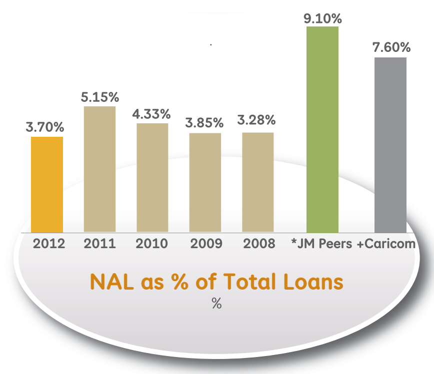
Non-accrual loans (NALs) as at October 31, 2012 totalled $4,551 million (2011: $5,257), representing 3.7% (2011: 5.2%) of total loans and 1.3% (2011: 1.6%) of total assets. The decrease in NALs in 2012 was due primarily to a focus on retail collections as well as the settlement of a large non-performing commercial loan during the year.

The total allowance for loan losses reflects the higher of IFRS provisions and the Regulatory provisions. Changes in the IFRS provisions are charged to the income statement, while Regulatory provision requirements in excess of the IFRS provision are credited to a non-distributable loan loss reserve. The table shows the IFRS and Regulatory provisions for the past three years.



* JM Peers - Jamaica Peers represented by Commercial Banks, Building Societies and other Financial Institutions

+ Caricom - Data from Trinidad Central Bank and Barbados Central Bank

Loan Loss Provision Analysis ($'000)

	2012	2011	2010
Gross Loans	124,526,150	101,992,844	97,409,156
Non Accrual Loans	4,551,026	5,257,217	4,215,254
IFRS Loan Loss Provisions	2,001,482	2,016,405	1,594,659
IFRS Loan Loss Provision as a % of Gross Loans	1.61%	1.98%	1.64%
IFRS Loan Loss Provision as a % of Non Accrual Loans	43.98%	38.35%	37.83%
Loan Loss Reserve	2,299,390	2,251,257	2,093,499
Total Regulatory Loan Loss Provision	4,300,872	4,267,662	3,688,158
Total Regulatory Loan Loss Provision as a % of Gross Loans	3.45%	4.18%	3.79%
Total Regulatory Loan Loss Provision as a % of Non Accrual Loans	94.50%	81.18%	87.50%

Summary of Quarterly Results

Scotia Group experienced four quarters of solid performance during a time of continued sluggish growth in the economy with net income remaining steady throughout the year. Our return on equity (ROE) however, has been declining as profits remained flat while average equity continued to increase.

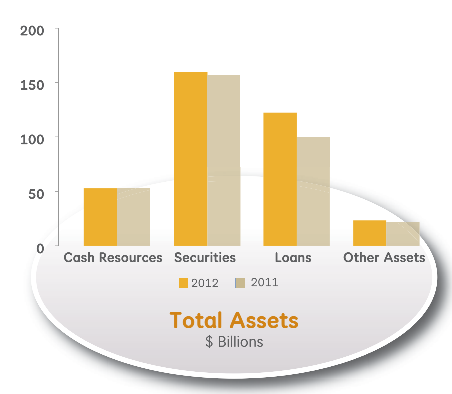
Quarterly Highlights ($ Billions)

	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Operating Income	7.3	7.5	7.2	7.1	7.6	7.8	7.9	7.9
Operating Expenses	3.7	3.7	3.8	3.6	4.0	4.1	3.9	4.4
Net Income	2.7	2.8	2.5	2.7	2.6	2.7	2.6	2.6
Earnings per share (cents)	83	85	78	81	82	84	80	80
ROE (percentage)	19.2	18.9	16.7	16.8	16.7	16.8	15.7	16.1
Total Assets	326	338	335	332	346	349	348	358
Shareholders Equity	55	57	59	60	61	63	64	65

GROUP FINANCIAL CONDITION

Assets

The Group's total assets increased year-over-year by $26.7 billion or 8% to $358 billion as at October 31, 2012. Growth took place primarily in the Group's loan portfolio which increased by $22.5 billion during the year. This strong growth occurred in both the retail and commercial segments of the portfolio.



Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $52.8 billion (2011: $53.0 billion). During the year, we maintained adequate liquidity levels to enable us to respond effectively to changes in our cash flow positions.

Securities

Total investment securities, including pledged assets, increased from $157 billion to $159 billion. Pledged assets, mainly relating to securities sold under repurchase agreements and the capital management accounts, declined to $63 billion, from $65 billion last year.

Loans

Our loan portfolio, after allowance for impairment losses, grew to $122.5 billion or by 22% this year. Our Building Society recorded a $3.5 billion or 36.7% growth in the mortgage portfolio year-over-year as a result of our strategic focus on growing this business. Commercial loans grew by $12 billion from our mid-market commercial and small business client base and closed some large corporate loans both in the private and public sector. Our personal and credit card loan portfolio also performed well with growth of $7.6 billion this year.

Liabilities

Total liabilities were $291 billion as at October 31, 2012, an increase of $21.7 billion or 8% from last year.

Deposits

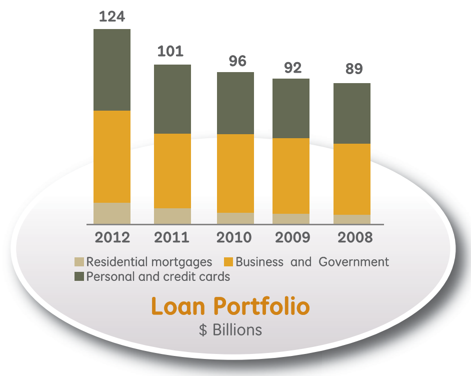
Deposits increased to $172 billion, up from $155 billion the previous year. Customer deposits grew by $16 billion reflecting our efforts at new client acquisition and deepening client relationships in both retail and commercial segments.

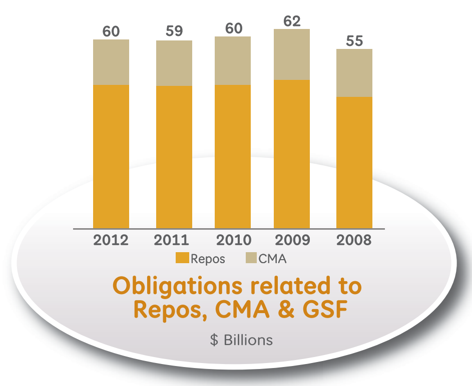
Obligations related to repurchase agreements, capital management accounts and government securities funds

These represent on-balance sheet funds invested by clients of Scotia Investments. These obligations increased slightly to $59.6 Billion during the year. We focused on growing our off-balance sheet funds management business throughout the year, and we maintained our dominant position in the unit trust and mutual fund industry. Our funds under management increased by $2 billion to $27.4 billion, reflecting a 50% market share.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund increased to $41.7 Billion, an increase of $2.7 Billion or 7% over 2011. This was due to strong sales performance, resulting in an increase in gross premium income of 6.7% year-over-year.





Shareholders' Equity

Scotia Group maintains a strong capital base to support the risks associated with its diversified businesses. This base contributes to safety for the Group's customers, and fosters investor confidence, while allowing the Group to take advantage of growth opportunities that may arise. Our capital adequacy ratios, a measure of the Group's overall strength, continue to exceed the regulatory requirements.

Total shareholders' equity rose to $64.6 billion in 2012, $4 billion more than prior year fuelled by internally generated capital.

Shareholders' Return

Our total shareholder return (including both dividends and changes in price of the Group's common shares) at -9.6% over the past year, is reflective of the performance of financial sector stocks. However over the last 3 year and 5 year periods, total shareholder return stood at 13% and 7% respectively. Our medium term performance compares favourably with returns of other listed companies on the JSE Index, which grew by 9% and 2% respectively.

