services arm of the Group.

He completed courses in Banking and Finance at the University of Technology, Certificates in Project Management and Sales Management from the University of New Orleans and is currently reading for his MBA in Finance from the Manchester Business School.

Gladstone currently serves on the Asset & Liability Committee of Scotia Group as well as the Strategic Planning Committee.



Rosemarie Voordouw

Director, Employee Consultations & Ombuds Services

Rosemarie Voordouw joined the Bank as Director of Employee Communications and Consultations (ECC) in May 2003. The unit was later renamed Employee Consultations and Ombuds Services and provides confidential consultation on work-related issues to employees. It is the first of its kind in Jamaica.

She holds a BSc (Hons.) in Natural Sciences from the University of the West Indies, an MA (Very High Hons.) in Counselling Psychology from the Caribbean Graduate School of Theology and an MBA from the University of Liverpool. She has over 20 years' experience as a communicator and over 10 years' experience as a counselor on both a full-time and consulting basis.

Rosemarie worked with the Jamaica Information Service for over 14 years as a freelance writer, producer and presenter. She is a certified Workplace Mediator, an executive member of the Jamaica Psychological Society, a member of the International Ombuds Association and a member of the Board of Scotiabank Jamaica Foundation.



Ronald Bourdeau
Vice President
Risk Management

Ron Bourdeau, a banking veteran of almost twenty-years, is responsible for Credit Risk Management across the Scotiabank Group. He spent 13 years with Scotiabank in Canada in Commercial Banking and International Credit and led Risk Management centres in Argentina and Chile before arriving in Jamaica in 2003 to head the Credit Risk Department.

Ron holds a Bachelor's degree in Commerce from Concordia University in Montreal and an MBA in International Business from the University of Toronto. He has also successfully completed the Ivey Executive Programme at the Richard Ivey School of Business, University of Western Ontario.



Wayne Hewitt
Vice President
Corporate & Commercial Banking

Wayne Hewitt is a banker with 16 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 and the Scotiabank Centre Branch since 2005.

He holds a BSc (First Class Honours) in Economics and Management from the UWI, 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 Scotia Jamaica Building Society and Scotia DBG Merchant Bank Limited.



Joylene Griffiths Irving
Director - Public, Corporate & Government Affairs
& Executive Director
Scotiabank Jamaica Foundation

Joylene Griffiths Irving holds the responsibility for building and maintaining the Bank's corporate image through public relations and external communication strategies. She also directs the Bank's corporate social responsibility focus through the Scotiabank Jamaica Foundation.

She joined Scotiabank in 2000, and previously held the position of Senior Manager, Public & Corporate Affairs. Prior to joining the Bank, she held several management positions in the fields of public relations, communications and journalism.

Joylene holds a Master of Arts degree in Human Communications from Howard University (Hons), Washington DC, USA and a Bachelor of Arts degree (Hons) in Language and Literature with Social Sciences from The University of the West Indies. Joylene is a Rotary Club of Kingston Ambassadorial Scholar and a member of the International Association of Business Communicators, Public Relations Society of Jamaica and the Press Association of Jamaica.





Navigating the High Seas

Anyone who has tried to run a business of any size will tell you that it is like navigating the high seas: the potential dangers are many and the prospective rewards are great. In 2008, Scotiabank expanded and strengthened our ability to assist businesses of all sizes navigate with confidence.

Navigating the High Seas

Anyone who has tried to run a business of any size will tell you that it is like navigating the high seas: the ride is exhilarating and the perils are many, but successful manoeuvring over rough seas can bring great rewards.

This is particularly reflective of the operations of Small and Medium Enterprises (SMEs). Therefore, in recognition of the key role that SMEs will continue to play in national development, we deepened our offering to this segment by introducing a holistic value proposition.

“Our aim is to create opportunities for building sustainable enterprises through the provision of a total business solution, which includes not only a financial component, but a complete business management solution”, explains SME Vice-President, Patsy Latchman-Atterbury. “A priority for us was to employ a team of Business Banking Officers (BBOs), who were knowledgeable about general business operations and the industries which we serve. In addition, our BBOs underwent intensive training and certification in credit and business analyses.”

To complement these skills, our value proposition holds the promise of being a hub of information for our customers. In working to achieve this, we strengthened our institutional understanding and appreciation of the local and international SME industry through the data collected and analyzed by our internal and external research teams.

The findings were used to design policies to match the characteristics of our priority segments in the SME sector.

A major achievement was the establishment of the Scotiabank Chair in Entrepreneurship which we sponsored in 2008 with a five year commitment of \$32.5 million at the Technology Innovation Centre of the University of Technology.

This Chair is focused on yielding relevant market research data to assist us in assessing risk tolerance and developing products and best practices for each segment of the SME sector.

We also anticipate that the Chair's work will yield significant benefits for our customers and the wider Jamaican society. The main beneficiaries are Micro, Small and Medium-sized Enterprises (MSMEs) and related business associations, particularly those who are part of the MSME Alliance which spans several sectors. The Alliance comprises approximately 21

small business associations, including the Block Makers Association, National Association of Hairdressers, National Association of Taxi Operators, National Association of Craft Vendors, and the National Association of Informal Commercial Importers. Membership is estimated at 250,000.

Other beneficiaries of the Scotiabank Chair include business students, policymakers, the financial sector, workers and consumers.



Dr. Errol Morrison - Principal of UTech, Dr. Rosalea Hamilton - Vice President, Development Chair, Entrepreneurship & Development, UTech and William Clarke - President & CEO, looking at the plaque identifying the office of the Chair in Entrepreneurship and Development at UTech funded by Scotiabank on the occasion of the launch of the Chair on January 21, 2008.



Navigating the **High Seas** *(continued)*

Scotiabank Team Leaders – Metro West



- | | | | |
|--|--|---|---|
| 1 Steve Distant
Manager, Liguanea Branch | 5 Michael Lee
Manager, Sales and Service Support | 9 Peter Walters
District Vice President | 13 Claudia Sanderson
Manager, Junction Branch |
| 2 Althea Howard
Manager, Premier Branch | 6 Donna Maxwell
Manager, Victoria and Blake Branch | 10 Valerie Omess
Manager, Hagley Park Road Branch | 14 Donovan Hanson
Manager, Scotiabank Centre Branch |
| 3 Michael Shaw
Manager, King Street Branch | 7 Althea Bell Grant
Manager, Old Harbour Branch | 11 Carl Bright
Manager, Mandeville Branch | Absent: Audrey Barrett
Manager, Black River Branch |
| 4 Denise Hyman
Manager, Santa Cruz Branch | 8 Janet Billings-Frith
Manager, Christiana Branch | 12 Dean Webb
Manager, May Pen Branch | |

While we understand the importance of preparing our team to serve our SME clients, we also know that these entrepreneurs require the right products to meet their specific needs. So last year, we continued the focus on the ongoing development of our small business portfolio and promoting new products that are aligned to the identified needs of this market.

The launch of a special \$100 million fund for start-up enterprises in September 2008 was the Bank's latest initiative and garnered the most excitement. It was an unprecedented move in commercial banking and one which entrepreneurs welcomed. One of the unique features of

this programme is that applicants are given the opportunity to make a detailed presentation of their business plan to a cross-functional team. Thereafter applicants receive the Bank's decision within 48 hours, once all supporting documents have been presented.

"This creates a great opportunity for small business people to personally present their business plan, because passion cannot easily be presented on paper," explains Latchman-Atterbury. *"In many businesses, it is the passion and perseverance of the principals and their ability to inspire people to buy in to their vision, that makes them succeed and you can't tell that just from reading a business plan."*

Scotiabank Team Leaders – Metro East



- | | | | |
|--|---|--|--|
| 1 Regald Reid
Manager, Port Antonio Branch | 5 Phoebe Buchanan
Manager, UWI Mona Branch | 9 Janet Sutherland
Manager, Oxford Road Branch | 13 Karen Tomlinson
Manager, Half-Way-Tree Branch |
| 2 Avril Leonce
Manager, New Kingston | 6 Conrad Wright
Manager, Portmore Branch | 10 Opal Whittaker
Manager, Port Maria Branch | 14 Marlene Davidson
Manager, Highgate Branch |
| 3 Junior Carter James
Manager, Spanish Town Branch | 7 Michelle Lee Rutland
Manager, Sales and Service Support | 11 Courtney Sylvester
District Vice President | |
| 4 Junior Clarke
Manager, Cross Roads Branch | 8 Peter Mohan
Manager, Morant Bay Branch | 12 Lois Hemmings
Manager, Linstead Branch | |

This start up facility is part of the J\$400 million Small Business Development Fund, which offers attractive rates between 8.65% – 12.12% and its announcement marked the official launch of our SME programme. These monies will be available to fund specific aspects of businesses. Two other categories of eligible borrowers are current or new customers wishing to improve efficiencies through technology, equipment or training and members of the MSME Alliance.

Over the next fiscal year, we will continue to develop more meaningful ways to serve this very important market segment, as we stand resolute in our value proposition of “working together to grow your business.”

Deepening relationships with larger commercial customers

In 2008, we expanded and strengthened our ability to help corporate enterprises steer their ships with confidence. Solidifying relationships was the main focus of our Corporate and Commercial Banking Centre (CCBC), which serves our larger commercial customers. According to CCBC Vice President, Wayne Hewitt, “*We realised that our customers wanted more frequent contact with us, so we made a deliberate attempt to communicate at more diverse levels within our clients’ organisations to get a better understanding of their needs and to provide matching solutions.*”



Navigating the **High Seas** *(continued)*

Scotiabank Team Leaders – Metro North



- 1 **Caswell Dawes**
Manager, Savanna-la-Mar Branch
- 2 **Amory Jervis**
Manager, Lucea Branch
- 3 **Garth Graham**
Manager, Westgate Branch

- 4 **Doreen Mortimer**
Manager, St. Ann's Bay Branch
- 5 **David James**
Manager, Brown's Town Branch
- 6 **Michael Thompson**
District Vice President

- 7 **Linley Reynolds**
Manager, Montego Bay
- 8 **Taryn Buddo**
Manager, Ocho Rios Branch
- 9 **Glen Gray**
Manager, Negril Branch

- 10 **Milton Elliot**
Manager, Sales and Service Support
- 11 **Rhoan Bennett**
Manager, Ironshore Branch
- 12 **Fitzaudy Wright**
Manager, Falmouth Branch

As a result of these strengthened connections, the CCBC was able to help grow their clients' businesses through mergers and acquisitions, plant expansion and equipment purchases. We leveraged both our local and international expertise and connections to support expansion initiatives through corporate and/or structured trade financing. We also provided additional financial support to customers who needed extra capital and liquidity to keep their businesses afloat, during the difficult business cycle conditions of 2008.

