MEDIA RELEASE

May 24, 2013

SCOTIA INVESTMENTS REPORTS SIX MONTHS RESULTS

YEAR TO DATE HIGHLIGHTS

- **Net income of $858 million**
- **Earnings per share of $2.03**
- **Return on average equity of 14.75%**
- **Productivity ratio of 41.09%**
- **Second quarter dividend of 45.0 cents per share**

Scotia Investments Jamaica Limited (SIJL) today reported its unaudited financial results for the six months ended April 30, 2013. The Company's participation in the National Debt Exchange (NDX) negatively impacted the results, however because of the diversified income stream the Company was able to report solid earnings. Net income for the period was $858 million, down $176 million or 17% from the same period last year. Net income for the quarter was $371 million, down $115 million or 24% below the $487 million earned in the previous quarter.

Earnings per share (EPS) was $2.03 compared to $2.45 for the same period last year. The company's return on average equity (ROE) stood at 14.75%, down from 19.47% reported last year.

The Board of Directors has approved an interim dividend of 45 cents per stock unit, payable on July 4, 2013, to stockholders on record as at June 14, 2013.

Lissant Mitchell, CEO said "The Scotia Investments team delivered solid six months results despite incurring losses on our investment portfolio of approximately $238 million, arising from our participation in the National Debt Exchange (NDX). We were able to capitalize on the benefits of our ongoing strategic focus to reduce our reliance on government securities revenue and grow our off balance sheet business while diversifying our revenue streams so as to improve the long term sustainability of our business."

SIJL achieved some significant milestones during the quarter: the Scotia Premium Money Market Fund (SPMMF) surpassed the $3 billion mark in just over 18 months since its launch; and the Caribbean Income Fund (CIF) surpassed the US$75 million mark. Mr. Mitchell added, "We continue to be the leader in the Collective Investment Scheme market with our extensive suite of products and our dedicated sales force. Additionally, our Capital Market team has to date structured $3.3 billion in financing through real estate sale and leaseback arrangements, the largest volume for this type of transaction in the market.

The SIJL team remains focused on our long term strategy to grow non-interest revenues while delivering superior customer service and we are confident that we will continue to provide value to all our stakeholders."

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REVENUES

Total Operating Income, comprising net interest revenue and other income of $2.058 billion for period was down $14 million or 1% below the $2.072 billion for the same period last year. Operating Income for the quarter was $949 million, down $151 million or 14% from $1.1 billion recorded for the previous quarter.

Net Interest Income after impairment

Net interest income after impairment losses for the period of $1.388 billion remained relatively flat over the same period last year. Net interest income for the quarter was $625 million, $137 million or 18% below the results of the previous quarter. Interest earnings continue to be impacted by lower 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 $669 million for the period, down $8 million or 1% compared to the same period last year; and $324 million for the quarter, down $21 million or 6% over the $345 million recorded last quarter. Despite the losses incurred on the exchange of securities under the NDX, the overall impact was cushioned by increased gains from securities trading as well as increased foreign exchange income.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expenses/total revenue) – an important measure of cost efficiency – was 41.1% for the second quarter, compared to 31.7% recorded for the prior year.

Total operating expenses for the quarter was $417 million, 3 % below the previous quarter. Year to date operating expenses was $845 million, representing an increase of 29% or $188 million over same period last year. This variance was mainly reflected in staff related costs and other operating expenses associated with the newly imposed asset tax. The Company continues to closely monitor operating expenses, which is a critical strategic imperative.

BALANCE SHEET

Total assets of $73.6 billion remained relatively flat year over year. There was a $1 billion or 1.3% reduction quarter over quarter, which is consistent with our strategic initiative to focus growth on our off-balance sheet portfolios.

OFF BALANCE SHEET HIGHLIGHTS

Assets under management including the Company's custody book were $109.5 billion as at the end of the quarter, up $10.8 billion or 11% above the same period last year and $2.7 billion or 2.5% over the previous quarter. The growth was driven by increased net asset values in managed funds.

CAPITAL

The strength of our capital base is evident with total shareholders' equity standing at $11.9 billion as at April 30, 2013, an increase of $1.0 billion or 9% compared to the same period last year, and $0.3 billion or 2.5% over the equity reported last quarter. We continue to exceed our regulatory capital requirement. At the end of the second quarter, our capital adequacy ratio remained solid at 37.14%, significantly above the 10% statutory requirement. Our strong capital position enables us to take advantage of future growth opportunities.

NON-FINANCIAL HIGHLIGHTS

During the quarter, SIJL hosted two Mutual Fund Client events in Kingston and Mandeville, to deepen relationships with our Mutual Fund clients and to promote the Mutual Fund products, emphasizing the need for portfolio diversification in the current economic conditions.