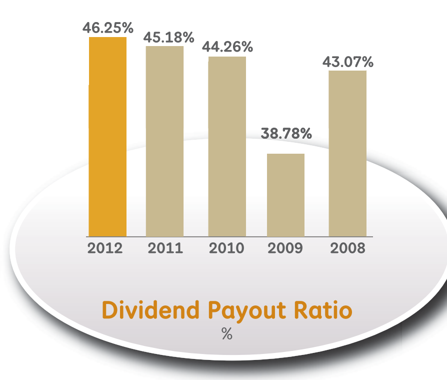
Shareholders continued to receive quarterly dividends, which totalled $1.51 per share for this year reflecting a dividend payout ratio of 46.25%. We remain focused on achieving sustainable, long-term earnings growth and stable dividend income streams to our shareholders.

Capital Adequacy

	Regulatory Requirement	Excess over Regulatory Requirement	Capital Adequacy Ratio
Banking and Building Society	10.0%	2.7%	12.7%
Investment Management	10.0%	31.9%	41.9%
Life Insurance*	150.0%	362.0%	512.0%

* Minimum Continuing Capital on Surplus Ratio

	Total Return			Share Price Movements		
	Over 1 year	Over 3 years	Over 5 years	Over 1 year	Over 3 years	Over 5 years
SGJ Shareholder Return	-9.60%	12.86%	6.95%	-15.35%	5.52%	-0.03%
Benchmark:						
JSE Index	-1.47%	8.55%	1.64%	-5.72%	3.68%	-2.04%
JSE Select Index	-11.55%	17.16%	3.53%	-16.52%	10.27%	-1.27%



Overview of Business Lines

RETAIL BANKING

SOLID GROWTH IN CORE BUSINESS

The year 2012 represented another solid year for the Retail Banking Division. Despite the challenging economic environment, the Division contributed J$3.6 billion to the Group's profitability and delivered on our core purpose to help our customers become financially better off.

A highlight of the year was the successful launch in December 2011 of a new suite of deposit products. A package of incentives tailored to meet the varying needs of our customer base is a major feature of this product suite. The suite is designed to promote consistent saving, wise spending and effective management of banking costs. Within nine months of its introduction, this innovative new product suite contributed to a 40% increase in the monthly average number of new accounts opened.

Attractive mortgage offers coupled with targeted sales efforts contributed to a 40% increase in the number of new mortgages booked, and an increase in our market share. New auto loans increased by 34% during the year as the division strengthened its links with the industry. The attractive loan offers extended through our ongoing alliance with major employers, enabled our customers to consolidate their personal debt and reduce their overall debt service costs.

Convenience & Safety – The Way To Go

The Credit Card portfolio increased by 13% during the year, as access was provided to existing and new customers through several channels. Recognised as the Most Outstanding Magna Partner for 2010-2011 as a result of our co-branded Scotiabank Magna MasterCard, we further enhanced our image as the premier reward card provider through a series of special promotions in 2012. The most notable promotion was the VISA Olympic Campaign where two customers won airfare and tickets to the London Summer Olympics by using their Scotiabank VISA Credit Card to make a purchase aduring the promotional period.

FINANCIAL PERFORMANCE RETAIL BANKING	2012 $Millions	2011 $Millions	2010 $Millions
Revenues	13,170	12,425	11,504
Expenses	(9,582)	(9,083)	(9,159)
Profit before taxes	**3,588**	**3,342**	**2,345**
Average Assets	75,234	63,595	55,752
Average Liabilities	93,202	89,448	891,414

Scotiabank Visa Olympics Grand Prize Winner **Mrs. Marjorie Duncan** *(2nd left)* and Prize Winner **Mrs. Althea Dennis** *(2nd right)* are joined by *(from left)*, Scotiabank's **Mrs. Monique Todd**, Vice-President, Marketing, Public and Corporate Affairs; **Peter Walters**, District Vice President - Metro West and **Ms. Evette Hendricks**, Manager, Marketing Programmes at the presentation ceremony held at Scotiabank Centre.

The Scotiabank VISA Debit Card gives our customers the added advantage of now being able to shop online and at any international merchant that accepts VISA cards. As a result, over 100,000 international transactions were added to our debit card platform this year, which would not have been possible prior to the introduction of Scotiabank Visa Debit. And locally, we have seen increased usage of the Visa Debit card due to the shopping benefits and convenience.

Our Bank continues to optimise the use of alternate channels, which offer customers convenient and secure access to financial services. We installed over 200 new and environmentally-friendly Automated Banking Machines (ABMs). The locking system of the ABM vestibules was also improved to enhance customer safety.

Value-Added Service

We aim to deepen our presence in the marketplace by strengthening our products and services in all channels and heightening customer awareness. We will also seek to increase our share of the automobile and residential mortgage markets; expand the promotion of income-based lending to targeted companies and ramp up our reward programmes for credit card users. Customer convenience will continue to be a priority in 2013.

Under its Evergreen project, the Bank replaced ABMs that were seven years and older with new, more sophisticated and environmentally friendly ones that facilitate a greater range of services. They have faster processing speed, anti-skimming and other security features, better touch and feel, use thermal instead of ink printers, require less energy to run and reduce greenhouse gas emissions by at least 15% over five years.

SMALL AND MEDIUM BUSINESS BANKING

CONSOLIDATING ACHIEVEMENTS

The dynamic activities of the Small & Medium-Size Enterprises (SME) Unit led to another successful year in which key performance targets were exceeded.

Bruce Bowen, President and CEO *(right)*, and **Wayne Powell**, Executive Vice-President, Retail Banking *(second left)*, welcome the “Three to Watch” - **Ms. Angelica Barrett** *(left)* of Glad Helpers, **Ms. Erica Wynter** *(centre)* of C & E Innovational Services, and **Alex Morrissey** of jamaicansmusic.com. - in the Scotiabank sponsored ‘Moguls in the Making’ SME competition in association with the Jamaica Observer.

This was achieved through targeted and sustained efforts of the sales team, along with policy adjustments. The efforts of the sales team were further supported by key marketing activities and sponsorships which supported capacity building of SMEs as well as customer acquisition.

One of the major initiatives spearheaded in 2012 was the Scotia Action Clinic where selected companies were coached in disciplines and behaviours necessary for building profitable businesses. This programme was conducted for two cohorts of customers during the year and will continue to be a defining activity for Scotiabank SME.

The SME Unit also collaborated with the Jamaica Observer and other sponsors to mount ‘Moguls in the Making’ which showcased young business persons who successfully embody the spirit of entrepreneurship, while making positive contributions to the Jamaican economy.

Through the Scotiabank Chair at the University of Technology (UTECH), the Unit partnered with the Jamaica Business Development Company (JBDC), the HEART Trust/NTA and several other sponsors for the Nationwide Scotiabank Entrepreneurial Challenge Competition in February 2012.

Overview of Business Lines (continued)

Women Business Owners (WBO) was another beneficiary of the capacity building thrust in this sector with some 300 women entrepreneurs being trained during the year, and another 40 receiving technical assistance from the Inter American Development Bank (IDB). To complement this initiative Scotiabank made available J$300 million in concessionary loan funding to members of the WBO who were previously trained through the IDB programme.

For the third year running, the Unit launched a J$500 million Productive Sector Growth Fund, consistent with its commitment to foster business development, stimulate employment, generate exports and reduce imports. The Fund, which was oversubscribed, included a J$50 million provision for start-up businesses operating under two years.

We upgraded the Scotia Professional Plan which offers benefits to professionals in 14 categories and continues to be an area of great potential.

In 2013, as the SME Unit builds on its gains from last year, it will focus on improving internal efficiencies and productivity to meet the best delivery standards in sales and service. An expanded range of products and an enhanced policy framework will support the development of non-traditional market segments and the growth in this business line.

SERVICE EXCELLENCE TRENDING UP

An intensive drive to improve service delivery resulted in the Scotiabank Group topping the competition in the Customer Loyalty Index (CLI). Targeted employee training to address specific behaviours and gaps in service delivery, our ongoing Service Champion and Applause programmes to drive service and recognise excellence, as well as our responsiveness to customer needs and feedback from surveys contributed to a decline in reported problems. The rate of resolution satisfaction also continues to improve as a result of the prompt and effective management of customer complaints.