Port operators, telecommunication companies, gas retailers, brewers and mill operators, were among the larger corporations that accessed commercial financing to enhance their business operations.

Our relationship with our customers extended beyond being just a loan broker. We leveraged our ability to assist corporations to navigate the high seas with confidence. *"We studied our clients' financial statements with a view to suggesting*

relevant financial solutions to enhance their shareholder value” explains Hewitt. This approach yielded great benefits as our clients gained increased access to capital, regional and international financial markets and products. Our Relationship Managers with expert precision, coordinated and delivered needed solutions which resulted in our clients feeling that overall, the relationship with their bankers was more consultative.

We also placed greater emphasis on mid-market companies that required access to smaller loans with longer terms. Entities operating within the fast food, agricultural, tourism and transportation industries benefited from this intervention. Companies found this facility very valuable as it assisted them to meet a variety of objectives. These included the introduction of new business lines, corporate restructuring, addition of new locations and the modernization and expansion of their business capacity. *“We were able to offer increasingly relevant financial solutions such as refinancing opportunities, extending loan terms and lowering debt service ratios which recognised the realities of their leverage and cash flow positions,”* said Hewitt.

A key contributor to this improved level of service was the establishment of the Corporate and Commercial Support Centre and the creation of a Portfolio Management team. Both areas handled day-to-day account administration, credit portfolio monitoring and preliminary financial analysis. Our Treasury Department also played a pivotal role in negotiating foreign exchange trades and deposit rates, structuring non-standard lending solutions, facilitating loan syndications and educating customers on developments in global and domestic markets.

It is expected that businesses will find it challenging to operate in 2009. This comes against the background of anticipated ripple effects in the local market, emanating from the global financial melt down that has plunged several established economies into recession.

We are prepared to leverage our local knowledge and international connections to assist our clients in the Jamaican business community to manoeuvre through these rough seas and weather the storm during this period of turbulence.



Red Stripe's Beer Vats

We are building deeper and stronger business relationships with all our corporate clients by combining our strength in relationship management and financial expertise, backed by our global network. Premium beer manufacturers, Red Stripe, is one of our larger corporate clients in the manufacturing sector with whom Scotiabank's Corporate and Commercial Banking Centre has worked closely for over 20 years to better understand their industry and to offer relevant financial solutions to help them to grow their business.

Whether you are in the manufacturing, tourism or agricultural sector, access to sufficient working capital to operate your business to weather the ups and downs of the economy and acting on opportunities as they arise are all critical to keeping your business afloat. We take the time to appreciate our commercial clients' current realities, and offer the best alternatives to meet their working capital, long-term financing, leasing and trade finance needs; reaching for every opportunity to add value to their plans with the objective of keeping their businesses on an even keel.



Navigating the **High Seas** *(continued)*

We envisage that our increased emphasis on customer analysis and relationships will better enable us to pre-empt needs.

Our ability to deliver relevant financial solutions, access to global markets and expertise and cadre of knowledgeable and motivated staff will work in concert to assure businesses that they are never alone on the high seas.



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



Charting a New Course

Scotiabank Group has been charting a new course in our bid to significantly improve our ability to serve customers who need wealth management options. The focus will be on providing first-class service, managing funds profitably and introducing new products to satisfy our clients' primary goal of growing wealth.

Charting a New Course

Over the past few years, Scotiabank Group has been charting a new course in a bid to significantly meet our customers' need for wealth management solutions. In 2006/7, we formed the Scotia Wealth division and acquired one of Jamaica's most successful investment houses, Dehring Bunting & Golding Limited (DB&G), and merged it with Scotia Jamaica Investment Management Limited, forming a new entity, Scotia DBG Investments Limited (Scotia DBG). This heralded a new era for us in wealth creation and management services delivery, which strengthened our ability to increase shareholder value.

We focused on rebranding DB&G to Scotia DBG to ensure that current and potential clients understood that they could rely on the strength of the Scotia Group, coupled with the collective investment expertise now available through the merger.

"The combination of DB&G's innovation and the operational strength that comes with being a part of the Scotia Group offers great possibilities for our clients", said Anya Schnoor, Chief Executive Officer of Scotia DBG.

We also focused on creating additional value for our shareholders and improving operational efficiencies this past year. We consolidated job functions and contained overhead expenses, driving our productivity ratio from 56.56% in 2007 to 40.85% at the end of October 2008.

We responded to our clients' distinctive service expectations by embarking on an intense Customer Satisfaction Survey. The findings were used to assess the current levels of satisfaction with our service and to identify areas in which we could make improvements. We then instituted regular Measurement-based Service Quality System surveys to track customers' feedback and help stay the course of excellent service delivery. We also increased the number of investment advisors to improve our client contact ratio and utilised over 19 Scotiabank locations islandwide to expand our customer touch points.



Scotia DBG Investments Limited (Scotia DBG) is a subsidiary of Scotia Group Jamaica Limited. In February 2008, the shareholders and Board of Directors approved the name change of Dehring Bunting & Golding (DB&G) Limited to Scotia DBG Investments Limited (Scotia DBG). To formalize this change, the name of the listed company was changed on the Jamaica Stock Exchange on April 16, 2008 from DB&G to SDBG. This rebranding represented the coming together of two great entities combining strength, dynamism and innovation.

Scotia DBG provides a compelling alternative for individuals and institutions worldwide, by providing them with an elite financial services offering. Scotia DBG prides itself on having a personal touch with its clients, and team members are committed to enhancing the financial prosperity of their customers, by providing premium customer service and innovative financial solutions. Scotia DBG is dedicated to developing and upholding the highest standards of integrity and professionalism.

In an effort to satisfy our clients' wish for product variety, we launched into new waters with the Scotia DBG Caribbean Income Fund, which was introduced in Trinidad. In addition, we expanded the scope of the Stock Brokerage Unit to include the creation and distribution of Structured Notes. During the year, Scotia DBG Merchant Bank added lease financing to its product suite. We celebrated the top performance of our Premium Growth Fund in the market, which is offered through Scotia DBG.

Wealth management clients are also served through the Scotia Private Client Group (SPCG), and together with Scotia DBG, we are now able to offer them exclusive customer service, appropriate product suites and value added services such as targeted client education events.

We used a number of channels to ensure that we provided current and helpful information to our customers to assist them in making prudent decisions. For one, we updated the Scotia DBG website to make it more user-friendly and informative, with improved capability for clients to view their accounts on-line.



THE SCOTIA DBG INVESTMENTS TEAM - (from left to right) **Christopher Chin Loy**, Assistant Vice President, Brokerage and Structured Products **Andrea Tinker**, Chief Financial Controller, **Clay Moodie**, Assistant Vice, President Treasury & Capital Markets, **Vanessa Reid-Boothe**, General Manager, Asset Management Co. Ltd and Vice President, Sales and Service, **Brian Frazer**, Assistant Vice President, Pensions & General Manager, Scotia DBG Fund Managers, **Anya Schnoor**, Chief Executive Officer, **Johann Heaven**, Assistant Vice President, Projects & Strategic Planning, **Tanya Ho-Shue**, Vice President & General Manager, Scotia DBG Merchant Bank, **Lissant Mitchell**, Senior Vice President, Treasury & Capital Markets, **Suzanna Holness**, Vice President, Operations, and **Phillip Nash**, Assistant Vice President, Information Technology.

Another customer-centric initiative was our 'Trading from the Branch', where we exposed our clients within the branches to the Jamaica Stock Exchange Trading Platform. Scotia DBG also hosted quarterly investment seminars aimed at growing and preserving wealth.

As we move into a new financial year, our focus will be on improving our ability to provide first-class service, managing funds profitably and introducing new products to help our clients achieve their primary goal of growing wealth.

We know that it is also important to offer our clients untraditional banking services. Last year, SPCG formed an alliance with professionals to act as resource persons in providing insights on markets of interest, and our customers, relied on these key learnings to lay plans for securing their financial future.

"Our relationship with these professionals such as attorneys, real estate brokers and car dealers is mutually beneficial and also facilitates our customer's decision making process", explains SPCG General Manager, Bridget Lewis.

We will continue to leverage the combination of tradition and innovation to meet our clients' needs as we chart a course of opportunity for our customers.



THE SCOTIA PRIVATE CLIENT GROUP TEAM - (from left to right) **Yolande Donaldson**, Senior Sales Representative, **Richard Bertram**, Investment Advisor, **Valerie Williams**, Senior Operations Officer, **Bridget Lewis**, General Manager, **Roger Grant**, Senior Manager, **Opal Levy Clarke**, Relationship Manager, **Richelle Ehikametalor**, Relationship Officer, and **Blenda Wade**, Investment Specialist.





Safety Net

In 2008, Scotia Jamaica Life Insurance Company Limited celebrated ten years of providing a financial safety net for thousands of Jamaicans who have found the flagship ScotiaMINT product a reliable refuge when they were most vulnerable. In the coming year, we will expand our product offering in the areas of individual insurance and retirement, continue with educational programmes around financial planning, widen our communication channels, and foster closer working relationships with our customers.

Safety Net

When the climate changes unpredictably and rough seas arise, a safety net is not only desirable, it is a necessity. For the past ten years, Scotia Jamaica Life Insurance Company (SJLIC) Limited has been providing a financial shelter for thousands of Jamaicans during peaks and troughs in the economic cycle.

