MEDIA RELEASE

March 5, 2015

SCOTIA INVESTMENTS REPORTS FIRST QUARTER FINANCIAL RESULTS

FINANCIAL PERFORMANCE INCLUDING THE EFFECT OF IFRIC 21, LEVIES

Scotia Investments Jamaica Limited (SIJL) financial performance for the period ended January 31, 2015 reflects the impact of the adoption of International Financial Reporting Interpretation Committee (IFRIC) 21, Levies. This accounting standard is effective for annual periods beginning on or after January 1, 2014, and provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy, is the event identified by the legislation that triggers the obligation to pay the levy. The Institute of Chartered Accountants of Jamaica issued an advisory to clarify the accounting treatment of Asset Tax under IFRIC 21, which indicates that the obligating event for Asset Tax under the Taxation Act is the entity being in existence for any part of the Year of Assessment. Therefore the liability for Asset Tax is triggered on the first day of an entity's financial year, which forms the basis period for the Year of Assessment.

Consequently, the total liability relating to asset tax for the Company has been accounted for on November 1, 2014, the first day of the 2015 financial year, and the prior periods financial statements have also been restated to conform with the requirements of the interpretation. Prior to IFRIC 21, the asset tax was accrued evenly throughout the financial year; the adoption of IFRIC 21 has resulted in the full charge being reflected in the first quarter. The impact of IFRIC 21 is outlined in the table below, with further details in note 10.

	For the Three Months Ended					
	Includes IFRIC 21 As reported January 31, 2015	Incremental Effect of IFRIC 21	Excludes IFRIC 21 January 31, 2015	Includes IFRIC 21 Restated January 31, 2014	Incremental Effect of IFRIC 21	Excludes IFRIC 21 As previously reported January 31, 2014
Net Income $' Million	136	108	244	356	65	421
Earnings per share	$0.32	$0.26	$0.58	$0.84	$0.15	$0.99
Return on average equity (annualized)	3.95%	3.15%	7.10%	11.28%	2.11%	13.39%
Return on assets (annualized)	0.77%	0.61%	1.38%	1.95%	0.36%	2.31%
Productivity ratio	68.98%	-13.32%	55.66%	49.42%	-6.52%	42.90%

The consolidated financial statements and management's discussion and analysis have been restated to conform with the changes in the IFRS standards and presentation in the current year.

Scotia Investments

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

SIJL reports net income of $136 million for the first quarter ended January 31, 2015. This represents a decrease of $219 million, when compared with the net income of $356 million for the quarter ended January 31, 2014. The reduction was partly attributable to the adoption of IFRIC 21, Levies, which requires a change in the accounting treatment for Asset Tax, as well as the increase in the asset tax rates imposed by the Government of Jamaica in May 2014. If the impact of the IFRIC change was excluded, net income would be $244 million.

The Board of Directors today, approved a first interim dividend of 45 cents per stock unit payable on April 17, 2015, to stockholders on record at March 25, 2015.

Lissant Mitchell, CEO of Scotia Investments said “We recorded strong revenue growth from our Asset Management business line, consistent with our ongoing strategic initiative of diversifying our revenue sources so as to be less dependent on net interest income. This as the company continues to reduce its overall risk profile which is inherently imbedded within a balance sheet focused business model. All our risk management metrics have improved and our capital adequacy ratio of 48% remains above the regulatory requirement of 10% thus providing healthier risk adjusted returns to our shareholders.

As we continue to be impacted by the higher operating cost environment as evident in the increased Asset Tax burden on our business we will focus on the implementation of various structural cost realignment initiatives to improve operational efficiencies. This, whilst we maintain our strategic emphasis on aggressively growing our Asset Management, Trading and Capital Markets businesses; while driving value for our customers through the execution of a number of customer intimacy initiatives”.

FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues, comprising net interest revenue and other income was $815 million, a reduction of $174 million or 18% below the corresponding quarter last year and $171 million or 17% compared to the previous quarter.

NET INTEREST INCOME

Net interest income after impairment losses for the quarter was $470 million, a reduction of $167 million or 26% down the corresponding quarter last year and $28 million or 6% below the previous quarter.