We will seek to further enhance the customer experience in 2013 by promoting accountability at the team and individual levels, aligning our training with customer experience objectives, and improving the complaint resolution experience through customer education.

TREASURY

MEETING CUSTOMER NEEDS

In a challenging year marked by uncertainty regarding the Government's impending agreement with the International Monetary Fund, we maintained our international rating as Jamaica's Best Foreign Exchange Provider. This is the fourth consecutive year that our outstanding service has earned recognition from the highly-reputed trade publication, Global Finance.

We increased our market share and retained our second place ranking in the local industry, based on the volume of foreign currency sold during the year.

Foreign exchange (Scotia Online) transactions conducted through internet banking doubled in 2012, as customers took advantage of the convenience of being able to purchase and sell foreign exchange at competitive rates through this channel. The service was rolled out to business customers in the fourth quarter, with positive results.

FINANCIAL PERFORMANCE TREASURY	2012 $Millions	2011 $Millions	2010 $Millions
Revenues	2,875	2,392	3,098
Expenses	(95)	(69)	(64)
Profit before taxes	**2,780**	**2,323**	**3,034**
Average Assets	76,189	88,701	84,727

Our Growth Priorities

In the coming year, we are aiming to increase the volumes of foreign exchange traded, build on our customer base and enhance our services with the launch of several initiatives. These include extension of the Scotia Online facility so that virtually all types of foreign exchange transactions can be conducted online and the provision of real-time updates of rates and market information to assist decision-making by in-branch customers.

CORPORATE & COMMERCIAL BANKING

CCBC REPOSITIONING FOR GROWTH

Our Corporate and Commercial Banking Centre (CCBC) continues to reposition itself to better meet the needs of its diverse client base. The Division enjoyed a very good year in 2012, with strong growth in assets, deposits and profits before tax.

Following a comprehensive review of its processes aimed at enhancing service delivery and effectively exploiting new opportunities, the Division recorded a 20% increase in asset growth this year.

Several major deals were closed during the year. These included project financing of some US$14 million for a 110 room expansion of the Bahia Principe Hotel in St. Ann; our US$14 million participation in a US$150 million syndicated transaction for Digicel International Finance Ltd. to facilitate the Company's expansion in the region; and working capital financing for Pan Caribbean Sugar Limited to cover the 2013 crop season at the Bernard Lodge, Monymusk and Frome factories.

A multi-currency financial arrangement for the Facey Group; pre-export financing to Jamaica Cane Products and the financing of equipment at Megamart's new complex in Mandeville were among other major projects supported.

Global Reach

Through its Global Transaction Banking Unit (GTB), CCBC further expanded the suite of merchant services and electronic products for local and regional business customers.

Deployment of the Internet Protocol Terminal to our new and existing merchant base was a major focus, in an effort to provide customers with faster and more cost-effective options for transaction processing.

Sandals Resorts International Properties in Jamaica, the Turks and Caicos Islands, St. Lucia and Antigua are among the new beneficiaries of Scotiabank's cutting-edge POS and E-commerce Merchant Services, which offer guests the convenience of making online reservations and also facilitate efficient management of the Group's business accounts across countries.

We also broke new ground with the roll-out of enhanced banking solutions including Website E-commerce, POS Merchant Services and Scotia Online for Business.

FINANCIAL PERFORMANCE CORPORATE BANKING	2012 $Millions	2011 $Millions	2010 $Millions
Revenues	6,994	6,524	6,855
Expenses	(4,916)	(4,758)	(4,457)
Profit before taxes	**2,078**	**1,766**	**2,398**
Average Assets	62,740	52,249	55,357
Average Liabilities	89,586	75,329	79,240

Building On The Scotia Brand

CCBC looks forward to another positive year in 2013. We will continue to differentiate Scotiabank as a total provider of financial solutions; and will focus on increasing transactional services and broadening our non-lending portfolio.

We will also collaborate with our Global Transaction partners to expand our reach with clients which have a regional footprint. We aim to build on the strength of the Scotiabank brand, enhance our client relationships and to be an even more effective financial partner in the year ahead.

Craig Mair, Vice-President, Corporate and Commercial Banking; **Francis Kennedy,** President of the Jamaica Chamber of Commerce; **Grantley Stephenson,** Dean of the Consular Corps, Minister of Foreign Affairs and Foreign Trade, the **Hon. A. J. Nicholson;** and **Ms. Indera Persaud,** Honorary Consul to Guyana at the opening ceremony of the Consular Corps International Trade Expo held at the Jamaica Pegasus in October.

Overview of Business Lines (continued)

SCOTIA PRIVATE CLIENT GROUP (SPCG)

STRENGTHENING CLIENT RELATIONSHIPS

A targeted thrust to consolidate the assets of our high net worth clients, offer comprehensive solutions to meet their complex financial needs, and extend our services across Jamaica propelled the continued growth of the Scotia Private Client Group (SPCG) in 2012. SPCG recorded a 24% growth in assets under management, 117% growth in our loan portfolio and surpassed all our key performance targets.

The team of Relationship Managers and Financial Advisors continued their focus on strengthening client relationships. This approach allowed us to identify and provide clients with more diverse and sophisticated financial products while at the same time providing opportunities for prudent leveraging of their assets. These activities contributed significantly to strong non-interest revenue growth over the year.

A key strength is our ability to identify our customers' unique needs and channel them appropriately within the Group. As such, we saw continued success in our partnership referral program throughout the year.

During the year, events such as the annual SPCG Jamaica Open Polo Tournament and the Barrington Watson Retrospective, provided us with additional opportunities to relate to existing clients and reach out to prospective ones. Timely media exposure through select publications also introduced SPCG's breadth of banking, investment and wealth structuring services to potential clients in this market niche.

Expansion Mode

In the year ahead, SPCG will seek to build on the foundation laid; and our priorities will include further strengthening of the partnership referral program, refinement of our offering, and continued expansion of the SPCG brand outside of Kingston. The advancement of our team members remains a central theme; as such we will continue to sharpen their expertise through select courses and cross-training opportunities. Ultimately, SPCG's ongoing commitment to strengthening our client bonds, the team's expertise, the breadth of our offering and our reach will ensure both our continued success as well as that of our clients' in the coming year and beyond.

SCOTIA JAMAICA MICROFINANCE COMPANY LIMITED (CREDISCOTIA)

CREATING ENDLESS POSSIBILITIES

The launch in November 2011 of the newest subsidiary in the Scotia Group – Scotia Jamaica Microfinance Company Limited, trading as CrediScotia – heralded an era of new possibilities for entrepreneurs in the microfinance sector.

Committed to the transformation of the sector through the delivery of simple financial solutions for persons in the unbanked and under-banked sector, CrediScotia achieved its objectives in its first year of operation. We have built a solid infrastructure in terms of the delivery network and supporting systems, complemented by a strong sales-driven team. We are now well-positioned to aggressively grow this business line over the next few years.

CrediScotia offers micro business operators in the distribution, manufacturing, agribusiness and service sectors simple instalment loans for working capital and the acquisition of fixed assets.

In line with our vision to facilitate the empowerment of the microfinance entrepreneurs, clients were trained on best practices in business, as well as, the requirements of the formal banking sector.

Growth Agenda

CrediScotia will enhance client training in 2013 with emphasis on cash management, record keeping and customer service delivery, among other areas. CrediScotia remains committed to improving businesses in the microfinance sector, the lives of thousands of Jamaicans and ultimately the economic engine of the country.

SCOTIA JAMAICA BUILDING SOCIETY (SJBS)

BUILDING ON SOLID GAINS FOR A PRODUCTIVE FUTURE

Despite the aggressive competition in the mortgage sector, and negative economic trends in 2012, Scotia Jamaica Building Society (SJBS) achieved the highest volume of mortgage sales in its 18-year history, booking approximately $5 billion in loans, almost double the volume in 2011.