ScotiaMINT is the flagship insurance product and main instrument designed to help customers meet their long-term financial goals. The product effectively combines the discipline of consistent contracted monthly savings or annual payments, with life insurance coverage. With its tax-advantaged* savings, ScotiaMINT is considered to be one of Jamaica's leading financial plans, in which many persons have found a reliable refuge.

SJLIC also offers Creditor Life Insurance. This product was developed in response to our customers' need to protect the assets they would leave behind for their loved ones. *"The whole point of credit insurance is to protect your assets"*, explains SJLIC VP and General Manager, Jacqueline Sharp. *"If a customer passes on before the loan is repaid, the Bank has two options - to collect loan repayments from the estate or to repossess the assets. However, if that customer had opted for Creditor Life Insurance with adequate coverage, the insurance would take care of the outstanding amount and the beneficiaries would now own the assets, totally debt free."*

**Subject to the applicable taxation laws*

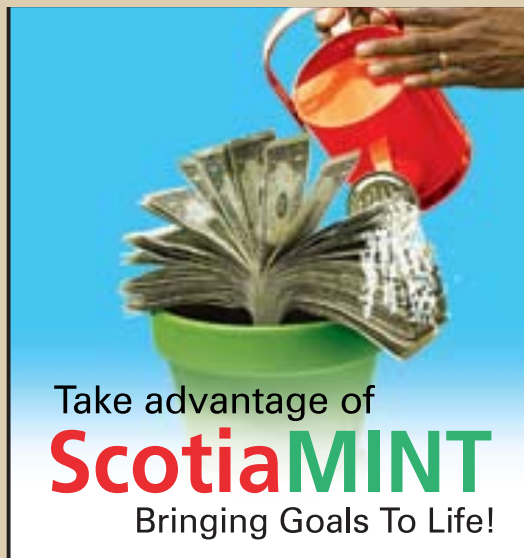
Customers have responded enthusiastically to the introduction of the new Health Crisis Protection product which was launched in November 2007. This living benefit plan provides coverage after the diagnosis of cancer, heart attack, stroke and dismemberment, and allows our borrowing customers across the Group a choice of creditor life or critical illness coverage, or both, on their Scotia Plan Loans or on residential mortgages.

"Like Creditor Life, when a customer who has a Health Crisis Protection Plan is diagnosed with one of the illnesses covered and is thus unable to honour their loan obligation, the insurance will repay the total outstanding amount."

"We projected that 10 percent of the Bank's loan customers would choose both plans; however, our expectations have been exceeded, as to date, over 36 percent of these customers are enrolled for both life and critical illness coverage," Sharp relates.

While credit insurance protects our customers' assets, ScotiaMINT policyholders are also seeking to provide monetary benefits for their beneficiaries. However, in recent years, rising inflation has threatened to erode the value of their carefully laid financial plans, and too often, many have found

that they have fallen short of their savings goal when it is already too late. Scotia Insurance has provided a safety net by introducing a unique feature to ScotiaMINT, called the 'Automatic Increase in Premium'. This feature gives policyholders the option to automatically increase their premiums in line with inflation, giving our customers peace of mind about the sustained value of their policy.



Scotia Jamaica Life Insurance Company's 10th Anniversary

On June 16, 1998, Scotia Insurance sold its first ScotiaMINT policy. Ten years later our customer base has grown to over 100,000 clients. We have added Credit Insurance to our product portfolio to meet the needs of our client base and have also increased our staff complement from eight in 1998 to 91 in 2008, to ensure that the quality of our service remains uncompromised.

The past ten years have proven to be exciting and fulfilling as the Scotia Insurance team continued 'Bringing Goals to Life' for our customers. As we celebrate our 10th Anniversary this year, we thank our clients for their confidence in our ability to bring their goals to life and to our staff for embracing the vision. We look forward to the next ten years of not only meeting our customers' financial needs, but surpassing their expectations.



Safety Net *(continued)*



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

As many of our customers are using the latest technology to access information, we launched a series of podcasts that served as an educational tool while simultaneously opening the lines of communication between our clients and Scotia Insurance's senior management team. We also upgraded the Scotia Insurance website to improve the client's total customer experience with us and to provide relevant information for their financial needs.

One common customer need that is often neglected is estate planning. Scotia Insurance conducted several fora around the island to assist clients in understanding the benefits of estate planning and retirement. This is very important for customers of all ages, as our findings reveal that they do not pay serious attention to the subject.

In today's market place, it is not enough to have a good product; customers also expect excellent customer service. With that in mind, in 2008, Scotia Insurance focused on improving service to customers through different channels. We did this by increasing the number of agents on the sales team, as well as the number of customer service representatives, to ensure that we would meet our clients' needs in a timely and efficient manner. The sales team also participated in specialized training courses to improve their ability to proactively recognise and service constantly changing customer needs.

Scotia Insurance is aware that environmental events can create holes in our clients' safety nets, and therefore we must constantly seek new ways to protect our customers' investments. In doing so, our clients can expect to see expanded product offerings in the areas of individual insurance and retirement packages; continued educational programmes on financial planning; and the fostering of closer working relationships with them.

"One trend that we have noticed is that persons want to have our service brought to them, so we made presentations at several companies worksites to make it easier for prospective clients to learn more about and to sign up for our products", explains Sharp.





Life Boat

The Scotiabank Group remains committed to offering lifelines to socially disadvantaged and economically challenged persons in the communities we serve through our corporate responsibility programmes. Our philanthropic beliefs are demonstrated in our support of health, education and community development through the Scotiabank Jamaica Foundation.

Life Boat

In 2008, Scotiabank's leadership in the area of corporate social responsibility remained unchallenged, with the Group making a contribution of \$67 million to projects in health, education and community development and acting as a life-saver for thousands of Jamaicans in 2008. The Scotiabank Jamaica Foundation (SJF) is the main vehicle for this aspect of the Group's activities; however individual branches and departments also participate in community projects through the ScotiaVolunteers Programme.

Speak Up! Speak Out!

We continued our major Group project to widen the programme started in 2006, aimed to build awareness among primary school-age children about the pandemic of HIV and AIDS. The expanded programme, which cost more than \$20 million, took a more holistic approach to the issue as we entered into a partnership with the Jamaica Cultural Development Commission to use the performing arts to help convey the message of HIV and AIDS awareness and healthy lifestyles. We also hosted islandwide parenting seminars, a health fair in Morant Bay and a major launch of the programme on World AIDS Day in Montego Bay.

One hundred and forty schools registered for the **Speak Up! Speak Out!** education programme and debating competition, with Corinaldi Avenue Primary School in Montego Bay taking the championship over Lannaman's Preparatory School in Kingston. They debated the moot: *'Owners of television stations and producers of sexually explicit programmes should be held responsible for the anti-social behaviours of young viewers.'* The winners and runners-up in the competition received bursaries, cash prizes, computers, certificates, trophies and a tour of Kingston.

HEALTH

In 2008, women and children were the beneficiaries of two major new health programmes: Scoliosis Care and Cancer Care, which demonstrated the personal way that the Foundation touches the lives of ordinary Jamaicans. Scoliosis is an S-shaped curvature of the spine which causes severe pain, respiratory complications, and deformity. Adolescent scoliosis is most common in Jamaica, affecting children between the ages of 10 to 16 years, but if treated, the condition can be corrected before adulthood.



Scoliosis patients Onekki Barnes, Britany Henry, Tameika Morgan and Krischion Johnson are the first five beneficiaries to received free surgery compliments of Scotiabank to correct the curvature in their spines. The cost of surgery for the five young ladies total \$2.5 million.

It was the plight of Nicole Noble, a student at St. Mary High School that inspired the Foundation to not only fund her surgery, but to structure a programme which funds surgeries and brings attention to this crippling disease.

Over the next four years, the Foundation has committed \$7.5 million to purchase the screws and rods used in the corrective surgery for approximately 15 children selected based on need, age, and the severity of the disease. During the past summer, surgery was successfully performed on the first five children, whose ages ranged from 12 to 18 years. The Foundation is partnering with the Kingston Public Hospital and Caribbean Orthopedics Limited (also known as 'Stryker') which develops, manufactures, and supplies specialty surgical and medical

products, including those required for spinal corrective surgery.

Joylene Griffiths Irving, Executive Director, SJF, recalls the patients' post-surgery reactions: *"This operation enabled the girls to stand erect; with some realizing that they had grown taller than their parents, but because of the curvature of their spine, they had not noticed this before now. We saw children regaining their self-esteem and confidence after the operation because they no longer saw themselves as being different, beginning to play again with their friends, enjoying their childhood, and returning to school to continue their education. For us, the results brought joy to our hearts and tears to our eyes."*

Breast cancer in women is one of the leading causes of illness and death in Jamaica and in May 2008 the Foundation launched its Cancer Care programme at the Spanish Town Branch in St. Catherine as part of Women's Cancer Awareness Week. The programme was expanded nationally and more than 1,000 women in rural communities were able to access free breast and uterine cancer screenings using the Jamaica Cancer Society's Mobile Mammography Unit. They were taught how to conduct breast self-examinations and identify early signs of the disease.

In addition to these new initiatives, the Foundation continued its support of health projects around the island, with major emphasis being placed on Renal Care and Accident and Emergency Care. The Scotiabank Jamaica Foundation Haemodialysis Unit at the Cornwall Regional Hospital in Montego Bay, established in 1998, is the largest haemodialysis facility in the Caribbean. In March 2008, the Foundation's contributions allowed the Unit to expand the treatment area and purchase six additional dialysis machines, bringing the total number to 18. As a result, last year 126 patients who could not afford the cost of the service at a private institution were able to access weekly dialysis care, enabling them to enjoy longer lives.

The Scotiabank Centennial Accident and Emergency Unit at the University Hospital of the West Indies, which was established in 1989, is the flagship project in the Foundation's Accident and Emergency Care Programme. The Foundation continues to maintain the Unit, and in 2008, provided funding for new air conditioning units, creating a more comfortable environment for patients and staff.

Additionally, residents of western Jamaica were the main beneficiaries of another initiative under the Foundation's Accident and Emergency Care programme in 2008. The donation of a new tubal ligation single puncture diagnostic video system and a vital

signs monitor to the Savanna-la-Mar General Hospital will significantly improve the staff's ability to serve people using that facility. The equipment cost \$4.4 million.

