MEDIA RELEASE

August 30, 2012

SCOTIA INVESTMENTS REPORTS THIRD QUARTER RESULTS

THIRD QUARTER 2012 HIGHLIGHTS (YEAR TO DATE)

- **Net income of $1.511 billion**
- **Earnings per share of $3.57**
- **Return on average equity of 18.69%**
- **Productivity ratio of 31.80%**
- **Third quarter dividend of 43.0 cents per share**

Scotia Investments Jamaica Limited (SIJL) today reported its unaudited financial results for the nine months ended July 31, 2012. Net income for the period was $1.511 billion representing a 7% increase over the $1.408 billion earned for the same period last year. Net income for the third quarter was relatively flat at $476 million when compared to the corresponding quarter last year.

Earnings per share (EPS) for the nine months was $3.57 compared to $3.33 for the same period last year. The Return on Average Equity (ROE) was 18.69%, down from 20.03% last year.

The Board has approved an interim dividend of 43.0 cents per stock unit, payable on October 10, 2012, to stockholders on record as at September 19, 2012.

In commenting on the results, Lissant Mitchell, CEO stated, “The nine months results have provided us with yet another solid performance. Non-interest income continues to contribute significantly to earnings, in line with our objective of growing our off-balance sheet business.

The Scotia Premium Money Market Fund, which was launched nine months ago, continues to show strong growth with the fund’s value surpassing the $1 billion mark. We continue to satisfy the needs of our customers by improving our product offering through new product innovation and by providing a superior customer service experience.”

REVENUES

Total Operating Income, comprising net interest revenue and other income was $3.094 billion for the nine months, an increase of $132 million or 4% when compared to same period last year. For the third quarter, Total Operating Income was $1.021 billion, or 2% above the $1.004 billion recorded last year.

For further information contact Lissant Mitchell, Chief Executive Officer • Tel: 876.960.6699 • Fax: 876. 960.6705

Net Interest Income

Net interest income after impairment losses for the nine months amounted to $2.114 billion, a 1% decrease compared to $2.138 billion reported for the same period last year, while the third quarter results of $719 million was up 8% versus that of last year. Year-to-date interest earnings continue to be impacted by lower market yields on the securities portfolio.

Non-Interest Income

Non-Interest Income, which includes fee income, securities trading gains and net foreign exchange trading income, was $980 million for the period, up $156 million or 19% compared to the same period last year as a result of an increase in asset management and other fee income. However, the third quarter was down $32 million when compared to the third quarter last year, due primarily to lower securities trading gains.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expense/total revenue) – an important measure of cost efficiency – was 31.8% for the period compared to 32.2% recorded for the same period last year.

Operating expenses amounted to $984 million for the period, a 3% increase of $30 million over the same period last year. The change over the comparative quarter last year was an increase of 1%. In an effort to keep cost contained, the company continues to identify and implement various cost management initiatives.

BALANCE SHEET

Total assets of $72.1 billion as at July 31, 2012 remained relatively flat in comparison to $71.6 billion for corresponding period in the prior year.

OFF BALANCE SHEET HIGHLIGHTS

Assets under management including the company's custody book were $101.1 billion as at end of the third quarter, up $9.7 billion or 11% above the results of same period last year. The growth continues to be driven by the improved net asset values on managed funds.

CAPITAL

The strength of our capital base is evident with total shareholders' equity standing at $11.2 billion as at July 31, 2012. This represents an increase of $1.3 billion or 13% over the amount reported last year.

At the end of the nine months, our capital adequacy ratio remained solid at 37.92% significantly above the 10% statutory requirement.

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NON-FINANCIAL HIGHLIGHTS

SIJL partnered with PricewaterhouseCoopers during the quarter to host a Corporate Seminar on Public Private Partnerships. The seminar was an opportunity to promote our Capital Market Unit’s expertise and capacity in the structuring of innovative solutions for Public and Private Partnerships.

SIJL also partnered with the Manchester Chamber of Commerce in sponsoring the annual “Wine and Cheese” charity event, aimed at raising well needed funds for the New Hope Children’s Home.