Beneficiaries of SIJL's sponsorships during the quarter included: the Immaculate Conception Preparatory School's "Evening of Excellence"; the Medical Association of Jamaica's Risk Management Seminar; and a Wealth Management forum held for staff members employed in the Tourism Sector.

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.

CONSOLIDATED STATEMENT OF INCOME

Unaudited ($000's)	For the three months ended April 2013	For the three months ended January 2013	For the three months ended April 2012	For the period ended April 2013	For the period ended April 2012
GROSS OPERATING INCOME	1,453,545	1,696,629	1,653,211	3,150,175	3,261,734
Interest income	1,129,490	1,351,158	1,290,445	2,480,648	2,584,179
Interest expense	(519,235)	(606,100)	(590,083)	(1,125,335)	(1,195,272)
Net Interest Income	610,255	745,058	700,362	1,355,313	1,388,907
Impairment losses on loans	15,562	17,766	5,331	33,328	5,769
Net interest income after impairment losses	625,817	762,824	705,693	1,388,641	1,394,676
Net fee and commission income	217,176	204,738	183,282	421,914	408,108
Net foreign exchange trading income	100,274	52,704	24,153	152,978	46,104
Net gains on financial assets classified as held for trading	67,904	64,830	70,399	132,734	95,288
Net gains on financial assets available for sale	(73,904)	17,773	81,141	(56,131)	120,427
Other revenue	12,605	5,427	3,791	18,031	7,628
	324,055	345,471	362,766	669,526	677,555
TOTAL OPERATING INCOME	**949,872**	**1,108,295**	**1,068,459**	**2,058,167**	**2,072,231**
OPERATING EXPENSES					
Salaries and staff benefits	200,688	234,749	175,552	435,437	368,127
Property expenses, including depreciation	32,821	32,377	27,731	65,198	54,385
Amortisation of intangible assets	31	39	170	71	339
Other operating expenses	183,982	161,071	115,202	345,053	234,091
	417,522	428,236	318,655	845,758	656,942
PROFIT BEFORE TAXATION	**532,350**	**680,059**	**749,804**	**1,212,409**	**1,415,289**
Taxation	(160,582)	(193,024)	(213,800)	(353,606)	(380,314)
PROFIT FOR THE PERIOD	**371,768**	**487,035**	**536,004**	**858,803**	**1,034,975**
PROFIT AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	**371,768**	**487,035**	**536,004**	**858,803**	**1,034,975**
Earnings per stock unit - Basic (cents)	**88**	**115**	**127**	**203**	**245**
Return on average equity (annualized)	**12.63%**	**16.94%**	**19.86%**	**14.75%**	**19.47%**
Productivity ratio	**43.96%**	**38.64%**	**29.82%**	**41.09%**	**31.70%**

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MEDIA RELEASE

INNOVATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended			For the period ended	
Unaudited ($000's)	April 2013	January 2013	April 2012	April 2013	April 2012
Profit for the period	371,768	487,035	536,004	858,803	1,034,975
Other comprehensive income					
Unrealised gains/(losses) on available for sale securities	198,560	(66,702)	62,597	131,858	(41,961)
Realised gains on available for sale securities	(17,826)	(13,023)	(99,602)	(30,849)	(155,809)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	(4,824)	7,219	15,411	2,395	33,909
	175,910	(72,506)	(21,594)	103,404	(163,861)
Taxation	(71,538)	26,482	24,059	(45,056)	170,684
Other comprehensive income, net of tax	104,372	(46,024)	2,465	58,348	6,823
Total comprehensive income for the period	476,140	441,011	538,469	917,151	1,041,798
TOTAL COMPREHENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	476,140	441,011	538,469	917,151	1,041,798

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited ($000's)	Period ended April 30 2013	Year ended October 31 2012	Period ended April 30 2012
ASSETS			
CASH RESOURCES	1,706,921	1,011,830	1,374,500
INVESTMENTS			
Financial assets at fair value through profit and loss	361,028	175,313	1,272,126
Securities available-for-sale	1,978,213	4,200,586	377,797
	2,339,241	4,375,899	1,649,923
PLEDGED ASSETS	65,925,323	65,441,552	67,515,632
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	467,340	427,670	423,691
OTHER ASSETS			
Customers' liability under guarantees	2,210,116	1,880,486	1,645,808
Taxation recoverable	683,096	452,101	502,101
Other assets	164,905	161,247	159,803
Property, plant and equipment at cost, less depreciation	47,802	56,309	34,499
Intangible assets	64,825	64,301	55,643
Deferred taxation	8,446	-	12,101
	3,179,190	2,614,444	2,409,955
TOTAL ASSETS	**73,618,015**	**73,871,395**	**73,373,701**
LIABILITIES			
CAPITAL MANAGEMENT ACCOUNTS & GOVERNMENT SECURITIES FUND	15,098,804	14,174,566	14,507,792
OTHER LIABILITIES			
Guarantees issued	2,210,116	1,880,486	1,645,808
Liabilities under repurchase agreements	43,538,876	45,684,047	45,669,304
Other liabilities	490,713	292,328	177,830
Taxation payable	332,870	356,073	234,373
Deferred taxation	63	73,654	118,030
Assets held in trust on behalf of participants	22,246	36,183	47,462
	46,594,884	48,322,770	47,892,807
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Cumulative remeasurement result from available-for-sale financial assets	33,701	(24,647)	110,187
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(28,814)	(42,806)	(54,140)
Unappropriated profits	9,985,462	9,507,534	8,983,077
	11,924,327	11,374,059	10,973,102
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**73,618,015**	**73,871,395**	**73,373,701**