COMMUNITY

In 2008, the Foundation's Community Care programme focused on the youth and the elderly in Kingston and St. Andrew. The residents of Cassava Piece, Lizard Town and the surrounding areas in St. Andrew will benefit from a new community centre being built by the Church of the Good Shepherd with support from the Scotiabank Jamaica Foundation. The Foundation is donating \$5 million towards this project and the first installment of \$2.5 million was disbursed during the year. The Centre will provide skills training in craft, garment construction, homework assistance, mentoring and counseling. We also continued our care for the elderly, providing meals and paying annual visits to the 57 residents of Cluster F at the National Golden Age Home in Kingston.

EDUCATION

Our Student Care programme continues to receive high priority in the Foundation's social outreach objectives. In an attempt to strengthen the tertiary-level resource capacity in our second city, in March 2008 the Foundation handed over a new 300-seat Lecture Theatre to the grateful Montego Bay Community College. The \$25 million lecture theatre will assist the College to achieve its goal of becoming a full-fledged University as it will now be able to offer new degree courses. The benefits to the western Jamaican population will be felt in the reduced attendant tertiary costs and decreased urban migration as more students in that locale can remain in their hometowns and pursue tertiary studies.

At the individual level, several students received scholarships to help make their educational journey a positive experience. The Scotiabank Jamaica Foundation's Sir Alister McIntyre Scholarship was awarded to Mr. Marvin Lawful to study at the University of the West Indies (UWI); the Scotiabank Jamaica Foundation Prize in Paediatrics went to Dr. Shivon D. Belle and Dr. Ephraim J. Ingram, who graduated at the top of their class at the UWI Medical School; and Miss Maxine Daley earned the Scotiabank Jamaica Foundation Tertiary Award for Women to attend the Edna Manley College for the Visual and Performing Arts.



Life Boat (continued)

We continued to provide scholarships under the Student Care programme to students with outstanding performance in the Grade Six Achievement Test as well as to children from economically disadvantaged backgrounds to pursue their high school education. Fifteen students obtained scholarships in 2008. Topping this list were James Robertson of Junior Plus Preparatory School in Montego Bay, and Hye Kyung Moon of Stella Maris Preparatory School in Kingston who received the Scotiabank Jamaica Foundation Annual Scholarship for Excellence (Top Boy & Top Girl).

Student Care also encompasses our breakfast feeding programme. After eight years of providing breakfast for some 150 students at the Holy Family Primary and Infant School and observing the improvements in attendance, academic and co-curricular performance, we expanded the programme to include four new schools totalling 500 students. These are Bamboo Primary & Junior High in St. Ann, Whitfield All Age in Kingston, Norwich Primary and Drapers All Age in Portland.

In 2008, we saw an opportunity to strengthen our commitment to our children's safety on the nation's roads and increase our support to the police road safety programme in schools.

As a result, in August, we launched the Scotiabank **Street Smart, Street Safe** programme, which featured a significant expansion of our previous efforts.

"The Police Road Safety Unit was overjoyed with the launch of this programme", relates Griffiths Irving. "It was a huge addition to their efforts; providing them with a road safety video to build awareness among school children, and a new truck to take their teaching props to schools island-wide. We also provided whistles, which are an addition to the uniforms we already provide for the school crossing wardens. We also provided collateral materials to promote the 'hand in the air signal' for pedestrians to indicate that they were ready to cross the road. The mascot - 'Tia' - brings excitement to and retains the interest of children, when teaching road safety in schools. We just had to take tactical action in the face of the alarming rate at which our children were numbered among the fatalities in motor vehicle accidents or suffered life-changing injuries," she added.



Scotiabank Road Safety Mascot, 'Tia' and her Street Smart, Street Safe Friends join in a demonstration of how to use the pedestrian crossing on Half-Way-Tree Road. The demonstration was made at the launch of the Street Smart, Street Safe programme at the Half-Way-Tree Road Transport Centre in September 2008.

We remain committed to offering lifelines to socially disadvantaged and economically challenged persons in the communities we serve through our corporate responsibility programmes.



Oceans of Opportunities

Scotiabank Group recognises that our customers are constantly seeking oceans of opportunities to grow financially, fulfil their life goals and realise their long-held dreams. In 2008, we continued to focus on developing relevant and targeted solutions to meet our clients' needs.

Oceans of Opportunities

In 2008, Scotia Group focused on meeting the diverse needs of a wider cross section of prospective and current customers with the introduction of new products and the modification of existing ones tailored to suit their life stage. We delivered these offerings backed by an enhanced customer service platform that engendered significant improvement in our customers' experience. This winning combination served to positively affect the growth of our retail business during the financial year.

Asset Acquisition Opportunities

We recognise that our customers are constantly seeking opportunities to grow financially, fulfil their life goals and realize their deeply-held dreams. One common dream that is shared by Jamaicans is that of home ownership. Last year, The Scotia Jamaica Building Society (SJBS) focused on engaging potential homeowners at events such as loan extravaganzas and fora that created invaluable opportunities for sharing information about the Building Society's mortgage financing solutions to various target segments. The route to this treasured goal varies depending on an individual's life-stage and the content of the seminars had sufficient depth to address the buying concerns of the various participants. The young professionals in the market for their first home particularly benefited from the detailed guidance provided at these interventions, which alerted them to the pitfalls to avoid when entering into one of the most expensive, but rewarding ventures of their lives. Conversely, those customers who were at the stage of purchasing a second home or just

seeking real estate investment opportunities, were able to interface with developers and realtors of properties in their desired geographic areas and price range.



Richmond Estates, St. Ann's Bay

To support our commitment to provide innovative solutions that benefit our customers, Scotia Jamaica Building Society (SJBS) has formed several alliances with various housing developments in the capacity of financiers. We are currently partnering with Coldwell Banker Realtors on the Richmond development in St. Ann's Bay.

In this vein, we continue to keep our focus on niche marketing and providing our clients with unparalleled customer service by providing opportunities for customers to speak directly to residential developers in their market range. SJBS offers special mortgage rates for first and second time home-owners buying into these developments.

SJBS has made the homeownership dream a reality for its growing base of customers. It is for that main reason that the Building Society, through proactive customer analysis and first class relationship management, sought to identify customers that were in need of the reorganisation of their current mortgage facilities. This reorganisation enabled customers to retain their status as homeowners in the face of economic challenges and dwindling disposable income.

Car Loans

Our ScotiaWheels motor vehicle financing loan programme, which was well received when it was introduced three years ago, continues to be a sought after facility by a growing segment of customers in the market for new motor vehicles. In 2008, the ScotiaWheels programme

was made even more comprehensive by introducing supplemental auto services such as anti-hijacking systems, which we were able to bundle at discounted rates and offer at the point of financing. The expanded features of the programme appealed greatly to our customers and has fuelled the take-up rate of the offer for new motor vehicles.

ScotiaLine

We recognised a growing need for a revolving line of credit with flexible repayment terms and limits among middle-income individuals, and responded by introducing a revolving loan facility, ScotiaLine. This facility offers features which are scaled to meet the needs of this segment of the market and offers a generous spending limit that affords customers the opportunity to purchase large ticket items to suit their lifestyle needs.

Credit Cards

We continue to be the leading rewards credit card issuer in the market, validated by the high acceptance rate of our flagship MAGNA MasterCard® and the AAdvantage VISA® credit cards. In 2008, we cemented our position with promotional prize offers of a new Suzuki Swift motor car, personal computers and a trip to the Beijing Summer Olympics in our acquisition and usage promotions. *"It was really very exciting for us coming into the new school year to make it possible for 30 persons to get new computers, as we have come to realise that this is one tool that students of all ages rely on to*



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

get their projects done”, relates Elena Villafana-Sylvester, Vice President, Electronic Financial Services and Retail Products. *“Even then, I was amazed to see the positive response to that campaign”.*

The lucky winner of the Beijing trip, Daveon Reid, has been a customer of the Bank for the last 20 years. He, along with his fiancée, made the once-in-a-lifetime trip.

“Honestly, I did not believe that I had won at first,” related Reid, “it became real when I got the official letter from Scotiabank to take to the Embassy.”

He went on to say that the highlight of his visit was visiting the Bird's Nest and the Aquarium, and related, *“My fiancée and I enjoyed all the activities; experiencing the culture, the Great Wall of China – it was breathtaking. I'm going to be using my Scotiabank card even more in the future in the hope of winning something else.”*

Savings Opportunities

We continued to encourage our children to develop good saving habits through our schools savings campaigns. We gave special attention to our lower-income earners and in our efforts to help them to develop a savings culture, offered banking transaction services free of charge as an incentive for them to save frequently.

As the economic climate deteriorated during the year, we proactively assisted our customers to save towards their financial goals, by encouraging them to set up automatic salary deductions to enable them to save on a consistent basis. We also introduced promotional incentives such as redeemable monetary gift certificates for setting up standing order contributions and maintaining increasing balances.

Opportunities for enhanced customer experience

We recognise that it is not enough to introduce new products; to turn these offerings into real opportunities, our customers must be able to gain access to them in a way that is friendly and convenient. As a result, we refocused our efforts during 2008 on operational efficiency, process improvements and customer experience. We implemented a number of enhancements to our technology to improve the way we process customer transactions and we expect that in 2009, customers will begin to experience the effect of these changes at every point of contact, as they interact with us.

“At Scotiabank we are banking on service”, explains Maya Walrond, Senior Vice President, Customer Experience, Technology Innovation & Projects. “We recognise that our customers have a choice in financial service providers and feel privileged that they choose us to help them achieve their goals. Consequently, we have developed the Red Carpet Service strategy which demonstrates our commitment to consistently creating positive customer experiences. The main premise of this strategy is that we value our customers and appreciate their business.”

We started the Red Carpet Service process by creating a direct relationship between the Bank's internal standards and ideal customer experiences. Guided by the newly branded 'WE CARE' customer service standards and an intensified training programme, employees were re-energised to deliver a higher standard of service to our clients.

