MEDIA RELEASE

March 1, 2012

SCOTIA INVESTMENTS REPORTS FIRST QUARTER RESULTS

FIRST QUARTER 2012 HIGHLIGHTS

- **Net income of $499 Million**
- **Earnings per share of $1.18**
- **Return on average equity of 19.09%**
- **Productivity ratio of 33.70%**
- **First quarter dividend of 43.0 cents per share**

Scotia Investments Jamaica Limited (SIJL) today reported its unaudited financial results for the three months ended January 31, 2012. Net income for the period amounted to $499 million representing a 7% increase over the $466 million earned for the same period last year.

Earnings per share (EPS) for the quarter was $1.18 compared to $1.10 for the first three months last year. The company's return on average equity (ROE) stood at 19.09% at the end of the quarter, and was down marginally from 20.73% last year.

In commenting on the results, Lissant Mitchell, CEO stated, "We have made a credible start to the new financial year, against the background of very challenging local and international economic conditions. Fee based revenues contributed significantly to this quarter's earnings, and this is in keeping with our strategic focus to continue the diversification of our revenue away from the reliance on net interest income.

Specific highlights for this quarter include the successful completion of two major debt arrangement mandates through our Capital Markets business unit, as well as recorded growth in our newly launched Scotia Premium Money Market Fund to $305 Million. Our diverse business lines augur well for the stability of our revenue stream in the months ahead."

REVENUES

Total revenues comprising net interest revenue and other income was $1billion for the quarter, an increase of $42 million or 4% when compared to same period last year and $51 million or 5% over last quarter

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Net Interest Income
Net interest income for the quarter amounted to $689 million, a 6% reduction compared to the $730 million reported for the same period last year and a 3% reduction compared to last quarter's results of $712 million. Interest earnings continue to be impacted by lower market yields on the securities portfolio.

Other Revenue
Other revenue, which includes fee income and net foreign exchange trading income, was $315 million for the quarter, which compares favorably to the $227 million reported for the same period last year, up 38%. This was also up $73 million or 30% compared to last quarter. The company recorded increased fee income from managed funds as well as improved revenues from the capital markets division.

NON-INTEREST EXPENSES AND PRODUCTIVITY
Our productivity ratio (operating expense / total revenue) – an important measure of cost efficiency – was 33.7% for the quarter compared to 31.92% recorded for the same period last year, and 32.26% for the previous quarter.

Operating expenses amounted to $338 million for the quarter, a 10% increase of $31 million over last quarter and also for the same period last year. The variance over prior year is primarily due to higher computer related expenses associated with our ongoing system conversion project as well as higher advertising costs.

BALANCE SHEET
Total assets increased quarter over quarter by $0.7 billion or 1% to $73.5 billion. This compares to a $2.65 billion or 4% increase year over year. The upward movement was driven primarily by the growth in repo liabilities with institutional investors which resulted in increased US$ cash inflows.

OFF BALANCE SHEET HIGHLIGHTS
Assets under management including the company's custody book were $95.5 billion as at end of the quarter, up $1.6 billion or 1.7% compared to the $93.9 billion at the end of the last quarter. This also represented a year over year increase of $13.7 billion or 16.8%.

The growth over the past year has been fuelled by the extremely strong positive inflows primarily in the Scotia Premium Fixed Income Fund (SPFIF) and Caribbean Income Fund (CIF) which has allowed us to maintain our dominant position in the Unit Trust industry.

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CAPITAL

The strength of our capital base is evident with total shareholders' equity standing at $10.6 billion at the end of the quarter. This represented an increase of $1.5 billion or 16% over the equity reported last year and was also up $400 million or 4% over the previous quarter. Our investment reserve continues to show a marked improvement over last year due to sustained recovery of bond prices as interest rates continue to fall. At the end of the quarter, our capital adequacy ratio remained solid at 44.86% significantly above the 10% statutory requirement.

DIVIDEND

The Board has approved an interim dividend of 43.0 cents per stock unit, payable on April 13, 2012, to stockholders on record as at March 21, 2012.