This was due, in part, to our continued targeting of first-time home owners and professionals; the strategic lowering of our interest rate to 10.75%; increased customer demand; and the availability of affordable housing units in key, high density locations across the country. Our range of mortgage products and quick turn-around time in processing loan applications were among the other positive factors influencing our performance.

During the year under review, we also strengthened our alliances with developers and realtors island-wide. This allowed the Company to take advantage of emerging opportunities, and position itself as a point-of-reference for realtors and developers.

Positive Outlook

Given the on-going demand for affordable housing, We anticipate another year of strong growth. Most of all, we will seek to refine our mortgage processes; and increase our visibility in the marketplace.

We recognise that buying a home is a major decision; and, therefore we will intensify education programmes with a view to demonstrating to our customers that, despite the seemingly large outlay, home ownership is a viable investment. Our main objective is to assist our clients to become financially better off and ensure that they feel satisfied with the experience.

SCOTIA INVESTMENTS JAMAICA LIMITED (SIJL)

SOLID PERFORMANCE

Scotia Investments Jamaica Limited (SIJL) turned in a strong performance in 2012 as the Company continued to solidify its leadership of the Unit Trust industry and provide innovative wealth management solutions.

One year after its launch in October 2011, the Scotia Premium Money Market Fund, the first true money market/cash fund of its type in Jamaica, surpassed J$1.4 billion in funds under management. This product provides our clients with convenient, and quick access to cash without incurring the customary penalties; and together with SIJL's other products - the Scotia Premium Fixed-Income Fund and the Scotia Premium Growth Fund - offers a portfolio that meets customers' total investment needs.

The Capital Markets Unit, launched in 2011 was also very successful in creating structured solutions for our corporate clients with non-standard financing requirements. Working with our partners in the Scotiabank network, the team executed more than US$500 million in deals.

Mr. Gassan Azan, Jr., Chairman and Chief Executive Officer of MegaMart Wholesale Club accepts a token from **Berisford Grey** - Senior Vice President, Origination & Capital Markets at Scotia Investments, to seal the deal in which Scotia Investments successfully raised $J1.2 billion to finance the acquisition of land and the construction of a new MegaMart Super Store in Bloomfield, Mandeville. **Bruce Bowen,** CEO of the Scotiabank Group shares in the moment. For the first time in Jamaica, a Build-Own-Lease (BOL) was used to raise funds in equity financing from investors to construct the property.

FINANCIAL PERFORMANCE INVESTMENT MANAGEMENT SERVICES	2012 $Millions	2011 $Millions	2010 $Millions
Revenues	4,106	3,874	3,575
Expenses	(1,347)	(1,227)	(1,239)
Profit before taxes	**2,759**	**2,647**	**2,336**
Average Assets	73,871	72,854	74,408
Average Liabilities	62,497	62,559	63,354
Funds under management	138,300	135,213	118,888

Service Focus

A new service dimension was introduced with the launch of SIJL's Portfolio Advisory Group (PAG) in March 2012. Focussed on data gathering and interpretation, the PAG's main objective is to provide Investment Advisors with relevant and timely information about trends on the international capital markets, in particular, Emerging Market, US and Canadian corporate bonds. As a result investors were able to identify opportunities that provided diversification benefits; as well as, make informed decisions during volatile market conditions.

PAG also introduced monthly conference calls with the Sales Team to enhance their understanding of the international market. This was complemented by a multi-channel Public Education media campaign under the theme "Investing in You" highlighting the four pillars of investment success.

As SIJL continued to upgrade its core system and processes, both the Scotia Premium Fixed-Income Fund and the Scotia Premium Growth Fund were successfully converted to the internationally-recognised State Street/IFDS/iFAST Web platforms during the year. This conversion has allowed our clients to monitor their accounts more effectively by providing one consolidated mutual fund/unit trust statement.

Extending the Performance Culture

In the wake of our positive performance in 2012, we intend to further improve service delivery to clients by strengthening the high-performance culture among our team members and business units. We aim to firmly establish our Company as the preferred brand in the marketplace and to reinforce the depth of our local and international presence, as well as our capability to offer clients a range of solutions across all business lines.

SCOTIA JAMAICA LIFE INSURANCE COMPANY LIMITED (SJLIC)

ATTAINING GREATER HEIGHTS

Scotia Jamaica Life Insurance Company Limited (SJLIC) exceeded its financial targets, and recorded over J$4.1 billion in new premiums - the highest volume in its 14 years of operation.

With one of the most productive sales forces in the industry, the Company maintained its top ranking in the market for Approved Retirement Schemes with the signature ScotiaBRIDGE, which was launched in 2009, passing the J$2 billion mark in funds under management.

Market demand also continued to increase for the ScotiaMINT product which attracted significant new business in 2012. This product was further enhanced to facilitate direct credit to customer accounts held in other banks, in order to facilitate policyholders who wish to withdraw funds.

During the year, SJLIC introduced two new whole life insurance products - Lifetime Security and Life Shelter, in keeping with its strategic focus on building out its suite of Individual Life products. Lifetime Security is designed to provide beneficiaries with financial support in the event of death, personal accident or terminal illness; while the companion Life Shelter product covers the policyholder's final medical and funeral expenses.

Customer-focused Approach

A unified approach to Customer Relationship Management was a major factor in our successful performance, with Customer Service representatives and the Sales Team now operating as one unit. The increased use of text and e-mail messages, especially to advise policyholders about missed premiums, was enthusiastically received by customers. Another effective strategy was an increased focus on retirement planning education as we hosted a retirement planning seminar.

We were recognised by the Jamaica Association of Insurance & Financial Advisors (JAIFA), with Yolande Donaldson and Dionne-Gaye Bancroft being named winner and runner-up, respectively, of the 2012 Bancassurance Production Member of the Year Award. Thirteen members of the Sales Team also qualified to attend the Million Dollar Round Table Conference held in California this year.

FINANCIAL PERFORMANCE INSURANCE SERVICES	2012 $Millions	2011 $Millions	2010 $Millions
Revenues	4,457	5,286	5,393
Expenses	(1,132)	(957)	(925)
Profit before taxes	**3,325**	**4,329**	**4,468**
Average Assets	50,637	49,734	54,188
Average Liabilities	42,216	39,635	37,268
Return on Equity (%)	30.05	26.31	25.64

Expanding Our Horizons

SJLIC intends to expand its horizons and deepen its market penetration in 2013.

Our suite of Individual Life products will be extended with the introduction of two new products; and further benefits are in the pipeline for our policyholders, as we continue to assist them to meet their financial goals.

Other proposed developments include the introduction of a new core Insurance Administration System which is expected to provide value-added functionalities to improve our service to customers. Plans are also in place to enhance contact with existing customers, to deepen the relationships and ensure that their needs are being met.

Against this background, we look forward to another positive year.

Hugh Reid, President, Scotia Jamaica Life Insurance Company and **Lana Forbes,** Director Sales and Service listen attentively to **Sushil Jain,** Director, Mayberry Investments as he makes a point at the Scotia Insurance Retirement Seminar held in February 2012.

RISK MANAGEMENT

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Group's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholder returns.

Risk Management Framework

Scotiabank has a robust, disciplined risk management framework supported by a strong risk management culture where risk management is a responsibility shared by all of the Group's employees.

This framework is subject to constant evaluation to ensure that it meets the changes in the markets in which the Group operates, including regulatory standards and industry best practices.