Being customer-centric has meant evaluating our service performance on a more frequent basis. In 2008, a new customer feedback process was introduced to measure and track customer satisfaction. As a result, individual branches receive monthly reports on their performance and they implement action plans to address deficiencies identified in their service delivery.

“It is clear that the focus on employee accountability for service results, from line management right down to the level of

the actual customer interaction, has influenced our results. We have seen a trend of steady improvement in our service indicators since the beginning of the year,” explains Walrond.

As we provide oceans of opportunities for our customers, we will continue to work on improving our customer service delivery and technological efficiencies in 2009. Customers will reap the benefits of improved interactions with the Group and more flexible, convenient ways to learn about and access our products. Our retail lending and deposit offerings, including our mortgage facilities, will be enhanced to suit the diverse lifestyles of all our customers.



Bound for Beijing

As the leading rewards credit card issuer, Scotiabank gives customers the opportunity to get great rewards and value added benefits whenever they use their Scotiabank credit cards. One such customer, Daveon Reid, won a once in a lifetime trip for two to the 2008 Beijing Olympic Games by using his Scotiabank VISA® Credit Card in Scotiabank's Bound for Beijing Credit Card Promotion. A pleased Daveon Reid, pictured above standing on the winner's podium in Scotia Centre's 'Olympic Village', accepts his token winning 'medal' awarded by Chinese Ambassador to Jamaica, his Excellency, Ambassador Jinghua Chen.





Pearls of the Ocean

At Scotia Group, we pride ourselves on having the best cadre of employees in the industry; pearls of great value whose number one priority is the satisfaction of our customers. We maintain this standard through a deliberate approach to training, development and performance management, as well as paying keen attention to improving employee relations and employee engagement.

Pearls of the Ocean

At Scotiabank, we view our highly valued employees like pearls of the ocean. Each year, we polish our gems by executing developmental programmes to enhance their brilliance. We know that satisfied and capable employees are more likely to engender satisfied customers, which guides our deliberate approach to training, performance management and a sustained focus on improving employee relations, satisfaction and engagement.

"In 2008, we continued our efforts to strengthen the leadership bench in the organisation, increase employee engagement and improve our reward and recognition process," says Michael Jones, Senior Vice President, Human Resources. *"We sustained the programmes which have made us a learning organisation and used HR metrics to boost our decision-making capacity. Our overarching goal is to maintain our status as a preferred employer and create an environment in which people are happy to come to work."*

One of the important groups that received special attention during the year was our clerical employees – the first point of contact for our customers. We launched a new

programme of rotation and training for persons who had been in their positions for extended periods with the aim of raising their level of motivation, enabling more career fulfillment and building their capacity for delivering an improved customer experience. We also provided opportunities

for both clerical and supervisory staff to develop their skills through participation in a relief pool, which provided experience outside of their home branches, allowing them to meet new clients and to widen their understanding of our customer population.

While training for current jobs is vital for optimal performance, we realise that we must facilitate the upward mobility of our employees for their actualisation, keep our talent pool vibrant and remain relevant to our customers. Last year, we re-launched our **'Marketing Me'** staff campaign to assist employees in developmental planning and interview preparation. We also stepped up our Wellness Programme with an emphasis on healthy lifestyles; strengthened the mechanisms to test the success of our initiatives; and obtained feedback which allowed us to develop policies and programmes to address issues in a timely fashion. The holistic approach to developing our team members remained of paramount importance and sports continued to be a vehicle through which employees' sense

of accomplishment was reinforced. This year, our team members excelled on the netball court and on the football field, winning much acclaim for themselves and the Group, and serving as an inspiration to other team members to avail themselves of the sporting developmental opportunities facilitated by the Group.

In the coming year, we will deepen our focus on leadership development to maintain a cadre of persons who can guide the organisation through challenging waters, creating value for our shareholders and satisfaction for our customers. We will continue to improve our workforce capability in keeping with customers' needs through innovative rotation mechanisms and targeted training curricula. We will reinforce this effort with a renewed focus on performance management, reward and recognition, and improved communication using information technology. Our Wellness Programme will continue to polish our precious pearls, and coupled with our high standards of compensation and benefits, maintain our claim to be the best in the industry.



The Winning Team - Scotiabank Netballers

The Scotiabank Netball 'B Team' made history when they won the Senior League title for the first time in the Business House Netball Competition. After eight months of hard and intense training, the ladies made their debut, determined to take the title after a gruelling season. They realised their objective in October, when they outplayed rivals RBTT in the finals, demonstrating their prowess on the court. After a very hectic season, our 'A Team' also qualified for the finals in the coveted Super League competition and put in a good performance to take 2nd place in the League.



Undefeated Champions - Scotiabank Footballers

The Scotiabank football team was undefeated in the 2008 Norman Goodison Inter Bank League competition, beating rivals NCB in the finals. This was their eleventh Inter Bank football title.

Scotiabank Group also swept 10 of the 13 trophies, taking home trophies as winners of the League Competition, Dress Parade, Leading Goal Scorers, Most Valuable Player, Coach of the Year and Manager of the Year, among others. Scotiabank Group footballers are also the 2008 Tank-Weld/Ciclon Business House Five-A-Side double champions, winning the Knock Out and Division Two titles, remaining undefeated for the 2008 season winning 22 matches and drawing 2.



Management's Discussion & Analysis

Scotia Group achieved record results and exceeded our key financial targets for 2008. Net income available to common shareholders was \$9,391 million, an increase of \$1,898 million or 25% when compared to the same period last year. This marks the twelfth consecutive year of increased profits for Scotia Group .

- Earnings per share of \$3.02, compared to \$2.48 for last year
- Return on Average Equity 25.28%, compared to 24.01% for last year
- Productivity ratio of 54.07%, compared to 55.34% for last year
- Dividend of \$1.30 per share, compared to \$1.19 per share last year

The results for this year have been driven mainly by volume growth in loans and investments. Solid contributions were made from each business line to asset growth and increased profitability for the Group. This year's result include SDBG's net income for twelve months, while prior year included only seven months. The contributions to net income by our subsidiaries are as follows:-

Earnings per share for the year was \$3.02, compared to \$2.48 last year, while return on average equity remains very strong at 25.28%, compared to 24.01% for the same period last year.

Total revenues rose 25% year-over-year, as one of the major contributors to our success this year was significant growth in retail loans (Scotia Plan Loans, Credit Cards and Mortgages), as well as an improvement in demand for commercial loans. Interest income earned from securities also increased, due to volume growth in the portfolio and improved interest margins from increased market interest rates.

The overall credit quality in the Group's loan portfolio was maintained, as we continued to exercise prudent selection and management of our increased loan portfolio. We are however not unscathed by the current economic climate and we have responded by sharpening our focus on the role of our credit adjudication and delinquency process. Non-performing loans as at October 31, 2008 were \$2,971 million, an increase of \$862 million compared to \$2,109 million for last year. The Group's loan loss provision as determined by IFRS was \$884 million, of which \$612 million represents specific provisions and \$272 million general provisions. The total provisions for the similar period last year was \$857 million, translating into a year-over-year increase of \$27 million. The Loan Loss Reserve which represents the

Contributions to net income by subsidiary	2008		2007	
	\$ million	Percentage Contribution	\$ million	Percentage Contribution
The Bank of Nova Scotia Jamaica Limited	5,939	63%	4,998	67%
Scotia Jamaica Life Insurance Company Limited	2,225	24%	1,381	18%
Scotia DBG Investments Limited	782	8%	556	8%
Scotia Jamaica Building Society	445	5%	389	5%
Scotia Jamaica Investment Management Limited (a subsidiary of Scotia DBG Investments Limited effective July 1, 2007)	-	-	169	2%
Net Income attributable to common shareholders	9,391		7,493	



BOJ provisioning requirements over the IFRS provisions was \$1,301 million. This represented an increase of \$255 million over the \$1,046 million reported last year.

Non-interest Expenses, excluding Change in Policyholders' Reserve and Loan Loss Provisions, increased by \$1,053 million to \$11,844 million this year. In addition to accounting for the full year's expenses for Scotia DBG Group, compared to seven months last year, increases in staff costs, advertising and public relations expenses, the amortization of intangible assets from the acquisition of DB&G, and computer expenses related to the consolidation of data centres across the region constituted the majority of the increased expenditure. Notwithstanding, our internally-defined operating leverage indicator remained positive, reflecting our disciplined management philosophy of committing to expenditure that increases efficiency or generates revenue growth.

Our capital base remains strong, as we continue to generate sufficient capital from operations. Total shareholders' equity grew to \$40 billion, \$3.4 billion more than prior year; our risk based capital adequacy ratio, which are measures of the Group's overall strength continues to exceed the regulatory requirements. Total risk weighted assets for the Group grew year-over-year by \$6,797 million to \$88 billion.

STRONG SHAREHOLDER RETURN

Our solid financial performance continues to drive strong shareholder returns. We remain focused on achieving sustainable, long-term earnings growth and a high return on equity. Shareholders continue to receive quarterly dividends, which totalled \$1.30 per share for this year, an increase of 9.2%

over 2007. Total shareholders' return has exceeded the overall return on the Jamaica Stock Exchange (JSE) Index, as well as the JSE Select Index.

GROUP FINANCIAL PERFORMANCE

Total Revenue

Total revenue was \$28,560 million in 2008, an increase of \$5,796 million over the prior year. While our Retail Banking division continued to post solid growth in volumes, the Group also benefited from strong growth in foreign exchange trading profit and commercial and retail banking fees.