Scotia Investments wishes to thank all of our stakeholders for their continued support. 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

Unaudited ($000's)	For the three months ended July 2012	April 2012	July 2011	For the nine months ended July 2012	July 2011
GROSS OPERATING INCOME	1,602,118	1,653,211	1,636,068	4,863,852	4,954,424
Interest income	1,299,960	1,290,445	1,301,414	3,884,139	4,130,760
Interest expense	(591,719)	(590,083)	(637,057)	(1,786,992)	(2,022,982)
Net Interest Income	708,241	700,362	664,357	2,097,147	2,107,778
Impairment losses on loans	11,455	5,331	4,616	17,224	30,485
Net interest income after impairment losses	719,696	705,693	668,973	2,114,371	2,138,263
Net fee and commission income	185,170	183,282	165,092	593,279	466,506
Net foreign exchange trading income	32,812	24,153	21,302	78,916	63,924
Net gains/(losses) on financial assets classified as held for trading	(9,407)	3,827	11,369	(4,688)	26,637
Net gains on financial assets available for sale	39,034	81,141	77,311	159,461	83,448
Gains less losses on securities trading	48,618	66,572	54,983	139,186	171,279
Other revenue	5,931	3,791	4,597	13,559	11,872
	302,158	362,766	334,654	979,713	823,666
TOTAL OPERATING INCOME	**1,021,854**	**1,068,459**	**1,003,628**	**3,094,084**	**2,961,929**
OPERATING EXPENSES					
Salaries and staff benefits	180,212	175,552	174,202	548,339	545,459
Property expenses, including depreciation	27,214	27,731	32,912	81,598	104,856
Amortisation of intangible assets	169	170	674	508	2,214
Other operating expenses	119,603	115,202	116,344	353,694	301,135
	327,198	318,655	324,132	984,139	953,664
Loss on disposal of subsidiary	-	-	(5,761)	-	(5,761)
PROFIT BEFORE TAXATION	**694,656**	**749,804**	**673,734**	**2,109,945**	**2,002,504**
Taxation	(218,033)	(213,800)	(198,724)	(598,347)	(594,750)
PROFIT FOR THE PERIOD	**476,623**	**536,004**	**475,010**	**1,511,598**	**1,407,754**
PROFIT AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	**476,623**	**536,004**	**475,010**	**1,511,598**	**1,407,754**
Earnings per stock unit - Basic (cents)	**113**	**127**	**112**	**357**	**333**
Return on average equity (annualized)	**17.17%**	**19.86%**	**19.50%**	**18.69%**	**20.03%**
Productivity ratio	**32.02%**	**29.82%**	**32.48%**	**31.81%**	**32.26%**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended			For the nine months ended	
Unaudited ($000's)	July 2012	April 2012	July 2011	July 2012	July 2011
Profit for the period	476,623	536,004	475,010	1,511,598	1,407,754
Other comprehensive income					
Unrealised (losses)/gains on available for sale securities	(10,785)	62,597	88,098	(60,221)	192,137
Realised gains on available for sale securities	(46,079)	(99,602)	(31,927)	(194,413)	(41,242)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	15,275	15,411	16,380	49,183	26,330
	(41,589)	(21,594)	72,551	(205,451)	177,225
Taxation	10,232	24,059	(24,181)	180,916	(59,069)
Other comprehensive income, net of tax	(31,357)	2,465	48,370	(24,535)	118,156
Total comprehensive income for the period	445,266	538,469	523,380	1,487,063	1,525,910
TOTAL COMPREHENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	445,266	538,469	523,380	1,487,063	1,525,910

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited ($000's)	Period ended July 31 2012	Year ended October 31 2011	Period ended July 31 2011
ASSETS			
CASH RESOURCES	1,950,237	3,164,288	1,871,969
INVESTMENTS			
Financial assets at fair value through profit and loss	159,612	356,168	255,489
Securities available-for-sale	623,667	153,954	876,780
	783,279	510,122	1,132,269
PLEDGED ASSETS	66,518,265	66,365,262	66,216,428
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	432,172	426,490	417,678
OTHER ASSETS			
Customers' liability under guarantees	1,773,906	1,522,497	1,374,851
Taxation recoverable	453,971	655,986	387,460
Other assets	96,021	103,402	83,094
Property, plant and equipment at cost, less depreciation	32,076	39,887	63,824
Intangible assets	64,404	53,966	27,423
Deferred taxation	12,101	12,101	12,101
	2,432,479	2,387,839	1,948,753
TOTAL ASSETS	**72,116,432**	**72,854,001**	**71,587,097**
LIABILITIES			
CAPITAL MANAGEMENT ACCOUNTS & GOVERNMENT SECURITIES FUND	14,589,198	14,241,114	14,348,103
OTHER LIABILITIES			
Promissory notes	-	2,436	2,404
Guarantees issued	1,773,906	1,522,497	1,374,851
Liabilities under repurchase agreements	43,811,337	46,211,465	45,251,410
Other liabilities	247,031	187,465	197,506
Taxation payable	262,573	53,972	192,424
Deferred taxation	148,504	292,654	240,499
Assets held in trust on behalf of participants	46,186	47,143	49,251
	46,289,537	48,317,632	47,308,345
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Cumulative remeasurement result from available-for-sale financial assets	78,829	103,364	178,571
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(52,837)	(54,137)	(56,266)
Unappropriated profits	9,277,727	8,312,050	7,874,366
	11,237,697	10,295,255	9,930,649
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**72,116,432**	**72,854,001**	**71,587,097**

