MEDIA RELEASE

August 29, 2013

SCOTIA INVESTMENTS REPORTS NINE MONTHS RESULTS

YEAR TO DATE HIGHLIGHTS

- **Net Income of $1.421 billion**
- **Earnings per share of $3.36**
- **Return on Average Equity of 16.10%**
- **Productivity ratio of 37.45%**
- **Third quarter dividend of 45 cents per share**

Scotia Investments Jamaica Limited (SIJL) today reported its unaudited financial results for the nine months ended July 31, 2013. Net income for the quarter was $562 million or 51% above the $372 million earned in the previous quarter. For the nine months ended July 31, 2013, net income was $1.421 billion, down $90 million or 6% when compared to the same period last year.

Earnings per share (EPS) for the nine months was $3.36 compared to $3.57 for the same period last year. The Return on Average Equity (ROE) stood at 16.10%, down from 18.69% reported for the last year.

The Board of Directors has approved an interim dividend of 45 cents per stock unit, payable on October 9, 2013, to stockholders on record as at September 18, 2013.

Lissant Mitchell, CEO said “I am pleased to report that SIJL has recorded another solid performance in the nine months. In keeping with our strategic focus, the Company experienced growth in the key business lines and has performed credibly, despite the challenges that continue to beset the financial sector and the wider economy, six months after the National Debt Exchange (NDX). Total assets under management including the Company’s custody book stood at over $115.3 billion, with Scotia Premium Money Market Fund (SPMMF) sustaining a strong growth momentum to surpass $4.4 billion, in just under 2 years since its launch. Also, our Capital Market team continued to work closely with our clients to structure and execute unique financing options.”

Mr. Mitchell went on to say, “During these challenging economic times, the SIJL team remains steadfast in delivering superior client service and we are confident that we will continue to provide value to all our stakeholders.”

Scotia Investments

INNOVATION

REVENUES

Total Operating Income, comprising net interest revenue and other income, was $3.236 billion for the nine month period, up $142 million or 5% above the $3.094 billion for the same period last year. Total Operating Income for the quarter was $1.178 billion, up $228 million or 25% from the $0.949 billion recorded for the previous quarter.

Net Interest Income after impairment

Net interest income after impairment losses for the period was $2.081 billion, down $33 million or 2% when compared to the same period last year. Net interest income for the quarter was $692 million, $66 million or 10% above the results of the previous quarter.

Non-Interest Income

Non-interest income, which includes fee income, securities trading gains and net foreign exchange trading income, was $1.155 billion for the period, up $175 million or 18% compared to the same period last year; and $485 million for the quarter, up $162 million or 50% over the $324 million recorded last quarter.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expenses/total revenue) – an important measure of cost efficiency – was 37.45% for the nine months, compared to 31.81% recorded for the prior year.

Year to date operating expenses were $1.212 billion, representing an increase of 23% or $228 million over the same period last year. This variance was mainly impacted by staff related costs and other operating expenses as a result of the asset tax, inflationary increases and devaluation of the JA$. Total operating expenses for the quarter were $366 million, 12% below the previous quarter. The Company continues to closely manage operating expenses, and this is a critical strategic imperative.

BALANCE SHEET

Total assets of $72.6 billion remained relatively flat year over year. There was a $1 billion or 1.3% reduction relative to the year ended October 31, 2012, which is consistent with our strategic initiative to focus on growing our off-balance sheet portfolios.

OFF BALANCE SHEET HIGHLIGHTS

Assets under management, including the Company's custody book, were $115.3 billion as at the end of the quarter, up $14.2 billion or 14% above the same period last year, and up $5.8 billion or 5.3% over the previous quarter. The growth was driven by increased net asset values in our managed funds.

CAPITAL

The strength of our capital base is evident with total shareholders' equity standing at $12.2 billion as at July 31, 2013, an increase of $0.925 billion or 8% compared to the same period last year, and $0.24 billion or 2.0% over the equity reported last quarter. We continue to far exceed our regulatory capital requirement. At the end of the third quarter, our capital adequacy ratio remained solid at 38.46%, 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 continued to support Investor education through various sponsorships with the primary ones including: the Commonwealth Secretariat/CARADEM Forum Cocktail Reception which comprised of debt managers across the Caribbean; and Scotiabank's Speaker's Economic Series where Scotiabank's Global Economist Pablo Breard presented to customers.