NON-FINANCIAL HIGHLIGHTS

SIJL hosted an Investment Seminar in Montego Bay, to launch the new product, Scotia Premium Money Market Fund, to clients and prospects as well to emphasize the importance of diversification given our current economic climate. We also took the opportunity to present the company's strategic direction to our clients.

CORPORATE SOCIAL RESPONSIBILITY

During the quarter, SIJL hosted the Annual Golden Cleats awards to highlight the Male, Female and Coach of the Year. Our sponsorship of the event also included the launch of a new Howard Aris Scholarship and donation of funds to purchase athletic equipment.

Scotia Investments echoes the sentiments of the Scotiabank Group, in thanking all of our stakeholders for their continued support over this past quarter. To our clients, thank you for your continued loyalty and allowing us to be your most trusted financial advisor. To our shareholders, thank you for the commitment, trust and confidence. To our employees, our continued success is as a result of great execution by our dedicated and skilled team. Your consistent focus on customer satisfaction will ensure that we continue to deliver superior customer service.

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CONSOLIDATED STATEMENT OF INCOME

	For the three months ended		
	January	October	January
Unaudited ($000's)	2012	2011	2011
GROSS OPERATING INCOME	1,608,523	1,573,545	1,692,670
Interest income	1,293,734	1,332,163	1,466,075
Interest expense	(605,189)	(623,474)	(735,723)
Net interest income	688,545	708,689	730,352
Impairment losses on loans	437	3,384	5,123
Net interest income after impairment losses	688,982	712,073	735,475
Net fee and commission income	224,827	172,392	140,740
Net foreign exchange trading income	21,950	17,419	25,575
Net gains/(losses) on financial assets classified as held for trading	892	3,463	9,790
Net gains on financial assets available for sale	39,286	-	6,136
Gains less losses on securities trading	23,996	44,167	40,521
Other revenue	3,838	3,942	3,829
	314,789	241,381	226,593
TOTAL OPERATING INCOME	1,003,771	953,455	962,068
OPERATING EXPENSES			
Salaries and staff benefits	192,574	174,615	189,720
Property expenses, including depreciation	26,654	27,497	36,497
Amortisation of intangible assets	169	482	822
Other operating expenses	118,889	104,190	80,024
	338,286	306,783	307,064
Loss on disposal of subsidiary	-	(2,000)	-
PROFIT BEFORE TAXATION	665,485	644,672	655,005
Taxation	(166,514)	(67,334)	(188,426)
PROFIT FOR THE PERIOD	498,971	577,338	466,579
PROFIT AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	498,971	577,338	466,579
Earnings per stock unit - Basic (cents)	118	136	110
Return on average equity (annualized)	19.09%	22.84%	20.73%
Productivity ratio	33.70%	32.24%	31.92%

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended		
Unaudited ($000's)	**January 2012**	**October 2011**	**January 2011**
Profit for the period	498,971	577,338	466,579
Other comprehensive income			
Unrealised losses on available for sale securities	(86,059)	(80,752)	20,777
Realised gains on available for sale securities	(56,209)	(914)	(9,296)
	(142,268)	(81,666)	11,481
Taxation	146,625	6,459	(3,827)
Other comprehensive income, net of tax	4,357	(75,207)	7,654
Total comprehensive income for the period	503,328	502,131	474,233
TOTAL COMPREHENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	503,328	502,131	474,233