Director   Director

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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	-	-	-	-	1,407,754	1,407,754
Other comprehensive income:						
Unrealised gains on available-for-sale securities, net of taxes	-	128,100	-	-	-	128,100
Realised gains on available-for-sale securities		(27,497)	-	-	-	(27,497)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	17,553	-	-	-	17,553
Total other comprehensive income	-	118,156	-	-	-	118,156
Total comprehensive income for the period	-	**118,156**	-	-	**1,407,754**	**1,525,910**
Other equity transactions:						
Divdends paid	-	-	-	-	(418,963)	(418,963)
Own shares acquired by ESOP	-	-	-	(11,815)	-	(11,815)
Balance as at 31 July 2011	**1,911,903**	**178,571**	**22,075**	**(56,266)**	**7,874,366**	**9,930,649**
Balance as at 31 October 2011	**1,911,903**	**103,364**	**22,075**	**(54,137)**	**8,312,050**	**10,295,255**
Net Profit	-	-	-	-	1,511,598	1,511,598
Other comprehensive income:						
Unrealised losses on available-for-sale securities, net of taxes	-	(26,555)	-	-	-	(26,555)
Realised gains on available-for-sale securities	-	(129,609)	-	-	-	(129,609)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	131,629	-	-	-	131,629
Total other comprehensive income	-	(24,535)	-	-	-	(24,535)
Total comprehensive income for the period	-	**(24,535)**	-	-	**1,511,598**	**1,487,063**
Other equity transactions:						
Divdends paid	-	-	-	-	(545,921)	(545,921)
Own shares sold by ESOP	-	-	-	1,300	-	1,300
Balance as at 31 July 2012	**1,911,903**	**78,829**	**22,075**	**(52,837)**	**9,277,727**	**11,237,697**

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CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

Unaudited ($000's)	Nine months ended July 31 2012	Nine months ended July 31 2011
Cash flows used in operating activities		
Profit for the period	1,511,598	1,407,754
Adjustments to net income:		
Depreciation	9,842	15,204
Amortisation of intangible assets	508	2,214
Impairment losses on loans	(17,224)	(30,485)
Loss on disposal of subsidiary	-	5,761
Other, net	(1,498,800)	(1,514,035)
	5,924	(113,587)
Changes in operating assets and liabilities		
Pledged assets	(171,001)	(932,497)
Securities sold under repurchase agreements	(2,358,968)	377,643
Financial assets at fair value through profit and loss	195,266	(127,343)
Other, net	2,250,270	19,440
	(78,509)	(776,344)
Cash flows used in investing activities		
Investment securities	(671,138)	(584,226)
Disposal of subsidiary, net of cash disposal	-	10,173
Shares acquired for ESOP	1,300	(11,815)
Property, plant and equipment, Intangibles, net	(12,976)	(25,650)
	(682,814)	(611,518)
Cash flows used in financing activities		
Dividends paid	(545,921)	(418,963)
	(545,921)	(418,963)
Effect of exchange rate on cash and cash equivalents	45,607	29,605
Net change in cash and cash equivalents	(1,261,637)	(1,777,220)
Cash and cash equivalents at beginning of year	6,497,694	7,206,075
Cash and cash equivalents at end of the period	5,236,057	5,428,855
Represented by:		
Cash resources	1,950,237	1,871,969
Less: accrued interest on cash resources	(552)	(858)
GOJ treasury bills, repurchase agreements and bonds less than ninety days	3,286,372	3,557,744
	5,236,057	5,428,855

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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.

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	43,170,864	45,351,777	37,709,851	39,046,194
Other financial institutions	6,517,302	6,478,975	6,101,486	6,205,216
Capital management fund and government securities fund	16,830,099	14,385,676	14,589,198	14,348,102
	66,518,265	66,216,428	58,400,535	59,599,512

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. Taxation

In May 2012, the Government of Jamaica introduced several new tax measures in its 2012/13 Budget presentations. One of the major tax measures is the revision to the Asset Tax Regime, which will have significant implications for regulated institutions in the 2012 financial year. We are awaiting the final legislation and will make the necessary provisions in the financial statements in the next quarter.

7. Property, plant and equipment

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

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 July 31, 2012, these funds aggregated $26,986,342,000 (July 31, 2011: $24,012,101,000).

The Group also manages pension and trust funds with a total asset value of $50,871,156,000 as at July 31, 2012 (July 31, 2011: $48,000,337,000).