Scotia Investments launched an integrated marketing communications campaign in social and electronic media channels in July, which is focused on building awareness of the Scotia Investments brand and positioning the company as the premier provider of wealth management solutions in Jamaica. The initial feedback has been positive and we expect to further enhance our brand image.

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 you, our dedicated and skilled team. Your consistent focus on client satisfaction will ensure that we continue to deliver superior customer service.

CONSOLIDATED STATEMENT OF INCOME

Unaudited ($000's)	For the three months ended July 2013	April 2013	July 2012	For the period ended July 2013	July 2012
GROSS OPERATING INCOME	1,590,307	1,453,545	1,602,118	4,740,480	4,863,852
Interest income	1,104,381	1,129,490	1,299,960	3,585,028	3,884,139
Interest expense	(439,969)	(519,235)	(591,719)	(1,565,303)	(1,786,992)
Net Interest Income	664,412	610,255	708,241	2,019,725	2,097,147
Impairment losses on loans	28,091	15,562	11,455	61,419	17,224
Net interest income after impairment losses	692,503	625,817	719,696	2,081,144	2,114,371
Net fee and commission income	254,170	217,176	185,170	676,084	593,279
Net foreign exchange trading income	30,152	100,274	32,812	183,130	78,916
Net gains on financial assets classified as held for trading	110,640	67,904	39,211	218,752	134,499
Net gains on financial assets available for sale	86,018	(73,904)	39,034	54,510	159,461
Other revenue	4,946	12,605	5,931	22,976	13,558
	485,926	324,055	302,158	1,155,452	979,713
TOTAL OPERATING INCOME	1,178,429	949,872	1,021,854	3,236,596	3,094,084
OPERATING EXPENSES					
Salaries and staff benefits	199,485	200,688	180,212	634,922	548,339
Property expenses, including depreciation	33,347	32,821	27,214	98,545	81,598
Amortisation of intangible assets	31	31	169	102	508
Other operating expenses	133,576	183,982	119,603	478,628	353,694
	366,439	417,522	327,198	1,212,197	984,139
PROFIT BEFORE TAXATION	811,990	532,350	694,656	2,024,399	2,109,945
Taxation	(249,208)	(160,582)	(218,033)	(602,814)	(598,347)
PROFIT FOR THE PERIOD	562,782	371,768	476,623	1,421,585	1,511,598
PROFIT AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	562,782	371,768	476,623	1,421,585	1,511,598
Earnings per stock unit - Basic (cents)	133	88	113	336	357
Return on average equity (annualized)	18.69%	12.63%	17.17%	16.10%	18.69%
Productivity ratio	31.10%	43.96%	32.02%	37.45%	31.81%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended			For the period ended	
Unaudited ($000's)	July 2013	April 2013	July 2012	July 2013	July 2012
Profit for the period	562,782	371,768	476,623	1,421,585	1,511,598
Other comprehensive income					
Unrealised gains/(losses) on available for sale securities	(125,280)	198,560	(10,785)	6,579	(60,221)
Realised gains on available for sale securities	-	(17,826)	(46,079)	(30,849)	(194,413)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	(33,121)	(4,824)	15,275	(30,726)	49,183
	(158,401)	175,910	(41,589)	(54,996)	(205,451)
Taxation	18,997	(71,538)	10,232	(26,059)	180,916
Other comprehensive income, net of tax	(139,404)	104,372	(31,357)	(81,055)	(24,535)
Total comprehensive income for the period	423,378	476,140	445,266	1,340,530	1,487,063
TOTAL COMPREHENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	423,378	476,140	445,266	1,340,530	1,487,063

INNOVATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited ($000's)	Period ended July 31 2013	Year ended October 31 2012	Period ended July 31 2012
ASSETS			
CASH RESOURCES	1,341,425	1,011,830	1,950,237
INVESTMENTS			
Financial assets at fair value through profit and loss	261,079	175,313	159,612
Securities available-for-sale	988,058	4,200,586	623,667
	1,249,137	4,375,899	783,279
PLEDGED ASSETS	66,775,363	65,441,552	66,518,265
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	74,701	427,670	432,172
OTHER ASSETS			
Customers' liability under guarantees	2,274,855	1,880,486	1,773,906
Taxation recoverable	689,192	452,101	453,971
Other assets	137,246	161,247	96,020
Property, plant and equipment at cost, less depreciation	43,484	56,309	32,076
Intangible assets	64,794	64,301	64,404
Deferred taxation	1,536	-	12,101
	3,211,107	2,614,444	2,432,478
TOTAL ASSETS	**72,651,733**	**73,871,395**	**72,116,432**
LIABILITIES			
CAPITAL MANAGEMENT ACCOUNTS & GOVERNMENT SECURITIES FUND	13,722,400	14,174,566	14,589,198
OTHER LIABILITIES			
Guarantees issued	2,274,855	1,880,486	1,773,906
Liabilities under repurchase agreements	43,583,927	45,684,047	43,811,337
Other liabilities	481,150	292,328	247,030
Taxation payable	408,363	356,073	262,573
Deferred taxation	63	73,654	148,504
Assets held in trust on behalf of participants	17,361	36,183	46,186
	46,765,719	48,322,770	46,289,537
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Cumulative remeasurement result from available-for-sale financial assets	(105,702)	(24,647)	78,830
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(22,468)	(42,806)	(52,837)
Unappropriated profits	10,357,806	9,507,534	9,277,727
	12,163,614	11,374,059	11,237,697
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**72,651,733**	**73,871,395**	**72,116,432**

Director   Director

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	-	-	-	-	1,511,598	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**
Balance as at 31 October 2012	**1,911,903**	**(24,647)**	**22,075**	**(42,806)**	**9,507,534**	**11,374,059**
Net Profit	-	-	-	-	1,421,585	1,421,585
Other comprehensive income:						
Unrealised losses on available-for-sale securities, net of taxes	-	(7,165)	-	-	-	(7,165)
Realised gains on available-for-sale securities	-	(20,566)	-	-	-	(20,566)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	(53,324)	-	-	-	(53,324)
Total other comprehensive income	-	(81,055)	-	-	-	(81,055)
Total comprehensive income for the period	**-**	**(81,055)**	**-**	**-**	**1,421,585**	**1,340,530**
Other equity transactions:						
Divdends paid	-	-	-	-	(571,313)	(571,313)
Own shares sold by ESOP	-	-	-	20,338	-	20,338
Balance as at 31 July 2013	**1,911,903**	**(105,702)**	**22,075**	**(22,468)**	**10,357,806**	**12,163,614**

INNOVATION

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

Unaudited ($000's)	Period ended July 31 2013	Period ended July 31 2012
Cash flows used in operating activities		
Profit for the period	1,421,585	1,511,598
Adjustments to net income:		
Depreciation	15,118	9,842
Amortisation of intangible assets	102	508
Impairment losses on loans	(61,419)	(17,224)
Other, net	(1,416,910)	(1,498,800)
	(41,524)	5,924
Changes in operating assets and liabilities		
Pledged assets	(1,440,883)	(171,001)
Securities sold under repurchase agreements	(2,034,193)	(2,358,968)
Financial assets at fair value through profit and loss	(85,692)	195,266
Other, net	1,434,291	2,250,270
	(2,168,001)	(78,509)
Cash flows provided by/(used in) investing activities		
Investment securities	3,113,839	(671,138)
Shares acquired for ESOP	20,338	1,300
Property, plant and equipment, Intangibles, net	(2,888)	(12,976)
	3,131,289	(682,814)
Cash flows used in financing activities		
Dividends paid	(571,313)	(545,921)
	(571,313)	(545,921)
Effect of exchange rate on cash and cash equivalents	254,108	45,607
Net change in cash and cash equivalents	646,083	(1,261,637)
Cash and cash equivalents at beginning of year	5,497,383	6,497,694
Cash and cash equivalents at end of the period	**6,143,466**	**5,236,057**
Represented by:		
Cash resources	1,341,425	1,950,237
Less: accrued interest on cash resources	(728)	(552)
Reverse repurchase agreements and other investments less than ninety days	4,802,769	3,286,372
	6,143,466	**5,236,057**

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	41,888,708	43,170,863	34,380,269	37,709,851
Other financial institutions	9,606,842	6,517,302	9,203,657	6,101,486
Capital management fund and government securities fund	15,279,813	16,830,100	13,722,399	14,589,198
	66,775,363	66,518,265	57,306,325	58,400,535

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 31 July 2013, the Group had financial assets under administration of $115,314,850,000 (2012: $101,112,601,000).