

The Bank of Nova Scotia Jamaica Limited 1999.

SCOTIABANK RECORDS 15% GROWTH IN NET PROFIT

The Bank of Nova Scotia Jamaica Limited and its Subsidiaries (Scotiabank Jamaica) reported net profit for the quarter ended October 31, 1999 of \$471 million compared with \$533 million for the previous quarter. This takes the net profit for the year ended October 31, 1999 to \$2,031 Million compared with \$1,764 million for the same period last year.

Mr.W.E. Clarke, Managing Director of The Bank of Nova Scotia Jamaica Limited, said that, the improved profit of the Group can be attributed mainly to healthy growth in the Bank's average total earning assets, and to a lesser extent, an increase in net interest margin.

CASH RESOURCES decreased year over year by \$549 million, due mainly to a reduction in the statutory cash reserves, which was partially offset by an increase in deposits with foreign banks. Deposits with foreign banks increased as a result of continued growth in foreign currency deposits.

INVESTMENTS grew year over year from \$14 billion to \$24 billion, of which over 98% is Government of Jamaica securities held to meet statutory liquid assets and prudential reserves. The average yield on the portfolio was below the average for both the previous quarter and last year in keeping with the yield movements in the market.

PERFORMING LOANS stood at \$18 billion, \$470 million over tile previous year, and is \$430 million up from previous quarter. The average yield on the Group's total loans is down from the previous year, due to the Bank's reduction of its lending rates and the increase in the level of its non-performing loans.

NON-PERFORMING LOANS increased from \$1,238 million a year ago to \$1,324 million at the end of October,1999. This was also \$19 million below the \$1,343 million outstanding at July 31, 1999. The Group's non-performing loans now represent 6.8% of its total loans and 1.70% of total assets.

Mr. Clarke stated that most of these loans are adequately secured, but recovery will be protracted due to the depressed state of the real estate market. In the meantime the Bank is in compliance with the Central Bank's proposed Credit Classification, Provisioning and Non-Accrual Requirements. At October 31, 1999 total loan loss provisions stood at \$1,249 million, of which \$950 million is specific provisions and \$299 million general provisions. These provisions of \$1,249 million represent 94% of total non-performing loans and 6.4% of total loans.

TOTAL ASSETS rose to \$78 billion, an increase of 18% from previous year and 2.6% from previous quarter-end. The asset mix continues to be skewed towards government securities, as loan demand remains sluggish while deposits continue to grow.

DEPOSITS grew to \$56.56 billion, up 19% from previous year and 5% from previous quarter, as the Bank continues to see an increase in its market share, reflecting continued confidence in Scotiabank. The average rate paid on total deposits declined year over year in line with decline in market rates.

STOCKHOLDERS' EQUITY was \$7 billion, up 18% from previous year. This results from Scotiabank's philosophy of prudently reinvesting a share of its profits in order to enable the Group to expand.

NET INTEREST INCOME for the year was \$5,951 million, up \$1,132 million from last year. The increase was due to growth in the net interest margin coupled with an increase in average total earning assets.

OTHER REVENUE excluding Insurance Premium Income was \$1,123 million, up \$250 million from last year, and up \$71 million from previous quarter, the main contributor to the year over year growth being growth in business volumes. Insurance Premium is attributable to ScotiaMINT, the interest sensitive insurance policy, marketed by Scotia Jamaica - Life Insurance Company Limited, through agents located in branches of the Bank island wide. ScotiaMINT continues to be well received by investors seeking a long-term investment vehicle. During the year some 12,380 policies were written for a total premium income of \$1,346 million. The product was launched in June 1998 and in the four months to October 31, 1998, the total premium income was \$373 million.

NON-INTEREST EXPENSES excluding actuarial reserves and Loan Loss provision was \$3,511 million, up \$443 million from last year. The changes largely reflect annual increase in staff compensation. Actuarial reserves for ScotiaMINT's life insurance fund is directly attributed to the business written.

EARNINGS PER SHARE was \$1.39 cents compared with \$1.21 cents for 1998, this includes exceptional item for both years. Earnings per share before exceptional item was \$1.26 cents compared with \$1.08 cents for 1998.

RETURN ON AVERAGE EQUITY at year end was 30%. This was down from 32% at the end of the previous quarter.

RETURN ON ASSETS at year end was 2.6%, down from 2.7% last year and at the end of, the previous quarter.

DIVIDEND: The Directors have declared a dividend of 27.5 cents per stock unit, (12.5 cents regular and 15 cents special) to stockholders on record as of December 10, 1999, payable on January 10, 2000. This dividend when paid will take the total distribution for 1999 to 65 cents per stock unit, compared with 54 cents per stock unit for the previous year.

Scotiabank Jamaica thanks its many customers and shareholders for their continued display of confidence in the Bank. To our dedicated staff we say thank you for your efforts, as we work together on our mission of being the institution of choice for all users of Financial Services in Jamaica.

