

Bank of Nova Scotia Jamaica Limited. 2000

Media Release

SCOTIABANK RECORDS 22% GROWTH IN PROFIT FOR FIRST QUARTER
ended January 31, 2000.

The Bank of Nova Scotia Jamaica Limited and its Subsidiaries (Scotiabank Jamaica) reported net profit for the quarter ended January 31, 2000 of \$541 million, an increase of \$98 million or 22% over net profit for the first quarter of 1999, and \$70 million (15%) over the net profit for the quarter ended October 31, 1999.

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 continued healthy growth in the Bank's average total earning assets.

CASH RESOURCES increased year over year by \$605 million, due mainly to increase in deposits with foreign banks. Deposits with foreign banks increased as a result of strong growth in foreign currency deposits.

INVESTMENTS grew year over year from \$19 billion to \$27 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 \$18.75 billion, \$1.45 billion over the previous year, and is \$750 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. Recognizing the critical importance of the Export Sector to the Jamaican economy, The Scotiabank Jamaica

Economic Growth Fund 11 (SJEGF 11) was launched during the quarter with \$450 million at a rate of 10.25%. This is in addition to the \$1.3 billion which was fully committed and/or disbursed to the Productive Sector at a rate of 8.5% in September 1998. SJEGF 11 is established to provide financing of production for the Export Sector, with a carve out of \$100 million specifically for constructing Agri-Processing facilities.

NON-PERFORMING LOANS increased from \$1,317 million a year ago to \$1,425 million (an increase of 8.20%) at the end of January 2000. This was also \$101 million above the \$1,324 million outstanding as at October 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 January 31, 2000 total loan loss provisions stood at \$1,502 million, of which \$952 million is specific provisions and \$550 million general provisions. These provisions of \$1,502 million represent 105% of total non-performing loans and 7.4% of total loans. The policy of making full provision for non-performing loans is consistent with Scotiabank's corporate strategy of best practices as an international bank.

TOTAL ASSETS rose to \$80 billion, an increase of 20% from previous year and 4.4% from previous quarter-end. The asset mix continues to be skewed towards government securities as loan demand remains sluggish while deposits continue to record appreciable growth.

DEPOSITS grew to \$56.5 billion, up 19% from previous year and 3% from previous quarter, resulting in further growth in our 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 \$7.4 billion, up 19 % from previous year. This results from Scotiabank adopting best practice in reinvesting a share of its profits in order to enable the Group to expand, while enhancing shareholder value.

NET INTEREST INCOME was \$1,649 million, up \$323 million from last year. The increase was due to growth in average total earning assets coupled with a marginal increase in net interest margin.

OTHER REVENUE excluding Insurance Premium Income was \$366 million, up \$35 million from last quarter, and up \$127 million from the same quarter last year, 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.

NON-INTEREST EXPENSES excluding Actuarial Reserves and Loan Loss Provision was \$987 million, up \$138 million from last year and \$65 million from last quarter. The changes largely reflect increase in staff compensation. Actuarial Reserves for ScotiaMINT's life insurance fund is directly attributed to the business written.

EARNINGS PER SHARE was 37 cents compared with 30 cents for the same period last year and 32 cents for the previous quarter.

RETURN ON AVERAGE EQUITY at quarter end, annualized, was 30%. This was up from 29% last year and 28% at the end of the previous quarter.

RETURN ON ASSETS at quarter end, annualized was 2.7%, up from 2.6% last year and 2.42% at the end of the previous quarter.

DIVIDEND: The Directors have declared an interim dividend of 12.5 cents per stock unit, same as for the first quarter of last year, to stockholders on record as of March 3, 2000, payable on March 30, 2000.

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.

Resolution:

"That an interim dividend of 12.5 cents be paid on each stock unit of paid up capital stock of the company to the shareholders on record as at the close of business on March 03, 2000 and that the same be paid on March 30, 2000."

Karen Chin Quee Akin (Mrs)

FINANCIAL HIGHLIGHTS

(**\$ Millions**)

3 Months Ended

	January 31 2000	January 31 1999	October 31 1999
GROSS OPERATING REVENUE	<u>3,761</u>	<u>3,241</u>	<u>3,186</u>
NET INCOME & OTHER REVENUE			
Income From Loans & Deposits With Banks	1,820	1,645	1,397
Income From Securities	<u>1,330</u>	<u>1,106</u>	<u>1,278</u>
Total Interest Income	3,150	2,751	2,675
Interest Paid on Deposits	<u>1,501</u>	<u>1,425</u>	<u>1,078</u>
Net Interest Income	<u>1,649</u>	<u>1,326</u>	<u>1,597</u>
Other Revenue			
Insurance Premium Income	245	251	180
Other	<u>366</u>	<u>239</u>	<u>331</u>
Net Interest Income & Other Revenue	<u>2,260</u>	<u>1,816</u>	<u>2,108</u>
EXPENSES			
Staff Costs	592	559	568
Other Operating Costs			
Actuarial Reserves	261	252	192
Other	<u>395</u>	<u>290</u>	<u>354</u>
Provision for Loan Losses	<u>200</u>	<u>50</u>	<u>388</u>
Total Operating Costs	<u>1,448</u>	<u>1,151</u>	<u>1,502</u>
Profit Before Tax	812	665	606
Taxation	<u>271</u>	<u>222</u>	<u>135</u>
Net Profit	<u>541</u>	<u>443</u>	<u>471</u>
Dividend	183	183	183
Earnings per Share Based on 1,463,616,000	37¢	30¢	32¢
Dividend Payout Ratio	34%	41%	85%
Return on Average Equity at Quarter-end*	30%	29%	28%
Return on Assets at Quarter-end*	2.70%	2.6%	2.42%

*Annualised