Capital Adequacy Ratio

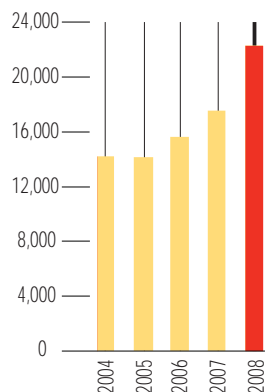
As at October 2008	Banking and Investment Management		Life Insurance
	Regulated by the Bank of Jamaica	Regulated by the Financial Services Commission	Regulated by the Financial Services Commission
Actual Regulatory capital to Risk Weighted Assets	18%	164%	
Regulatory Requirement	10%	10%	
Minimum Continuing Capital and Surplus Requirement			784%
Regulatory Requirement			150%

Total Shareholder Return						
For the year ended October 31	2008	2007	2006	2005	2004	
Ordinary shares in issue ('000)	3,111,573	3,111,573	2,927,232	2,927,232	2,927,232	
Closing market price (\$ per share)	20.23	21.25	22.06	21.14	25.26	
Market capitalisation (\$'000)	62,931,564	66,105,368	64,574,738	61,881,684	73,941,880	
Dividend paid (\$ per share)	1.30	1.19	1.07	1.00	0.93	
	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	2%	14%	193%	-3%	-3%	127%
Benchmarks:						
JSE Index	-4%	-8%	55%	-6%	-8%	55%
JSE Select Index	1%	-7%	N/A	-2%	-7%	N/A

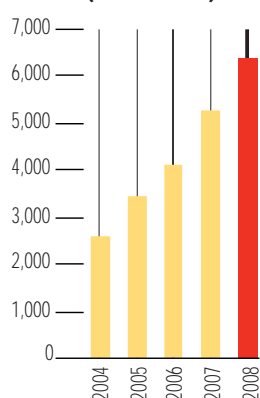


Management's Discussion & Analysis (continued)

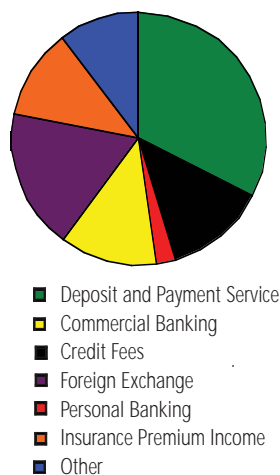
Net Interest Income (\$ millions)



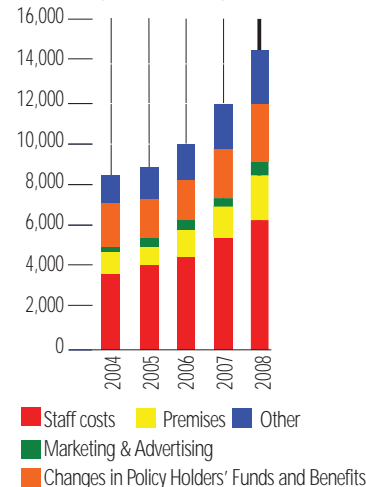
Other Income (\$ millions)



Other Income



Non Interest Expenses (\$ millions)



Additionally, the consolidation of Scotia DBG Group for a full financial year, compared to seven months last year, contributed to the growth.

Net Interest Income

Net Interest income was \$22,226 million in 2008, up \$4,748 million over last year. We achieved growth in net interest income due to strong portfolio volume growth, particularly on the retail side, as well as higher interest income from investment securities as a result of increased interest margin. The Group's net interest margin (net interest income as a percentage of average assets) was 7.86% in 2008, an increase of 94 basis points over the previous year.

Other Income

Other income defined as all income other than interest income and insurance premium income, amounted to \$5,579 million for this year, an increase of \$910 million over prior year. This was driven by the increase in foreign exchange trading income, securities trading income and electronic banking related fees, as well as one time income of \$457 million resulting from the issue of common shares to Visa members consequent to the reorganization of Visa Incorporated.

Credit card revenue rose 40% to \$959 million in 2008. This was due to growth in both activity and volume on the credit card portfolio, arising from various promotional activities during the year.

Foreign currency trading profit increased 18% to \$1,136 million. This was primarily driven by growth in volume as our market share increased year over year from 14.6% to 17.2%, which more than compensated for the decline in margins due to increased competitive pressure.

Scotia Jamaica Life Insurance Company Limited had another successful year with total gross premium income of \$5.3 billion. ScotiaMINT, the interest sensitive life insurance policy, as well as our Creditor Life product, delivered a combined net premium income of \$755 million, representing an increase of approximately \$138 million over the previous year.

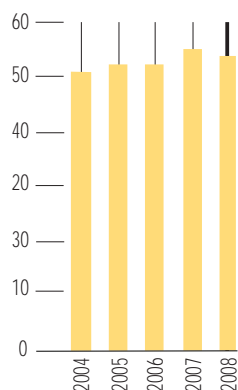
Non Interest Expenses

Non-Interest expenses, excluding changes in policyholders' reserves and loan loss provision, were \$11,844 million in 2008, an increase of \$2,225 million from last year. Salaries and employee benefits is the major contributor to our expenses and was \$6,408 million up \$1,004 million or 19% from last year. This is primarily due to a salary increase of approximately 13.5%, to unionized staff in accordance with the union contract at the start of the year.

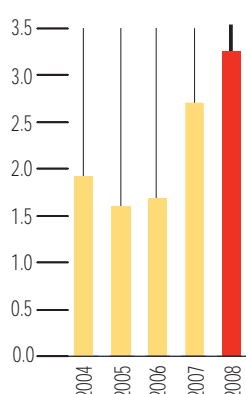
Property related expenses were \$2,146 million in 2008, an increase of \$638 million or 42% from last year. This was driven mainly by increases in security and utility related costs.



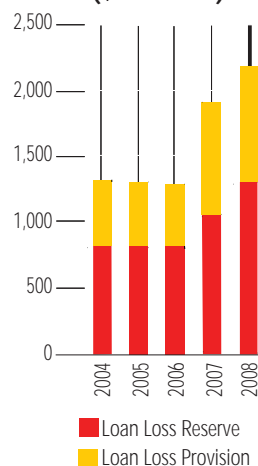
Productivity Ratio (%)



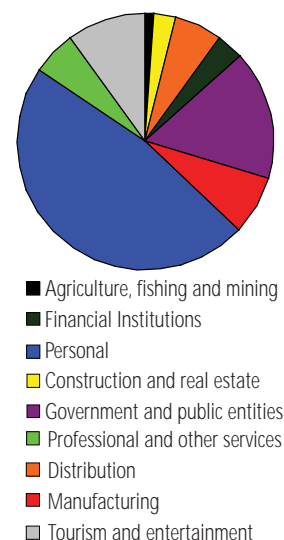
NAL as % of Loans (%)



Loan Loss Provisions (\$ millions)



Credit Exposure (Loans and Advances)



Productivity

With strong revenue growth and our continued unwavering focus on managing costs across the Group, our productivity ratio (non-interest expense as a percentage of total revenue) - a key measure of cost efficiency - was 54.07%. If insurance premium and related actuarial expenses were excluded, to recognize the significant dissimilarities between the revenue/expense pattern of the insurance business and the other financial services offered by the Scotia Group, the productivity ratio for the period was 45.32%, which is significantly better than the international benchmark of 60%.

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 the Group.

Taxes

In 2008, the provision for income and deferred taxes was \$3,495 million, up \$1,388 million or 54% from last year. This is largely reflected in the 29% growth in profit before tax as well as deferred taxes realising to tax losses in prior year. In 2008, the Group accounted for deferred taxes on tax losses from Scotia DBG Investments which resulted in a reduction in the tax charge of \$240 million. The Group's overall effective tax rate for the year was 27%, up from 25% last year.

Credit Quality

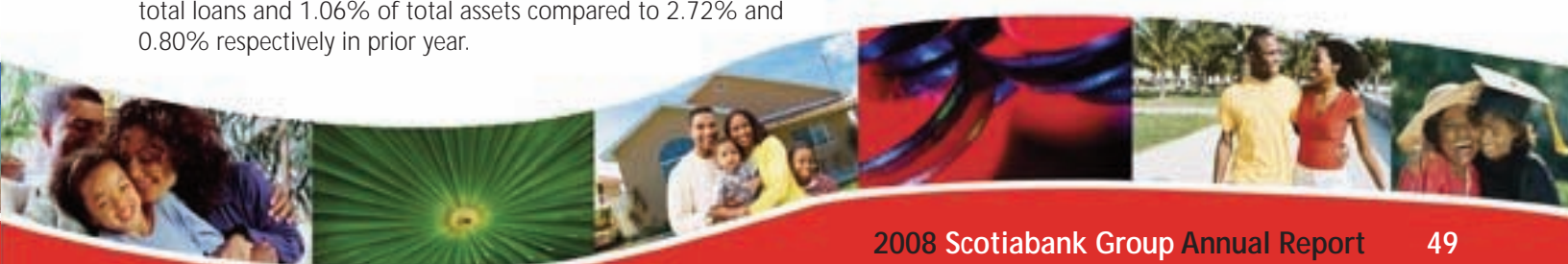
The Group's non-performing loans now represent 3.26% of total loans and 1.06% of total assets compared to 2.72% and 0.80% respectively in prior year.

As at October 31, 2008, total IFRS provisions were approximately 30% (2007: 40%) of total non-performing loans outstanding and represented 0.9% (2007: 1.1%) of gross loans. IFRS provisions are determined based on the present value of the expected future cash flows that may arise from a restructured payment arrangement with the debtors, or the foreclosure less costs from obtaining a sale for the collateral. Regulatory loan loss provisions requirements in excess of the IFRS loan loss provision are dealt with as a non-distributable loan loss reserve. The combined provisions (BOJ and IFRS) were approximately 74% (2007: 90%) of the total non-performing loans and represents 2.4% (2007: 2.4%) of gross loans.

Over the years, we continue to experience significant growth in the loan portfolio; however the loan loss provision has only increased moderately, due to Scotiabank's strong credit policy and loan administration procedures, which has ensured the high quality of the loan portfolio. Efforts continue to be made to ensure that we have a well diversified portfolio in order to minimize the risk of exposure to any particular industry segment.

Summary of Quarterly Results

We delivered strong results for the fourth quarter, with net income attributable to common shareholders of \$2,429 million, which was \$122 million above the net profit for the quarter ended July 31, 2008, and \$303 million above the net income for the quarter ended October 31, 2007.