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 2011	**1,911,903**	**103,364**	**22,075**	**(54,137)**	**8,312,050**	**10,295,255**
Net profit	-	-	-	-	1,034,975	1,034,975
Other comprehensive income:						
Unrealised losses on available-for-sale securities, net of taxes	-	(10,208)	-	-	-	(10,208)
Realised gains on available-for-sale securities		(103,873)	-	-	-	(103,873)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	120,903	-	-	-	120,903
Total other comprehensive income	-	6,823	-	-	-	6,823
Total comprehensive income for the period	-	**6,823**	-	-	**1,034,975**	**1,041,798**
Other equity transactions:						
Divdends paid	-	-	-	-	(363,948)	(363,948)
Own shares sold by ESOP	-	-	-	(3)	-	(3)
Balance as at 30 April 2012	**1,911,903**	**110,187**	**22,075**	**(54,140)**	**8,983,077**	**10,973,102**
Balance as at 31 October 2012	**1,911,903**	**(24,647)**	**22,075**	**(42,806)**	**9,507,534**	**11,374,059**
Net Profit	-	-	-	-	858,803	858,803
Other comprehensive income:						
Unrealised gains on available-for-sale securities, net of taxes	-	93,701	-	-	-	93,701
Realised gains on available-for-sale securities	-	(20,566)	-	-	-	(20,566)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	(14,787)	-	-	-	(14,787)
Total other comprehensive income	-	58,348	-	-	-	58,348
Total comprehensive income for the period	-	**58,348**	-	-	**858,803**	**917,151**
Other equity transactions:						
Divdends paid	-	-	-	-	(380,875)	(380,875)
Own shares sold by ESOP	-	-	-	13,992	-	13,992
Balance as at 30 April 2013	**1,911,903**	**33,701**	**22,075**	**(28,814)**	**9,985,462**	**11,924,327**

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

	Period ended April 30	Period ended April 30
Unaudited ($000's)	**2013**	**2012**
Cash flows used in operating activities		
Profit for the period	858,803	1,034,975
Adjustments to net income:		
Depreciation	9,877	6,718
Amortisation of intangible assets	71	339
Impairment losses on loans	(33,328)	(5,769)
Other, net	(1,001,707)	(1,008,593)
	(166,284)	27,670
Changes in operating assets and liabilities		
Pledged assets	(704,373)	(1,037,292)
Securities sold under repurchase agreements	(2,123,539)	(545,147)
Financial assets at fair value through profit and loss	(185,350)	(915,301)
Other, net	1,926,142	1,453,605
	(1,253,404)	(1,016,465)
Cash flows provided by/(used in) investing activities		
Investment securities	2,296,851	(381,794)
Shares acquired for ESOP	13,992	(3)
Property, plant and equipment, Intangibles, net	(1,965)	(3,346)
	2,308,878	(385,143)
Cash flows used in financing activities		
Dividends paid	(380,875)	(363,948)
	(380,875)	(363,948)
Effect of exchange rate on cash and cash equivalents	199,471	12,648
Net change in cash and cash equivalents	874,070	(1,752,908)
Cash and cash equivalents at beginning of year	5,497,383	6,497,694
Cash and cash equivalents at end of the period	**6,371,453**	**4,744,786**
Represented by:		
Cash resources	1,706,921	1,374,500
Less: accrued interest on cash resources	(675)	(1,170)
Reverse repurchase agreements and other investments less than ninety days	4,665,207	3,371,456
	6,371,453	**4,744,786**

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, 2012. 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	
	2013 000's	2012 000's	2013 000's	2012 000's
Securities sold under repurchase agreements:				
Clients	42,390,076	44,125,190	35,508,051	37,261,399
Other financial institutions	8,361,685	8,914,341	8,030,825	8,407,905
Capital management fund and government securities fund	15,173,562	14,476,101	15,098,804	14,507,792
	65,925,323	67,515,632	58,637,680	60,177,096

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.

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

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

The subsidiary, Scotia Asset Management (Jamaica) Limited also 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.

At 30 April 2013, the Group had financial assets under administration of $109,518,745,000 (2012: $98,764,587,000).

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