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited ($000's)	Period ended January 31 2012	Year ended October 31 2011	Period ended January 31 2011
ASSETS			
CASH RESOURCES	1,669,972	3,164,288	826,896
INVESTMENTS			
Financial assets at fair value through profit and loss	489,840	356,168	136,924
Securities available-for-sale	374,783	153,954	2,104,027
	864,623	510,122	2,240,951
PLEDGED ASSETS	68,206,267	66,365,262	65,783,467
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	425,546	426,490	409,094
LEASES AND HIRE PURCHASE CONTRACTS	-	-	-
OTHER ASSETS			
Customers' liability under guarantees	1,580,393	1,522,497	1,043,118
Taxation recoverable	534,470	655,986	291,516
Other assets	117,342	103,402	107,315
Property, plant and equipment at cost, less depreciation	36,936	39,887	49,653
Intangible assets	55,812	53,966	28,815
Deferred taxation	12,101	12,101	12,101
	2,337,054	2,387,839	1,532,518
Assets classified as held for sale	-	-	58,732
TOTAL ASSETS	**73,503,462**	**72,854,001**	**70,851,658**
LIABILITIES			
DEPOSITS			
Deposits by the public	-	-	-
CAPITAL MANAGEMENT ACCOUNTS & GOVERNMENT SECURITIES F	14,551,578	14,241,114	14,485,256
OTHER LIABILITIES			
Promissory notes	-	2,436	2,356
Guarantees issued	1,580,393	1,522,497	1,043,118
Liabilities under repurchase agreements	46,097,010	46,211,465	45,090,047
Other liabilities	315,047	187,465	228,244
Taxation payable	68,677	53,972	604,568
Deferred taxation	226,717	292,654	185,347
Assets held in trust on behalf of participants	45,812	47,143	39,674
	48,333,656	48,317,632	47,193,354
Liabilities classified as held for sale	-	-	5,234
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Reserve fund	-	-	-
Retained earnings reserve	-	-	-
Cumulative remeasurement result from available-for-sale financial assets	107,721	103,364	68,069
Loan loss reserve	-	-	-
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(52,518)	(54,137)	(46,733)
Unappropriated profits	8,629,047	8,312,050	7,212,500
	10,618,228	10,295,255	9,167,814
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**73,503,462**	**72,854,001**	**70,851,658**

Director

Director

Scotia Investments

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CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Unaudited ($000's)	Share Capital	Cumulative Re-measurement Result from Available-for-sale Financial Assets	Capital Reserve	Reserve for own shares	Unappropriated Profits	Total
Balance as at 31 October 2010	1,911,903	60,415	22,075	(44,451)	6,885,575	8,835,517
Net profit	-	-	-	-	466,579	466,579
Other comprehensive income:						
Unrealised gains on available-for-sale securities, net of taxes	-	13,851	-	-	-	13,851
Realised gains on available-for-sale securities	-	(6,197)	-	-	-	(6,197)
Total other comprehensive income	-	7,654	-	-	-	7,654
Total comprehensive income for the period	-	7,654	-	-	466,579	474,233
Other equity transactions:						
Divdends paid	-	-	-	-	(139,654)	(139,654)
Own shares acquired by ESOP	-	-	-	(2,282)	-	(2,282)
Balance as at 31 January 2011	1,911,903	68,069	22,075	(46,733)	7,212,500	9,167,814
Balance as at 31 October 2011	1,911,903	103,364	22,075	(54,137)	8,312,050	10,295,255
Net Profit	-	-	-	-	498,971	498,971
Other comprehensive income:						
Unrealised gains on available-for-sale securities, net of taxes	-	41,829	-	-	-	41,829
Realised gains on available-for-sale securities	-	(37,472)	-	-	-	(37,472)
Total other comprehensive income	-	4,357	-	-	-	4,357
Total comprehensive income for the period	-	4,357	-	-	498,971	503,328
Other equity transactions:						
Divdends paid	-	-	-	-	(181,974)	(181,974)
Own shares sold by ESOP	-	-	-	1,619	-	1,619
Balance as at 31 January 2012	1,911,903	107,721	22,075	(52,518)	8,629,047	10,618,228