OTHER REVENUE

Other revenue, which includes fee income, securities trading gains and net foreign exchange trading income, was $345 million for the quarter, $7 million or 2% below the corresponding quarter last year and a reduction of $143 million or 29% over last quarter.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expenses/total revenue) – an important measure of cost efficiency – was 68.98% at the end of the first quarter, compared to 49.42% recorded at the end of the corresponding quarter last year. Total operating expenses for the quarter were $562 million, up $73 million or 15% over corresponding quarter last year and up $231 million or 70% compared to the last quarter. The increase in operating expenses is due primarily to the increase in the Asset Tax resulting from the adoption of IFRIC 21, Levies as well as the increase in the rates from 0.14% to 0.25% for regulated financial institutions. This resulted in Asset Tax of $144 million being recorded in the financial results for the quarter, compared to $86 million for corresponding quarter last year, an increase of $58 million. The Company continues to focus on Operational Efficiency, a key strategic priority to manage the increase in operating expenses, despite the increased cost of doing business in the financial services sector.

FINANCIAL CONDITION

ASSETS

Total assets of $71 billion represented a reduction of $2.0 billion year over year and $1.3 billion lower than last quarter. This is consistent with our strategic initiative to focus on the growth of our unit trusts and mutual fund portfolios.

LIABILITIES

Total customer liabilities represented by Securities sold under repurchase agreements and Capital Management Accounts and Government Securities Fund reduced by $3.5 billion year over year and $1.8 billion lower than last quarter.

OFF BALANCE SHEET HIGHLIGHTS

Assets under management including the company's custody book were $143 billion as at January 31, 2015, an increase of $5 billion or 4% over last quarter and $19 billion or 15% year over year.

CAPITAL

The strength of our capital base is evident with total shareholders' equity standing at $13.7 billion as at January 31, 2015. We continue to exceed our regulatory capital requirement and at the end of the first quarter, our capital adequacy ratio remained solid at 48%, versus the 10% statutory requirement. Our strong capital position also enables us to take advantage of future growth opportunities.

NON-FINANCIAL HIGHLIGHTS

PHILANTHROPY

SIJL partnered with the Wealth division to recognize the country's Top Athletes – Male & Female and the Top Coach. In addition, this sponsorship, which is a partnership with the Jamaica Athletic Association also pays tribute and provides an educational bursary to an upcoming athlete.

CLIENT LOYALTY

In December SIJL partnered with Scotia Insurance and hosted an end of year client appreciation cocktail event for high net worth customers. Other customers were recognized at Customer Appreciation Day which took place across all the branches. These events provided an opportunity for networking, building client loyalty and deepening relationships with clients.

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 REVENUE AND EXPENSES

	For the three months ended		
		Restated	Restated
Unaudited ($000's)	**January 2015**	**October 2014**	**January 2014**
GROSS OPERATING INCOME	1,307,877	1,537,474	1,507,417
Interest income	962,907	1,049,926	1,155,045
Interest expense	(493,885)	(551,766)	(519,245)
Net Interest Income	469,022	498,160	635,800
Impairment losses on loans	1,044	410	918
Net interest income after impairment losses	470,066	498,570	636,718
Net fee and commission income	245,473	273,804	212,582
Net foreign exchange trading income	38,510	10,778	32,129
Net gains on financial assets	60,126	201,231	102,302
Other revenue	861	1,735	5,359
	344,970	487,548	352,372
TOTAL OPERATING INCOME	**815,036**	**986,118**	**989,090**
OPERATING EXPENSES			
Salaries and staff benefits	276,462	212,880	241,362
Property expenses, including depreciation	32,452	38,794	33,391
Amortisation of intangible assets	-	-	31
Asset Tax	144,576	-	86,598
Other operating expenses	109,029	79,745	127,925
	562,519	331,419	489,307
PROFIT BEFORE TAXATION	**252,517**	**654,699**	**499,783**
Taxation	(116,278)	(172,488)	(144,158)
PROFIT FOR THE PERIOD	**136,239**	**482,211**	**355,625**
PROFIT AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	**136,239**	**482,211**	**355,625**
Earnings per stock unit - Basic (cents)	**32**	**114**	**84**
Return on average equity (annualized)	**3.95%**	**14.12%**	**11.28%**
Productivity ratio	**68.98%**	**33.58%**	**49.42%**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the three months ended		
		Restated	Restated
	January	October	January
Unaudited ($000's)	**2015**	**2014**	**2014**
Profit for the period	136,239	482,211	355,625
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Unrealised gains/(losses) on available for sale securities	76,391	(4,750)	(84,974)
Realised (gains) losses on available for sale securities	(12,611)	(30,716)	1,701
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	6,202	13,312	(16,734)
	69,982	(22,154)	(100,007)
Taxation	(15,865)	(19,047)	(14,491)
Other comprehensive income (loss), net of tax	54,117	(41,201)	(114,498)
Total comprehensive income for the period	190,356	441,010	241,127
TOTAL COMPREHENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	190,356	441,010	241,127