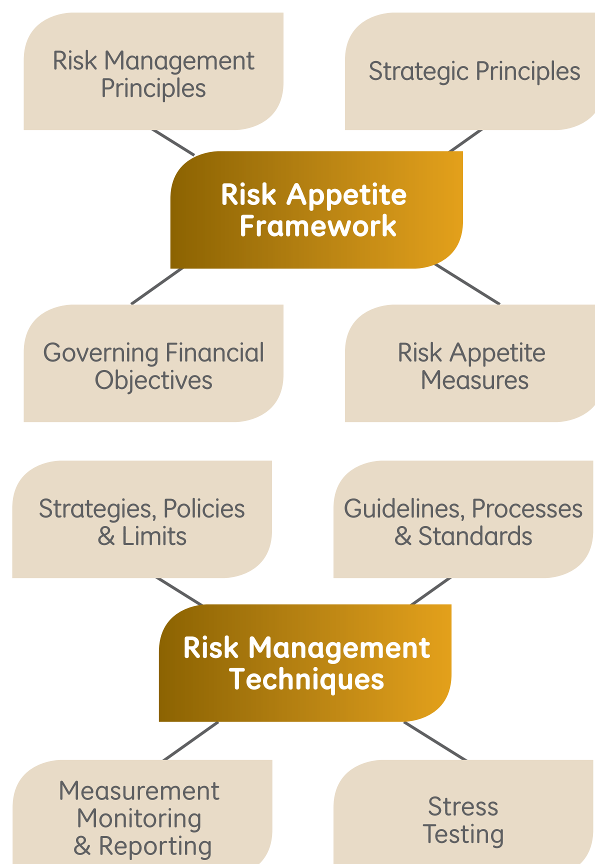
The group's risk management framework consists of three key elements:

- Risk Governance
- Risk Appetite
- Risk Management Techniques

Risk governance - The Group has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced senior management team and a centralized risk management group that is independent of the business lines. Decision-making is centralized through a number of senior and executive risk management committees. The Board approves key risk policies, limits, strategies, and receives quarterly updates on the Group's risk profile and performance of the portfolio against defined goals. The Group's Internal Audit department reports independently to the Board (through the Audit and Conduct Review Committee) on the effectiveness of the risk governance structure and risk management framework.

Risk appetite - The Group's Risk Appetite Framework governs risk taking activities on an enterprise-wide basis. It consists of four components, and combines qualitative as well as quantitative terms of reference to guide the Group in determining the amount and types of risk it wishes to prudently undertake.

Risk management techniques - Effective risk management includes techniques that are integrated with the Group's strategies and business planning processes. Risk management techniques are regularly reviewed and updated to ensure consistency with risk-taking activities, and relevance to the business and financial strategies of the Group.



Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Group. Credit risk arises in the Group's direct lending operations, and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Group.

Scotia Group's credit risk is managed by applying strategies, policies, and limits that are approved by the Board of Directors. Oversight for these credit risk elements is provided of the Credit Risk Management Department.

The credit risk strategy defines target markets and risk tolerances that are developed at an all-Group level, and then further refined at the business line level. The objectives of the credit risk strategy are to ensure that for the Group, including the individual business lines:

- target markets and product offerings are well defined
- the risk parameters for new underwritings and for the portfolios as a whole are clearly specified; and
- transactions, including origination and syndication are managed in a manner to ensure the goals for the overall portfolio are met.

The Group's credit risk rating systems are designed to provide for a meaningful differentiation of risk, and allows for reasonable estimation of loss characteristics at the portfolio and risk grade level. The credit risk rating systems provide consistency in terms of credit adjudication, minimum lending standards by risk ratings, and reporting of credit risk. The Group periodically reassesses its risk rating methodologies and makes enhancements when necessary.

The Group's portfolio management methodologies are designed to facilitate consistent underwriting, early identification of problem loans, and timely escalation reporting of high risk exposures. The Group's retail and commercial collections units are organized to support the efficient recovery of late payments and outstanding amounts on credit facilities which are in default. There is ongoing coordination between the Business lines, Collections areas, and Credit Risk Management.

Corporate and Commercial

Portfolio management objectives and risk diversification are key factors in setting policies and limits. Credit risk limits covering specified industries and exposures are reviewed and approved by the Board of Directors annually, and applied through the credit origination and review process.

Credit exposures are managed through limits, lending criteria and guidelines relevant to each particular risk type.

Borrower limits are set within the context of established guidelines for individual borrowers, particular business segments, and certain types of lending, to ensure the Group does not have excessive concentration in any single borrower, or related group of borrowers. Through the portfolio management process, loans may be syndicated or other actions pursued to reduce overall exposure to a single name. The Group's credit risk limits to counterparties in the financial and government sectors are also managed centrally to optimise the use of credit availability and to avoid excessive risk concentration.

The decision-making process for corporate and commercial credit exposures is intended to ensure that risks are adequately assessed, properly approved, continually monitored and actively managed. All significant credit requests are processed through the credit adjudication units of the Group.

The Group uses a dual risk rating system which separately assesses the risk of borrowers and their associated credit facilities. Borrower risk is evaluated using methodologies that are specific to particular industry sectors and/or business lines. The risk associated with facilities of a given borrower is assessed by considering the facilities' structural and collateral-related elements.

Borrower and facility risk ratings are assigned when a facility is first authorized, and are promptly re-evaluated and adjusted, if necessary, as a result of changes to the customer's financial condition or business prospects. Reevaluation is an ongoing process, and is done in the context of general economic changes, specific industry prospects, and event risks, such as revised financial projections, interim financial results and extraordinary announcements.

RISK MANAGEMENT (continued)

The risk ratings also determine the management level at which the facilities can be authorized or amended. Lower-rated credits require increasingly more senior management involvement.

Retail

Key factors considered in the assessment of the credit risk of the individual borrower include: the borrower's current and projected income, debt servicing commitments and credit record; and economic trends. Based on this assessment, a risk rating is assigned to the individual borrower and the appropriate amount and structure of credit to the individual is determined.

Individual credit exposures are regularly monitored by the business line units for signs of deterioration. In addition, a review and risk analysis of each borrower is conducted annually, or more frequently for higher-risk borrowers.

Portfolio reports reviewed by Credit Risk Management serve to identify risk-related trends in the Group's portfolio. Lending programs are discussed between Business Lines and the Credit Risk Management Department to ensure a proper understanding of the level of risks involved and to ensure that reliable mitigants are embedded so that these programs are consistent with the Group's Credit Strategy and Risk Appetite.

The credit risk exposure for the Group is summarized in Note 45 (b).

Market Risk

Market risk is the risk of loss from changes in market prices and rates (including interest rates, credit spreads, equity prices, and foreign exchange rates), the correlations among them, and their levels of volatility.

The Board of Directors reviews and approves market risk policies and limits annually. The Group's Asset & Liability Committee (ALCO) oversees the application of the framework set by the Board, and monitors the Group's market risk exposures and the activities that give rise to these exposures.

The Group's Market Risk Management unit provides independent oversight of all significant market risks, supporting the ALCO with analysis, risk measurement, monitoring, reporting and support for new product development. To ensure compliance with policies and limits, market risk exposures are independently monitored on a continuing basis, by Market Risk Management and by the Treasury Accounting units. They provide senior management, business units, and the ALCO with a series of daily, weekly and monthly reports of market risk exposures by business line and risk type.

Investment and Funding activities

Market risk arising from the Group's investment and funding activities is identified, managed and controlled through the Group's asset-liability management processes. The ALCO meets monthly to review risks and opportunities, and evaluate performance.