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited ($000's)	Three months ended January 31 2012	Three months ended January 31 2011
Cash flows (used in)/provided by operating activities		
Profit for the period	498,971	466,579
Adjustments to net income:		
Depreciation	3,480	5,623
Amortisation of intangible assets	169	822
Impairment losses on loans	(437)	(5,123)
Other, net	(522,031)	(541,927)
	(19,848)	(74,026)
Changes in operating assets and liabilities		
Pledged assets	(3,227,853)	1,296,708
Securities sold under repurchase agreements	(70,178)	187,038
Financial assets at fair value through profit and loss	(132,429)	(9,030)
Other, net	913,245	(188,060)
	(2,537,063)	1,212,630
Cash flows used in investing activities		
Investment securities	(362,915)	(1,929,067)
Shares acquired for ESOP	1,619	(2,282)
Property, plant and equipment, Intangibles, net	(2,545)	(2,905)
	(363,841)	(1,934,254)
Cash flows used in financing activities		
Dividends paid	(181,974)	(139,654)
	(181,974)	(139,654)
Effect of exchange rate on cash and cash equivalents	22	(121,314)
Net change in cash and cash equivalents	(3,082,856)	(982,592)
Cash and cash equivalents at beginning of year	6,497,694	7,206,075
Cash and cash equivalents at end of the period	**3,414,838**	**6,223,483**
Represented by:		
Cash resources	1,669,972	826,896
Less: accrued interest on cash resources	(165)	(172)
GOJ treasury bills, repurchase agreements and bonds less than ninety days	1,745,031	5,395,573
Cash and bank balances included in assets classfied as held for sale	-	1,186
	3,414,838	**6,223,483**

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1. **Identification**

Scotia Investments Jamaica Limited is a 77.01% subsidiary of Scotia Group Jamaica Limited, which is incorporated and domiciled in Jamaica. The Bank of Nova Scotia, which is incorporated and domiciled in Canada, is the ultimate parent.

2. **Basis of preparation**

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and they also comply with the provisions of the Companies Act. New and revised standards that became effective this year did not have any material impact on the financial statements and the accounting policies are consistent with those applied in the audited financial statements for the year ended October 31, 2011. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operation of the Company and its subsidiaries, and the Employee Share Ownership Plan (ESOP) which is classified as a special purpose entity. The results of the ESOP are not material to the Group. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

Comparative Information

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

3. **Financial assets**

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

- *Financial Assets at Fair Value through Profit and Loss*
  This category includes financial assets acquired principally for the purpose of selling in the short term or if so designated by management.

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

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

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

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Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all available-for-sale instruments and financial assets at fair value through profit and loss are measured at fair value, except that any available-for-sale instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost, including transactions costs, less impairment losses. Gains and losses arising from changes in the fair value of available-for-sale instruments are recognized directly in statement of comprehensive income, while gains and losses arising from changes in the fair value of trading securities are included in the statement of income in the period in which they arise. Interest calculated using the effective interest method is recognized in the statement of income.

4. Pledged assets

Assets pledged as collateral under repurchase agreements with clients and other financial institutions are government securities.

i. All repurchase agreements mature within twelve (12) months and are conducted under terms that are usual and customary to standard securities borrowing and repurchase agreements.
ii. The capital management fund and the government securities fund are managed on a non-recourse basis, on behalf of investors.

	Asset		Related Liability	
	2012 000's	2011 000's	2012 000's	2011 000's
Securities sold under repurchase agreements:				
Clients	44,957,306	45,195,048	37,559,889	40,413,102
Other financial institutions	8,923,647	4,882,463	8,537,121	4,676,945
Capital management fund and government securities fund	14,325,314	15,705,956	14,551,578	14,485,256
	68,206,267	65,783,467	60,648,588	59,575,303

5. Loan loss provision

IFRS loan loss provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flow, discounted based on the interest rate at inception or the last re-price date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the balance sheet.

6. Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

7. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment loss.

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8. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

9. Managed funds

Scotia Asset Management (Jamaica) Limited, a wholly owned subsidiary, manages funds, on a non-recourse basis, on behalf of investors. The Group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements. As at January 31, 2012, these funds aggregated $26,130,264,000 (January 31, 2011: $18,332,300,000).

The Group also manages pension and trust funds with a total asset value of $49,533,693,000 as at January 31, 2012 (January 31, 2011: $44,721,707,000).