FINANCIAL HIGHLIGHTS

(\$ Millions)

3 Months Ended

	October 31	October 31	July 31
	1999	1998	1999
GROSS OPERATING REVENUE	3,186	3,180	3,679
NET INCOME & OTHER REVENUE			
Income From Loans & Deposits With Banks	1,397	1,684	2,062
Income From Securities	<u>1,278</u>	<u>1,035</u>	<u>1,065</u>
Total Interest Income	2,675	2,719	3,127
Interest Paid on Deposits	<u>1,078</u>	<u>1,380</u>	<u>1,530</u>
Net Interest Income	1,597	1,339	1,597
Other Revenue			
Insurance Premium Income	180	175	292
Other	<u>331</u>	<u>286</u>	<u>260</u>
Net Interest Income & Other Revenue	2,108	1,800	2,149
EXPENSES			
Staff Costs	568	503	581

Other Operating Costs			
Actuarial Reserves	192	165	321
Other	354	304	298
Provision for Loan Losses	388	84	150
Total Operating Costs	<u>1,502</u>	<u>1,056</u>	<u>1,350</u>
Profit Before Tax	606	744	799
Taxation	135	247	266
Net Profit	<u>471</u>	<u>497</u>	<u>533</u>
Dividend	402	352	183
Earnings per Share Based			
on 1,463,616,000	32c	33c	46c
Dividend Payout Ratio	85%	72%	34%
Return on Average Equity at Quarter-end*	28%	36%	32%
Return on Assets at Quarter-end *	2.42%	3.0%	2.8%

* Annualised

(\$ Millions)

12 Months Ended

October 31	October 31
1999	1998

GROSS OPERATING REVENUE	12,751	9,414
NET INCOME & OTHER REVENUE		
Income From Loans & Deposits With Banks	6,212	6,149
Income From Securities	<u>4,070</u>	<u>2,019</u>
Total Interest Income	10,282	8,168
Interest Paid on Deposits	<u>4,331</u>	<u>3,349</u>
Net Interest Income	5,951	4,819
Other Revenue		
Insurance Premium Income	1,346	373
Other	<u>1,123</u>	<u>873</u>
Net interest Income & Other Revenue	8,420	6,065
EXPENSES		

Staff Costs	2,258	2,056
Other Operating Costs		
Actuarial Reserves	1,394	358
Other	1,111	1,012
Provision for Loan Losses	<u>895</u>	<u>249</u>
Total Operating Costs	5,658	3,675
Profit Before Tax and Exceptional Item	2,762	2,390
Exceptional Item	184	187
Profit Before Tax	2,946	2,577
Taxation	<u>915</u>	<u>813</u>
Net Profit	2,031	1,764
Dividend	951	791
Earnings per Share Based		
on 1,463,616,000	\$1.39	\$1.21
Dividend Payout Ratio	46.84%	45%
Return on Average Equity at Year End	30.33%	31.71%
Return on Assets at Year End	2.61%	2.7%
	1999	1998
a) Statement of gross operating revenues	\$12,750,815	\$9,414,650
b) Gross profit after charges but before taxation	2,946,477	2,577,282
c) Group, profit after gross taxes and extra-ordinary item	2,031,056	1,764,447
d) The composition of the income tax charge:		
i. Income tax at 1/3%	887,064	816,159
ii. Deferred taxation	28,357	-3,324
Total income tax	915,421	812,835
e) Amount of (c) attributable to members of Holding Company i.e. after deduction of outside interests	1,641,957	1,490,673

f) Directors emoluments as prescribed by Section 185 of The Companies Act, 1965

g) Rates of dividend(s)l capital distributions of Holding Company paid and proposed. and amount absorbed Itereby are based on 1.463.616,000stock units after bonus share issue.

65c per stock unit
(Gross \$951,350)

54c per stock unit
(Gross \$790.353)

SHAREHOLDING OF DIRECTORS AND CONNECTED
PERSONS IN THE BANK OF NOVA SCOTIA
JAMAICA LIMITED AS AT 31st OCTOBER 1999

MR. BRUCE R. BIRMINGHAM	20,000
MR. WILLIAM E. CLARKE	329,219
MR. ORVILLE W. COX C.D.	8,018
DR. JEAN A. DIXON	NIL
HON. M.W. FACEY, O.J.	NIL
MR. BROOKE FRIZZELL	NIL
MR. P.C. GODSOE	NIL
DR. KENNETH O. HALL	2,000
MR. D.K.C. HENRIQUES	NIL
MISS MUNA ISSA	NIL
MR. JOSEPH MATALON	NIL
HON. MAYER M. MATALON, O.J.	NIL
- Kaytak Investments Limited	2,435,784
- Prime Life Assurance Company Ltd	NIL
- Superannuation Limited	NIL
N1R. W.A.NICCONNELL, C.D.	NIL
- Estate David Charles McConnell,	132,624
DR. HERBERT THOMPSON	NIL

SHAREHOLDING OF SENIOR MANAGEMENT OFFICERS
 OF THE BANK OF NOVA SCOTIA JAMAICA LIMITED
 AT AT 31st OCTOBER 1999

MR. TERRENCE V. ALLEN	209,527	UNITS
MR. EGERTON ANDERSON	26,229	"
MR. NEVILLE BAKER	51,363	"
MR. WINSTON BARRETT	814,660	"
MR. BRUCE BOWEN	NIL	"
MISS INGRID CHAMBERS	NIL	"
MRS. KAREN E CHIN-QUEE AKIN	10,000	"
MR. WILLIAM E. CLARKE	329,212	"
MRS. AILSA FRANCIS	149,517	"
MR. GARY FOSTER	NIL	"
MR. RION B. HALL	1,267,071	"
DR. PAULLETTE HENRY	NIL	"
MRS. LISA HERON-HOO	40,240	"
MISS MINNA A. ISRAEL	40,340	"
MRS. PAULINE L.AWRENCE	476,059	"
MRS- SUZETTE MCLEOD	32,486	"
MR. S.J. MAYO	629,156	"
MRS. ROSEMARIE PILLINER	106,269	"
MR. HUGH W. POWELL	662,136	"
MRS. MARIE POWELL	20,000	"
MR. PETER J. REID	NIL	"
MR. DWIGHT D. RICHARDSON	33,568	"
MISS JANICE ROBINSON	NIL	"
MR. RAYMOND TREASURE	61,711	"
MR. DALVERN WILLIAMS	158,961	"
MR. DONALDO WILLIAMS	128,564	"
MR. PATRICK WILLIAMS	NIL	"
MISS STACIE ANN WRIGHT	NIL	"