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited ($000's)	January 31, 2015	Restated October 31, 2014	Restated January 31, 2014
ASSETS			
CASH RESOURCES	2,024,995	2,924,484	1,367,271
INVESTMENTS			
Financial assets at fair value through profit and loss	458,000	527,338	455,906
Securities available-for-sale	5,155,646	5,415,017	5,252,122
	5,613,646	5,942,355	5,708,028
PLEDGED ASSETS	59,027,581	59,419,866	62,229,302
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	111,347	110,226	92,738
OTHER ASSETS			
Customers' liability under guarantees	2,998,171	2,837,844	2,388,797
Taxation recoverable	917,160	752,557	918,203
Other assets	161,784	212,209	134,827
Property, plant and equipment at cost, less depreciation	28,198	30,464	44,541
Intangible assets	86,456	84,202	60,112
Deferred taxation	83	83	39,481
	4,191,852	3,917,359	3,585,961
TOTAL ASSETS	**70,969,421**	**72,314,290**	**72,983,300**
LIABILITIES			
CAPITAL MANAGEMENT ACCOUNTS & GOVERNMENT SECURITIES FUND	12,579,668	13,003,074	12,979,125
OTHER LIABILITIES			
Guarantees issued	2,998,171	2,837,844	2,388,797
Liabilities under repurchase agreements	40,674,570	42,022,859	43,800,490
Other liabilities	674,984	494,538	660,033
Taxation payable	175,394	64,614	502,682
Deferred taxation	81,447	106,092	2,418
	44,604,566	45,525,947	47,354,420
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Cumulative remeasurement result from available-for-sale financial assets	(7,402)	(61,519)	(276,327)
Capital reserve	22,075	22,075	22,075
Reserve for own shares	-	-	-
Unappropriated profits	11,858,611	11,912,810	10,992,104
	13,785,187	13,785,269	12,649,755
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**70,969,421**	**72,314,290**	**72,983,300**

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 at 31 October 2013	**1,911,903**	**(161,829)**	**22,075**	**(20,578)**	**10,740,318**	**12,491,889**
Effect of IFRIC 21					86,599	86,599
Balance at 31 October 2013 (restated)	**1,911,903**	**(161,829)**	**22,075**	**(20,578)**	**10,826,917**	**12,578,488**
Net profit	-	-	-	-	355,625	355,625
Other comprehensive income:						
Unrealised losses on available-for-sale securities, net of taxes	-	(69,757)	-	-	-	(69,757)
Realised losses on available-for-sale securities	-	1,134	-	-	-	1,134
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	(45,875)	-	-	-	(45,875)
Total other comprehensive income	-	(114,498)	-	-	-	(114,498)
Total comprehensive income for the year	**-**	**(114,498)**	**-**	**-**	**355,625**	**241,127**
Other equity transactions:						
Divdends paid	-	-	-	-	(190,438)	(190,438)
Movement in ESOP reserve	-	-	-	20,578	-	20,578
Balance at 31 January 2014 (restated)	**1,911,903**	**(276,327)**	**22,075**	**-**	**10,992,104**	**12,649,755**
Balance at 31 October 2014	**1,911,903**	**(61,519)**	**22,075**	**-**	**11,768,233**	**13,640,692**
Effect of IFRIC 21					144,577	144,577
Balance at 31 October 2014 (restated)	**1,911,903**	**(61,519)**	**22,075**	**-**	**11,912,810**	**13,785,269**
Net Profit	-	-	-	-	136,239	136,239
Other comprehensive income:						
Unrealised gains on available-for-sale securities, net of taxes	-	58,389	-	-	-	58,389
Realised (gains) on available-for-sale securities	-	(8,407)	-	-	-	(8,407)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables	-	4,135	-	-	-	4,135
Total other comprehensive income	-	54,117	-	-	-	54,117
Total comprehensive income for the period	**-**	**54,117**	**-**	**-**	**136,239**	**190,356**
Other equity transactions:						
Divdends paid	-	-	-	-	(190,438)	(190,438)
Balance at 31 January 2015	**1,911,903**	**(7,402)**	**22,075**	**-**	**11,858,611**	**13,785,187**