Management's Discussion & Analysis (continued)

Summary of Quarterly Results

(\$ Billions)	2008				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Operating Income	9.3	9.7	9.8	10.4	7.0	7.1	8.7	8.9
Total Operating Income	6.6	7.0	6.9	7.2	5.0	5.1	5.9	6.2
Operating Expenses	3.6	3.5	3.7	3.8	2.8	2.7	3.2	3.6
Net Income	2.2	2.6	2.4	2.5	1.6	1.8	2.0	2.2
Earnings per share (cents)	69c	81c	74c	78c	55c	61c	63c	68c
ROE (percentage)	24.40%	27.74%	24.61%	25.59%	23.25%	24.88%	25.34%	25.16%
Total Assets	272	282	287	280	205	216	258	263
Stockholder's Equity	36	39	38	38	28	29	33	34

The Group's results in each quarter this year were higher than those in the similar quarter in 2007, as a result of increased portfolio growth and interest margin.

GROUP FINANCIAL CONDITION

Assets

The Group's total assets increased year-over-year by \$17 billion or 6.5% to \$280 billion as at October 31, 2008. Growth was spread across most asset categories, with the primary focus being retail and commercial loans, as well as securities.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$56 billion at October 31, 2008, compared to \$55 billion at the previous year-end. These assets are held in liquid form at levels and terms that enable us to respond effectively to changes in our cash flow, without severe adverse consequences. The amounts held exceed the statutory minimum for such assets in relation to our prescribed liabilities.

Securities

Total investment securities, including assets pledged for repurchase agreements, increased from \$96 billion to \$101 billion due to growth in the investment portfolios of the Group. Pledged securities, mainly relating to securities sold under repurchase agreements by Scotia DBG Investments, now stands at \$45 billion, compared to \$35 billion last year.

During the year, Scotia DBG Investments adopted revised accounting standards which came into effect this year and which allowed the company to reclassify available-for-sale securities to loans and receivables category for financial assets. As at October 31, 2008, \$12,834 million was reclassified from available-for-sale securities to the loans and receivables. The fair value for these securities was \$11,009 million. In the prior year, the carrying value and the fair value of the securities was \$10,941 million. The available-for-sale and held to maturity investments that have not been pledged, decreased by \$5 billion to \$56 billion, as at October 31, 2008, in order to support our continued loan growth.

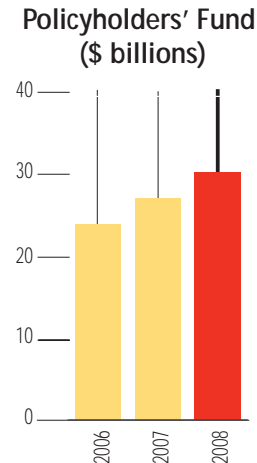
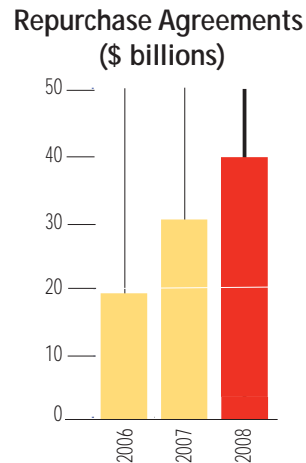
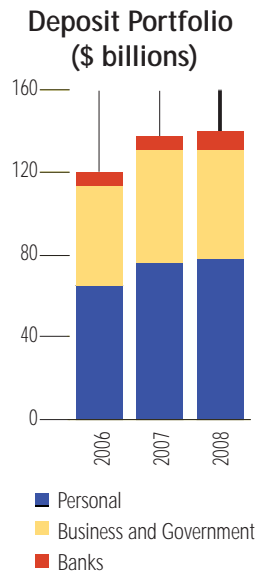
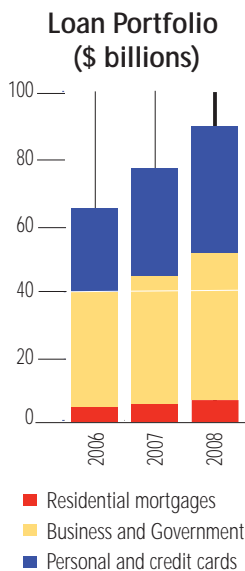
Loans

The Group experienced solid growth in its loan portfolio, with loans, after allowance for impairment losses, growing to \$90 billion. The retail loan and credit cards portfolios increased by 15% and 18% respectively, while our residential mortgages increased by \$1 billion or 24% to \$6 billion in 2008.

Maintaining the quality of the loans booked continue to be a priority as our non-performing loans have been on the rise. As at October 31, 2008 our non-performing loans were \$3 billion, including \$773 million from the consolidation of Scotia DBG Group.

Our IFRS allowance for impairment losses increased to \$884 million, including \$276 million from the consolidation of Scotia DBG Group. We are confident that with this level of provisioning, the Group is adequately protected should the economy suffer a downturn.





Liabilities

Total liabilities were \$240 billion as at October 31, 2008, an increase of \$13 billion or 6% from last year.

Deposits

The Group continues to increase its deposit base despite the noticeable market shift from traditional commercial bank deposits to higher yielding investment products. Deposits grew to \$140 billion, up \$2 billion from the previous year, reflecting continued confidence in Scotiabank. Our core suite of deposit products, which includes current accounts, savings accounts, and term deposits, showed continued growth year-over-year.

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

These represent another source of wholesale funding to the Group. Securities sold under repurchase agreements now stand at \$40 billion up \$8 billion or 25% over last year. The capital management and government securities funds amounted to \$15 billion as at October 31, 2008.

Policyholders' Fund

Scotia Insurance Policyholders' Fund increased by \$4 billion or 15% to \$31 billion. This was due to the increase in gross premium income.

Shareholders' Equity

Scotia Group maintains a strong capital base to support the risks associated with its diversified businesses. The Group's capital ratios remain among the highest of its peer group.

This strength contributes to safety for the Group's customers and fosters investor confidence. In addition, the Group's practice is to remain well capitalised in order to take advantage of growth opportunities that may arise.

Total shareholders' equity rose to \$38 billion in 2008, fuelled by internally generated capital. The unprecedented deterioration in the global bond market has negatively impacted our equity by \$2 billion; however Scotia Group continue to remain well capitalised.

Dividends

Our shareholders received increased dividends during 2008 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 \$1.30 in 2008; an increase of 9.2% from 2007. The dividends paid for 2008 was \$4,045 million, up \$396 million from last year. The steady growth in dividends is a major contributor to the high long-term returns generated for shareholders. The dividend payout ratio for 2008 was 43.07% compared to 47.26% last year. Both ratios are within the target payout range of 40% - 50%.



BUSINESS LINE OVERVIEW

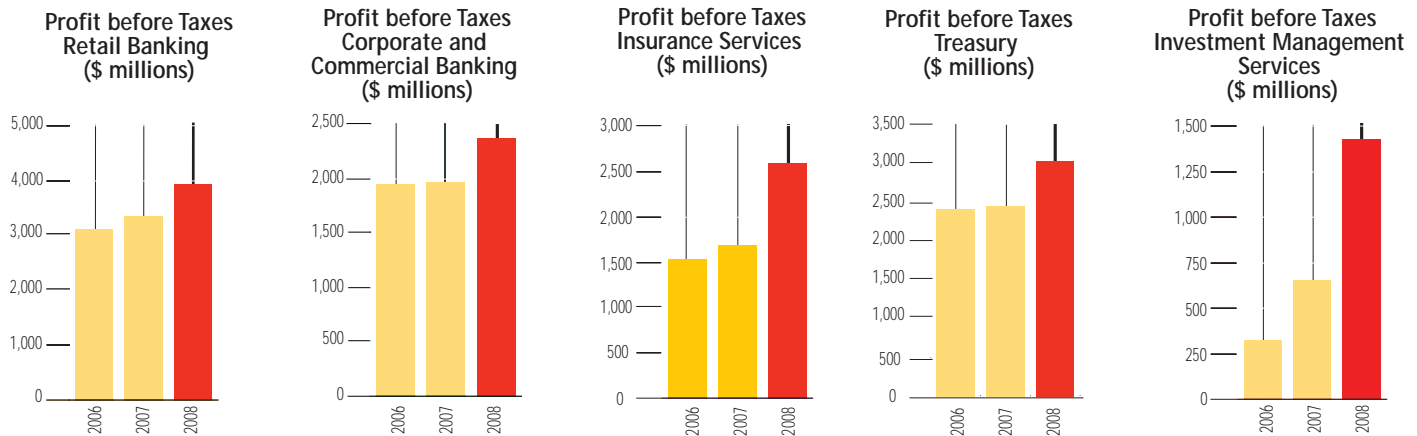
2008 Financial Performance

(\$ Millions)	Retail Banking	Corporate & Commercial Banking	Treasury	Investment Management Services	Insurance Services	Other	Total
Revenues	14,440	8,663	3,143	7,181	5,907	(215)	39,119
Expenses	(10,476)	(6,305)	(77)	(5,759)	(3,328)	(55)	(26,000)
Profit before tax	3,964	2,358	3,066	1,422	2,579	(270)	13,119

Profit Before Taxes



■ Retail Banking
■ Corporate & Commercial Banking
■ Insurance Services
■ Treasury
■ Investment Management Services
■ Other



Retail Banking

Gross External Revenues increased by 31% to \$12 billion while Profit before Taxes increased by 18% to \$3,964 million. Strong growth within our Scotia Plan Loan, Credit Card and Mortgage portfolios resulted from focused marketing and sales activities during the year.

Other

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

Corporate & Commercial Banking

Corporate and Commercial Banking had a good year, with Profit before Taxes of \$2,358 million, an increase of 21% from last year. This result was achieved with appreciable growth in our small and medium size enterprise loan portfolio as well as improvements in the demand for commercial loans.

Insurance

Scotia Insurance had an exceptional year as Profit before Taxes rose by 53% to \$2,578 million in 2008. ScotiaMINT continues to enjoy significant growth in market share, in terms of gross premium income and number of policies issued.

Treasury

Profit before Taxes increased by \$628 million this year, amounting to \$3,066 million. This was due to the increase in local interest rates, which generated an improvement in our JMD net interest margin. Net foreign exchange trading income also increased by 6.4% to \$1,136 million, despite reduced spreads due to the competitive nature of foreign exchange trading. Our volume of trading activity has increased year-over-year with our market share improving by 2.6% to 17.2%.