Interest Rate Risk

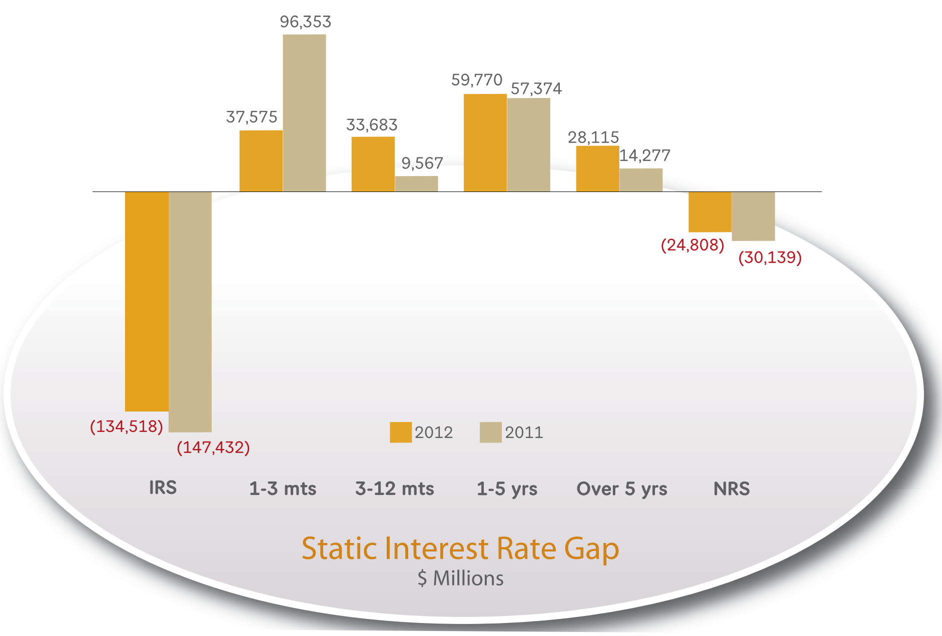
The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk is managed in accordance with Board-approved policies and limits, which are designed to control the risk to income and economic value of shareholders' equity. The income limit measures the effect of a specified change in interest rates on the Group's annual net interest income, while the economic value limit measures the impact of a specified change in interest rates on the present value of the Group's net assets. Interest rate exposures in individual currencies are also controlled by gap limits. Gap analysis, simulation modelling, sensitivity analysis and Value at Risk (VaR) are used to assess exposures and for planning purposes. Interest rate risk exposure is generally based on the earlier of contractual re-pricing or maturity of the Group's

Areas of Market Risk Exposures

Types of Risk	Investment Activities	Trading Activities	Funding Activities
Interest Rate Risk	✓	✓	✓
Foreign Currency Risk	✓	✓	✓
Credit Spread & Equities Risk	✓	✓	

assets and liabilities. Certain assets and liabilities without a fixed maturity (such as credit cards and savings deposits) are assigned a maturity profile based on the longevity of the exposure. Common shareholders' equity is assumed to be non-interest rate sensitive.

Further details on the interest rate risk exposure for the Group are summarized in Note 45 (c) (i).



Foreign currency risk

Foreign currency risk arises from foreign currency operations.

The Group mitigates the effect of foreign currency exposures by financing its foreign currency assets with borrowings in the same currencies. The differences between foreign currency assets and liabilities are reflected in either positive or negative spot positions. Spot position limits are approved by the Board at least annually, and the ALCO reviews and manage these positions.

The foreign currency risk exposure for the Group is summarized in Note 45 (c) (ii).

Credit spread and equities risk

The Group holds investment portfolios to meet liquidity and statutory reserve requirements and for investment purposes. These portfolios expose the Group to interest rate, foreign currency, credit spread and equity risks. Debt investments primarily consist of government and corporate bonds. Equity investments include common shares. The majority of these securities are valued using prices obtained from external sources. These portfolios are controlled by a Board-approved policy and limits.

Trading activities

Scotiabank's policies, processes and controls for trading activities are designed to achieve a balance between pursuing profitable trading opportunities and managing earnings volatility within a framework of sound and prudent practices. Trading activities are primarily customer focused, but also include a proprietary component. In its trading activities, the Group buys and sells currencies in the spot market; equities and bonds for its customers. Gains and losses from these activities are included in other income.

Market risk arising from these activities is managed in accordance with Board-approved policies, and aggregate VaR and stress testing limits. The quality of the Group's VaR is validated by regular backtesting analysis, in which the VaR is compared to theoretical and actual profit and loss results.

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, settlement of securities borrowing and repurchase transactions, and lending and investment commitments.

RISK MANAGEMENT (continued)

Effective liquidity risk management is essential in order to maintain the confidence of depositors and counterparties, and to enable the core businesses to continue to generate revenue, even under adverse circumstances.

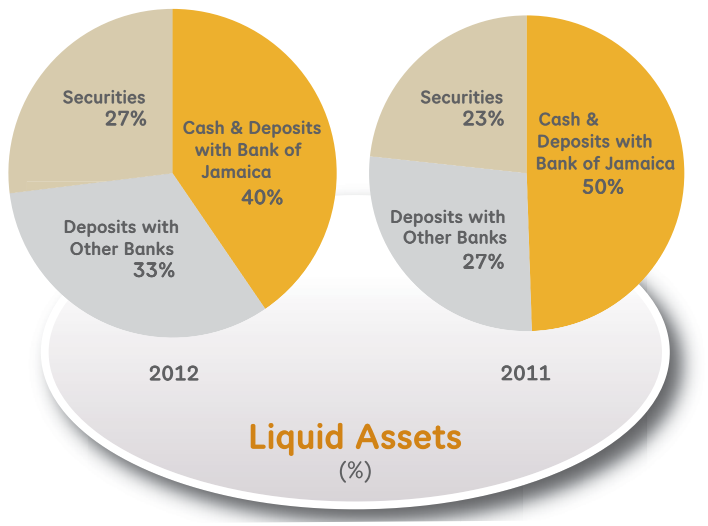
Liquidity risk is managed within the framework of policies and limits that are approved by the Board of Directors. The Board receives reports on risk exposures and performance against approved limits. The Asset & Liability Committee (ALCO) provides senior management oversight of liquidity risk and meets monthly to review the Group's liquidity profile.

The key elements of the liquidity risk framework are:

- Measurement and modelling – the Group's liquidity model measures and forecasts cash inflows and outflows, including off-balance sheet cash flows on a daily basis. Risk is managed by a set of key limits over the maximum net cash outflow by currency over specified short-term horizons (cash gaps) and a minimum level of core liquidity.
- Reporting – independent oversight and reporting of all significant liquidity risks through analysis, risk measurement, stress testing, monitoring and reporting.
- Contingency planning – the Group maintains a liquidity contingency plan that specifies an approach for analysing and responding to actual and potential liquidity events. The plan outlines the governance structure for the management and monitoring of liquidity events, processes for effective internal and external communication, and identifies potential counter measures to be considered at various stages of an event. The liquidity contingency plan is approved by the Board of Directors.
- Funding diversification – the Group actively manages the diversification of its deposit liabilities by source, type of depositor, instrument, and term.
- Core liquidity – the Group maintains a pool of highly liquid, unencumbered assets that can be readily sold, or pledged to secure borrowings, under stressed market conditions or due to company specific events.

Liquidity Profile

The Group maintains large holdings of liquid assets to support its operations. These assets generally can be sold or pledged to meet the Group's obligations. As at October 31, 2012 liquid assets were $82.8 billion or 23% of total assets, compared to $80.4 billion or 24% of total assets as at October 31, 2011. The mix of these assets, including statutory reserves are as follows:



Funding

The Group ensures that its funding sources are well diversified. Funding source concentrations are regularly monitored and analysed. The principal sources of funding are capital, core deposits from retail and commercial clients through the branch network, and wholesale funding. To ensure that the Group does not place undue reliance on a single entity as a funding source, the Group maintains a limit on the amount of deposits or client funding it will accept from any one entity.

Capital Expenditures

Scotia Group has an ongoing programme of capital investment to provide the necessary level of technology and real estate resources to service our customers and meet new product requirements. All major capital expenditures go through a rigorous review and approval process.

Total capital expenditure in 2012 was $1,415 million, an increase of 108% from 2011. The increase is primarily in Technology due largely to ongoing ABM replacements and equipment upgrades in our Branch network, as well as the acquisition of real estate in Montego Bay.