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

		Restated
	Period ended January 31	Period ended January 31
Unaudited ($000's)	**2015**	**2014**
Cash flows used in operating activities		
Profit for the year	136,239	355,625
Adjustments to net income:		
Depreciation	2,576	4,938
Amortisation of intangible assets	-	31
Impairment losses on loans	(1,044)	(918)
Other, net	(352,744)	(491,643)
	(214,973)	(131,967)
Changes in operating assets and liabilities		
Pledged assets	(4,245,131)	589,465
Securities sold under repurchase agreements	(1,324,224)	(1,047,580)
Financial assets at fair value through profit and loss	66,353	(202,665)
Other, net	(19,945)	391,669
	(5,737,920)	(401,078)
Cash flows provided by/(used in) investing activities		
Investment securities	1,244,033	(151,911)
Movement in ESOP	-	20,578
Property, plant and equipment, Intangibles, net	(2,564)	-
	1,241,469	(131,333)
Cash flows used in financing activities		
Dividends paid	(190,438)	(190,438)
	(190,438)	(190,438)
Effect of exchange rate on cash and cash equivalents	208,749	183,037
Net change in cash and cash equivalents	(4,478,140)	(539,812)
Cash and cash equivalents at beginning of year	8,884,275	9,545,442
Cash and cash equivalents at end of period	**4,406,135**	**9,005,630**
Represented by:		
Cash resources	2,024,995	1,367,271
Less: accrued interest on cash resources	(182)	(177)
Reverse repurchase agreements and other investments less than ninety days	2,381,322	7,638,536
	4,406,135	**9,005,630**

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

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended October 31, 2014, which was prepared in accordance with International Financial Reporting Standards, except for the adoption of relevant new standards and interpretations effective as of January 1, 2014. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

New and revised standards that became effective during the financial year:

IFRIC 21, Levies, effective for accounting periods beginning on or after January 1, 2014 provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognize a liability for a levy when and only when the triggering event specified in the legislation occurs. This standard impacted the Group's financial results and was also applied retrospectively in accordance with the transition provisions of the standard, refer to note 10.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of the Company and its subsidiaries presented as a single economic entity. Intra-group transactions, balances, and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

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 investments 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.

3. Financial assets (Cont'd)

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	
	2015	2014	2015	2014
	000's	000's	000's	000's
Securities sold under repurchase agreements:				
Clients	33,396,808	37,980,141	28,316,081	33,455,478
Other financial institutions	12,953,363	10,910,970	12,358,488	10,345,011
Capital management fund and government securities fund	12,677,409	13,338,190	12,579,668	12,979,125
	59,027,580	62,229,301	53,254,237	56,779,614

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 rising 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 January 2015, the Group had financial assets under administration of $143,215,442,000 (2014: $124,227,623,000).

10. Restatement of Comparative Financial Information

Adoption of IFRIC 21, Levies:-

Scotia Investments Jamaica Limited adopted IFRIC 21, Levies, which is effective for annual periods beginning on or after January 1, 2014. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. The Institute of Chartered Accountants of Jamaica has issued an advisory to clarify the accounting treatment of Asset Tax under IFRIC 21, which indicates that the obligating event for Asset Tax under the Taxation Act is the entity being in existence for any part of the Year of Assessment. Therefore the liability for Asset Tax is triggered on the first day of an entity's financial year which forms the basis period for the Year of Assessment. Consequently, the full liability relating to the Asset Tax for the Group has been accounted for on November 1, 2014, the first day of the 2015 financial year, and the prior periods financial statements were restated to show the effect of these changes on the statement of revenue and expenses and statement of financial position as outlined below.

	For the Three Months Ended					
$Millions	As previously reported January 31, 2014	Effect of IFRIC 21	Restated January 31, 2014	As previously reported October 31, 2014	Effect of IFRIC 21	Restated October 31, 2014
Statement of Revenues and Expenses						
Total Operating Income	989	-	989	986	-	986
Operating expenses	(424)	(65)	(489)	(364)	32	(332)
Profit before taxation	565	(65)	500	622	32	654
Taxation	(144)	-	(144)	(172)	-	(172)
Profit for the period	421	(65)	356	450	32	482
Statement of Financial Position						
Total Assets	72,983	-	72,983	72,314	-	72,314
Total liabilities	60,355	(22)	60,333	58,673	(144)	58,529
Stockholders' equity	12,628	22	12,650	13,641	144	13,785
	72,983	-	72,983	72,314	-	72,314