Investment Management Services

The Investment Management segment of the Group delivered a credible performance this year with Profit before Taxes rising by over 100% to \$1,422 million. The results of Scotia DBG Group represent a 12 month period for this year, compared to seven months in the prior year. The efficiencies and economies of scale as a result of the acquisition in May 2007 are being realised as significant growth was noted for the Repurchase Agreements portfolio which grew by \$8,357 million to \$40 billion.

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, 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 and business line management, to ensure the success of the Group.

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. This is supported by the advice and counsel received from Scotiabank's Global Risk Management unit (GRM), which is responsible for the design and application of Scotiabank's risk management framework. 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 remain relevant to the business and financial strategies of the Group.

This risk management framework is also applied to significant subsidiaries of the Bank. These subsidiaries have risk management programmes that conform in all material respects to the Group's risk management framework, although the actual execution of their risk management programmes may be different.

For new acquisitions, Scotia Group will continue to assess existing risk management programmes and, if necessary, develop an action plan to make improvements in a timely fashion 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 requirements of regulatory authorities and input from the Board of Directors and senior executive management. Policies also provide guidance to the businesses and risk management units by setting the boundaries on the types of risks the Group is prepared to assume.

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 levels or conditions under which transactions may be approved or executed.

Guidelines

Guidelines are the directives provided to implement policies as set out above.



Management's Discussion & Analysis *(continued)*

Risk Management *(continued)*

Generally, these describe the facility types, aggregate facility exposures and conditions under which the Group is prepared to do business. 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), with advice and counsel from GRM where necessary. 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 independent 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 comprehensive 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 a financial or contractual obligation to the Group. Credit risk is created in the Group's direct lending operations, and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Group.

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 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 support the determination of key credit risk parameter estimates which measure credit and transaction risk. This process provides for a meaningful differentiation of risk and allows for appropriate and consistent estimation of loss characteristics at the pool and risk grade levels. The credit risk rating systems meet the objectives of transparency and replicability in order to 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.

Corporate and Commercial

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

Consistent with the Board-approved limits, corporate and commercial credit exposures are segmented into major industry groups. The risks in these industry groups are managed through these limits, and lending criteria and guidelines relevant to each



particular industry. Borrower limits are set within the context of established guidelines for individual borrowers, particular industries and certain types of lending to ensure the Group does not have excessive concentration in any single borrower, or related group of borrowers or industry sector. Through the portfolio management process, loans may be syndicated to reduce overall exposure to a single name. The Group's credit risk limits to counterparties in the financial and government sectors are also managed centrally to optimize the use of credit availability and to avoid excessive risk concentration.

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 and GRM for analysis and recommendation. Within the risk management framework, these credit units have defined authority levels appropriate to the size and risk of each transaction. Where the decision is beyond these authority levels, the credit unit will make a recommendation and refer the request to a Senior Credit Committee in Scotiabank, Canada for adjudication. The Senior Credit Committees also have defined authority levels and, accordingly, forward certain transactions to the Board of Directors in Canada.

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 specific to particular industry sectors and/or business lines. 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. Scotiabank's GRM unit is the final arbiter of internal risk ratings.

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 or GRM approval, depending on the aggregate exposure.

Consumer

The decision-making process begins with an assessment of the credit risk of the individual borrower or counterparty. Key factors considered in the assessment include: the borrower's current and projected financial information; credit statistics; and economic trends. Based on this assessment, a risk rating is assigned to the individual borrower or counterparty, using the Bank's risk rating systems.

Individual credit exposures are regularly monitored by both the business line units and the Credit Risk Management for any signs of deterioration.

The Group's credit adjudication and portfolio management methodologies are designed to ensure consistent underwriting and early identification of problem loans. Special attention is paid to the management of problem loans through intensive oversight and control, in order to maximize recoveries of doubtful debts.

The credit risk exposure for the Group is summarized in Note 46 (b) on page 107 of the financial statements.

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.

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, with the advice and counsel of GRM, and reviewed and approved at least annually.

The Group's Market and Operational Risk unit utilizes the expertise of GRM in providing independent oversight of all significant market risks, supporting the business units and ALCO with analysis, risk measurement, monitoring, reporting, proposals for standards and support for new product development.



Management's Discussion & Analysis *(continued)*

Risk Management *(continued)*

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 continuous basis. 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 Group 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 managed in accordance with 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 46 (c) on page 112 of the financial statements.

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. 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 46 (c) on page 116 of the financial statements.

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. This 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 46 (c) on page 118 of the financial statements.

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 risks arising from the Group's trading activities are 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, 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, and to enable our core businesses to continue to generate revenue, even under adverse circumstances. 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 management – the Group maintains a pool of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings under stressed 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.

Liquidity profile

The Bank 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 collateralise 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 46 (d) on page 119 of the financial statements.

Funding

The Group ensures that its funding sources are well diversified. Funding source concentrations are regularly monitored and analyzed by type and by industry. 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.



Management's Discussion & Analysis *(continued)*

Risk Management *(continued)*

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, 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
- 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 with 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 programmes, including a programme designed to promote compliance with relevant laws and regulatory requirements. Compliance risk is managed through an established network and 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. The following are key components of the Group's operational risk management framework:
 - the Group's risk control self-assessment programme, which is managed by GRM's Operational Risk Management unit, entails formal reviews of significant operations to identify and assess operational risks. Results of these reviews are summarized and reported to executive management and the Board of Directors.
 - the Group's centralized operational loss event database, which is managed and maintained by the central operational risk management unit, captures key information on operational losses. These data are analysed, benchmarked against external data, and reported to executive management and the Board of Directors.
 - the Group's business continuity management policies. The Group's Business Continuity Management Department is responsible for governance and oversight of the Group's business continuity, and tracks, monitors and ensures compliance with these policies.
 - risk mitigation programmes, which use insurance policies to transfer the risk of high severity losses, where feasible and appropriate.



Reputational Risk

Reputational risk is the risk that negative publicity regarding Scotia Group's conduct or business practices, 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. All Directors, officers and employees have a responsibility to conduct their activities in accordance with the Scotiabank Guidelines for Business Conduct, and in a manner that minimizes reputational risk. The activities of the Legal Department, Corporate Secretary, Public, Corporate & Government Affairs and Compliance departments are particularly oriented to the management of reputational risk.

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 policies and procedures for managing reputational and legal risk related to structured finance transactions.

The Credit Risk Management and GRM Units play a significant role in the identification and management of reputational risk related to credit underwriting. In addition, the Scotiabank's Reputational Risk Committee is available to support GRM, as well as other risk management committees and business units with their assessment of reputational risk associated with transactions, business initiatives, and products.

A broad array of factors are considered when assessing transactions, so that the Group meets, and will be seen to meet, high ethical standards. These factors include: the extent, and outcome of legal and regulatory due diligence pertinent to the transaction; the economic intent of the transaction; the effect of the transaction on the transparency of a customer's financial reporting; the need for customer or public disclosure; conflicts of interest; fairness issues; and public perception.



Shareholdings

Scotia Group Jamaica Limited Shareholdings of Directors and Connected Parties as at October 31, 2008

	Units
Robert Pitfield	9,270
Hon. William E. Clarke, OJ, CD	497,980
Barbara Alexander	108,000
Anthony Chang	3,274
Dr. Jean A. Dixon, CD	90,102
Mark Golding	319,492
Jeffrey Hall	NIL
Muna M. Issa	138,523
Charles Johnston	2,328
- Marine Management Services	64,472
Warren McDonald	10,000
Pasquale Minicucci	NIL
Hon. Mayer M. Matalon, OJ	100,000
Dr. Herbert J. Thompson, CD	29,640
- Avery Thompson	NIL
Professor Stephen Vasciannie	43,079
Richard E. Waugh	100,000
Stacie Ann Wright	158,501

*Inclusive of shares in Jamaica Central Securities Depository

Scotia Group Jamaica Limited List of Top Ten (10) Largest Shareholders as at October 31, 2008

	Units
1. The Bank of Nova Scotia	2,233,403,384
2. Life of Jamaica PIF Equity Fund	61,917,424
3. Scotia Jamaica Investment Management Limited Trading - A/C 3119	59,906,905
4. Capital & Credit Merchant Bank Limited	27,665,542
5. Scotia Jamaica Investment Management Limited - A/C 560	23,795,460
6. National Insurance Fund	21,541,440
7. Investment Nominees Limited - A/C Lascelles Henriques S/A Fund	15,153,996
8. NCB Insurance Co. Ltd. A/C WT089	12,983,520
9. UTC Growth and Income Fund	11,750,000
10. Grace Kennedy Limited Pension Scheme	11,662,243

Scotia Group Jamaica Limited Shareholdings of Senior Management Officers and Connected Parties as at October 31, 2008

	Units
Ronald Bourdeau	NIL
Keri-Gaye Brown	10,775
Bevan Callam	1,155,838
Hon. William E. Clarke, OJ, CD	497,980
Sharon Colquhoun	NIL
Monique French	244,500
Joylene Griffiths Irving	52,694
Wayne Hewitt	2,000
Michael Jones	268,300
Patsy Latchman-Atterbury	175,000
Bridget Lewis	113,800
Marcette McLeggon	105,542
Suzette McLeod	50,000
Hugh Miller	30,626
- Sheila McDonald	5,172
Yvonne Pandohie	220,640
Rosemarie Pilliner	146,674
H. Wayne Powell	700,566
- Yanissa Investments	144,448
Shirley Ramsaran	72,771
Anya Schnoor	237,000
Jacqueline Sharp	138,000
Heather Goldson	175,000
Courtney Sylvester	247,802
Michael Thompson	75,000
Julie Thompson-James	NIL
Maroya E. Villafana-Sylvester	NIL
Rosemarie Voordouw	13,520
Maya Walrond	175,000
Dudley Walters	61,787
Gladstone Whitelocke	60,000
- Elaine Whitelocke	65,000
- Justin Whitelocke	1,200
- Renee Whitelocke	1,320
David M. Williams	181,101
Frederick Williams	58,695
Stacie Ann Wright	158,501

*Inclusive of shares in Jamaica Central Securities Depository