Operational Risk

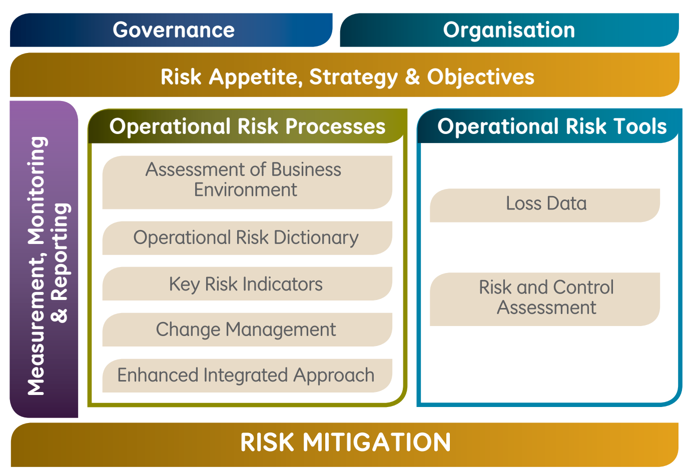
Operational Risk is the risk of loss, whether direct or indirect, to which the Group is exposed due to inadequate or failed internal processes or systems, human error, or external events. Operational Risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every business and function.

The impact of Operational Risk may not only result in financial loss, but also regulatory sanctions and damage to the Group's reputation. The Group is very successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

The Group has developed policies, processes and assessment methodologies to ensure that operational risk is appropriately identified and managed with effective controls. The governing principles of the Group's operational risk management program include:

- A clear, effective and robust governance structure with well defined, transparent and consistent lines of responsibility. The Operational Risk Management Framework is based on the three lines of defense operating model:
  - The Business Line owns the operational risks in their operations;
  - Operational Risk and Control functions provide independent oversight and develop the methodologies, policies, process and tools to support the Operational Risk Management Framework; and
  - Internal Audit provides independent validation of the effectiveness of framework.
- Senior Management within the Business Lines is responsible for implementing the Operational Risk Management Framework to ensure the ongoing management of operational risks;
- Processes are developed and implemented with a goal of managing and mitigating operational risk, and as a result minimizing operational risk losses;
- All material operational risks, including risks due to new products/ services or changes to existing products/ services, are identified, managed, measured, monitored and reported;
- Operational Risk Management information is meaningful and is leveraged in business decision-making;
- The Operational Risk Management Policy is approved by the Board on an annual basis; and
- The Group has established contingency and business continuity plans to ensure its ability to operate on an ongoing basis and assist in limiting losses in the event of severe business disruption.

The Operational Risk Management Framework sets out an integrated approach to identify, assess, control, mitigate and report operational risks.



RISK MANAGEMENT (continued)

Reputational Risk

Reputational Risk is the risk that negative publicity regarding Scotiabank's conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

Negative publicity about an institution's business practices may involve any aspect of its operations, but usually relates to questions of business ethics and integrity, or quality of products and services. Negative publicity and attendant reputational risk frequently arise as a by-product of some other kind of risk management control failure.

Reputational Risk is managed and controlled throughout the Group by codes of conduct, governance practices and risk management programs, policies, procedures and training. Many relevant checks and balances are executed through the Group's well-established compliance program and operational risk management program. All directors, officers and employees have a responsibility to conduct their activities in accordance with the Scotiabank Guidelines for Business Conduct, and in a manner that minimizes Reputational Risk. The activities of the Legal, Corporate Secretary, Public, Corporate and Government Affairs and Compliance departments, are particularly oriented to the management of reputational risk.

Our Awards

- **Contact Centre World**
  Top awards in the 2012 Contact Centre World's Top Ranking Performers series
  - Gold Medal for the Best Mid-Sized Contact Centre in the Americas Region
  - Best Sales Professional - Gold
  - Best Customer Service Professional – Silver

- **Global Finance Magazine:**
  - Best Emerging Bank
  - Best Foreign Exchange Provider
  - Best Internet Bank

- **Euromoney Magazine**
  - Best Bank

- **Outstanding contribution to Christmas Kettle Appeal**
  - Recognition from Salvation Army, Eastern Jamaica Division

- **Jamaica Environmental Trust**
  - Leader Category

HUMAN RESOURCES

GROWING CAPABILITY, EQUIPPING PRESENT AND FUTURE LEADERS

Capability development, capacity building, peformance-based recognition, and communication, were major priorities for the People Management function of the Scotiabank Group in 2012.

There was a focus on employee competency development in order to improve contribution to business objectives. Major areas targeted were leadership resource planning and employee development/training. Work days allocated to training were increased, and we emphasized cascaded succession management to bring focus on field-critical roles.

In different parts of the Group, performance based reward arrangements were strongly emphasized in campaign designs and in new compensation schemes. We also launched the inaugural CEO Excellence Awards Function for outstanding performers in the non-management category.

The initiatives to grow capability and drive performance improvement, were complemented by a further streamlining of the recruitment process, with the design of customized tests for service jobs, to facilitate the selection of qualified, high-calibre employees. The on-boarding process for new recruits was also enhanced with the production of a special orientation video aimed at advancing the employee value proposition and ensuring early understanding of the Scotiabank Group and the strength of our organizational culture.

Conference retreat for Support staff complemented the now regular Sales convention. These allowed us to seed engagement, and mainstream the recognition of Support groups and build skills for wider employee ownership of key financial metrics. A related and value-added effort was the launch of our Scotiabank Friends program, allowing broader participation by Support staff in development of the business.

Internal communication intiatives were escalated, and this included increased interface between employees and the President & CEO. This greatly facilitated the building of rapport, encouraged employee feedback, improved staff engagement, as well as effective communication of strategic priorities and achievements. Key metrics in the measurement of employee engagement showed appreciative improvement over the previous year. Other initiatives included leadership journals, and Leaders Edu-communication forums on business issues as well as economic growth trends and emerging business opportunities.

In the coming year, we will extend our leadership development programmes to a wider cross-section of supervisory managers in the Scotiabank Group, strengthen the relationship building skills of our sales teams, step-up promotion of a high performance culture and continue to address key employee engagement issues in our ongoing effort to deepen employee committment and build customer loyalty.

Recipients of the CEO Excellence Awards pose with President & CEO, **Bruce Bowen a**t the inaugural CEO Excellence Awards Function for outstanding performers in the non-management category.

EMPLOYEE CONSULTATIONS AND OMBUDS SERVICE (ECOS)

ENHANCING WORKPLACE RELATIONSHIPS

The Employee Consultations and Ombuds Service (ECOS) continued to facilitate healthy workplace relationships and communication in 2012 through education and effective mediation strategies in a confidential environment.

Initiatives spearheaded by the ECOS Unit included a series of Conflict Resolution Workshops for Supervisors and Managers to sensitize them about the signs of workplace conflict and ways to avert and resolve these negative developments. Team sessions conducted in individual business units resulted in improved cohesiveness and collaboration among staff.

In 2013, ECOS intends to improve its visibility in the workplace by extending its services to an even wider cross-section of employees and maintaining its relevance to their changing needs. Improved inter-personal communication and effective stress management will be key priorities.

Our Community

SCOTIAFOUNDATION

INVESTING IN HUMAN DEVELOPMENT

The ScotiaFoundation has supported nation-building through donations and interventions to improve education and health care, as well as, promote community development and environmental preservation. Consistent with its commitment to enhance the quality of life for citizens, the Foundation provided some J$80 million in project financing in 2012.

Boosting Education

Capacity building remains the major focus for our investments in this sector, and in 2012 the ScotiaFoundation marked the milestone celebration of Jamaica's 50th Anniversary of Independence with the presentation of 50 scholarships and bursaries, valued at J$5 million to students in secondary and tertiary institutions. The recipients were selected on the basis of financial need, academic excellence and community involvement. A further 60 bursaries were awarded to High School students to cover fees for the CXC, CAPE and CSEC Examinations.

For the 14th consecutive year, outstanding performers in the annual Grade Six Achievement Test (GSAT) were awarded ScotiaFoundation Shining Star Scholarships. The 15 awardees in 2012 bring the total number of beneficiaries to date to 238. The work programmes in 50 educational institutions were also boosted with the donation of 148 computers; and we continued to assist in improving the nutrition of children with contributions to the breakfast programme in seven schools in Kingston and St. Andrew, St. Ann and Portland.

Joylene Griffiths Irving, Executive Director of ScotiaFoundation engages Scotiabank scholarship recipients at a presentation ceremony where 50 scholarships were announced as a part of Scotiabank's Jamaica 50 celebrations.

An Agriculture Research Laboratory established at the Northern Caribbean University with a J$10 million grant from the Foundation was officially opened in March 2012. This facility is expected to significantly improve farming practices in Central Jamaica. The Foundation also financed the salary of the lead researcher at the International Centre for the Environment and Nuclear Sciences (ICENS) at the University of the West Indies.

Other beneficiaries of educational grants included the Youth Upliftment Through Employment (YUTE) initiative mounted by the Private Sector Organisation of Jamaica to empower young people in troubled communities through mentorship, skills training and job creation; and the Scotiabank Chair in Entrepreneurship and Development at the University of Technology which has been promoting the sustained growth of small businesses since 2008 through research and training.

Supporting Health Care Delivery

Cognizant of the link between the health status and productivity of a nation's people, the Foundation continued its effort to improve access to quality health care, with support for ongoing treatment programmes, the purchase of medical equipment and infrastructure development during the year under review.

Surgery performed on seven students to correct curvature of the spine caused by Scoliosis was covered through the Foundation's spine care programme at the Kingston Public Hospital, now in its fifth year.

The Kingston Public Hospital received a lifeline of orthopaedic equipment and disposables, as the ScotiaFoundation collaborated once again with the Ministry of Health, and the US-based Hope Charitable Services. The Mandeville Hospital also received critical equipment.

A major initiative this year was the J$3 million expansion and refurbishing of the Library and Learning Centre at the Bustamante Hospital for Children, undertaken in collaboration with Restaurants of Jamaica Ltd. The project involved termite treatment, the installation of new furniture, lights and fans, the expansion of the Library, and enhancement of the décor with a colourful mural.

Promoting Environmental Sustainability

Bruce Bowen, President & CEO, Scotiabank Group hands over the keys to a new Prado to **Professor Dale Webber,** Director, Centre for Marine Sciences, UWI at the launch of the Scotia Goes Green on Lionfish to assist in the fight to control the Lionfish population in our waters.

The threat posed to the local fishing industry by the invasion of the Lionfish was averted in part by a high profile awareness campaign spearheaded by Scotia Foundation under the theme "Scotia Goes Green on Lionfish. Let's Eat Them to Beat Them."

The multi-faceted programme, mounted in collaboration with the University of the West Indies (UWI) Centre for Marine Sciences and Rainforest Seafoods, was launched on March 22. A J$4 million vehicle donated by the Foundation supported research and public education initiatives piloted by the UWI to control the Lionfish invasion.

Serving Our Community

Over the past year, approximately 1,400 ScotiaVolunteers in the Scotia Group supported the Foundation and other charitable agencies in responding to development needs in communities across the island.

Some 200 ScotiaVolunteers assisted with the annual "I Dare You" benefit concert staged by international pop star, Shaggy, for the Bustamante Hospital for Children; 500 served in various capacities for the Sigma Run and some 300 represented the Scotia Group at the Grace Education Fun Run and the Jamaica Cancer Society's Relay for Life.

Consistent with our organisation's mandate to promote meaningful change in the lives of the less fortunate and vulnerable persons in our society, ScotiaVolunteers engaged in some 16 Labour Day projects islandwide.

The Scotia Group has a long-standing relationship with the Salvation Army, and this year, our volunteers assisted in packaging more than 1,000 food bags for the indigent. The annual Christmas Kettle Drive was launched in November 2011 with a J$1 million donation from Scotiabank which opened its branches island-wide to receive collections.

The Foundation continues to support the Golden Age Home, and in particular, the Scotia-sponsored Cluster F. A highlight of the year was the establishment of a Recreational Art facility for the elderly, complete with sewing machines, computers, art supplies and a small library.

During the year, the Scotia Group's television production, *The Teller*, showcased our voluntaryism in action as it highlighted the relationships built with our small business customers to help them achieve their goals.

Nurturing Sports Talent

Scotiabank continues to invest in youth development through sports, with a renewed focus on football, cricket and netball.

Football

For the third consecutive year, Scotiabank sponsored the Next Generation Valencia CF one-week football training camp for 180 talented young players. Participants in the programme benefited from the legendary 'Valencia style' of coaching, and were exposed to a professional training environment and the standards of discipline and commitment demanded of the world's leading players.

In the two years since the launch of the camp programme seven youngsters have received scholarships to Valencia Academy Training camps in Spain.

Scotiabank also assisted in expanding the outreach aspect of the programme, in collaboration with BREDS Foundation and the Ballaz Camp, to include a free one day camp for 50 children and 30 coaches

Football (cont'd)
from Treasure Beach and neighbouring communities in St. Elizabeth.

Cricket
In an effort to promote cricket in preparatory schools, we supported the Scotiabank/JCA Prep Schools' Cricket Competition for the 5th successive year with a sponsorship purse of J$3 million. Three bursaries of $50,000 each were also awarded to the Most Valuable Player in each County. Forty-five preparatory schools from across the island competed for the Maurice Foster Trophy, with Hydel Prep emerging as the 2012 Champion.

At the primary school level, the Scotiabank Kiddy Cricket Programme continued to host Coaching Workshops at the University of Technology, as well as the Motivational Speaker Series in schools. This year, we also launched the Kiddy Cricket Festival with 70 schools across the island participating in a round robin competition focussed on skills displays. The Festival culminated with eight quarter-finalists vying for the Champion's Cup which was won by New Works Primary.

Netball
Our sponsorship of netball continued to pay dividends with six of the seven new umpires added to the register being products of the Scotiabank-sponsored Under 13 Netball Junior Umpires Programme. Following commendations by South Africa, a delegation from the Jamaica Netball Association travelled to that country to inform their counterparts about the programme, share methodologies and forge partnerships for further development of the sport.

This year, the National Under-16 Netball team participated in the ongoing Birmingham Exchange Programme which saw them playing three successful matches against their British counterparts.

Infrastructure Development
Scotiabank, through the ScotiaFoundation, also donated J$3.5 million towards construction of a netball/basketball court at the multipurpose Treasure Beach Sports Complex in St. Elizabeth, operated by the BREDS Foundation Community Transformation Programme. The netball/basketball courts will be used by schools and local teams.

From left **Monique Todd,** Vice-President, Marketing, Public and Corporate Affairs presents $3 million in sponsorship for the **2012 Scotiabank/JCA Prep Schools' Competition** to **Lyndel Wright,** President, Jamaica Cricket Association (right). Sharing in the moment are **Tamar Lambert** (centre), Jamaica National Player flanked by two participants.

Chirpy, Kiddy Cricket's new mascot makes his debut at Sabina Park during the lunch break of the Digicel 2012 WI vs New Zealand 1st ODI.

Mission Statement

We are committed to being the institution of choice in the financial sector, providing superior products and services and being a good corporate citizen to the benefit of our customers, shareholders and staff.

Core Purpose

To be the best at helping customers become financially better off by providing practical advice and relevant solutions.

Core Values

INTEGRITY
We exhibit integrity by always interacting with others ethically and honourably.

RESPECT
We exhibit respect by empathizing and fully considering the diverse needs of others.

COMMITMENT
We are fully committed to achieving success for our customers, our teams and ourselves.

INSIGHT
We use our insight and high level of knowledge to proactively respond with the right solutions.

SPIRIT
Our spirit enriches our work environment with teamwork, contagious enthusiasm and a "can-do" attitude.

Shareholdings

Scotia Group Jamaica Limited
Shareholdings of Directors and Connected Parties
as at October 31, 2012

Directors	Total Shareholding *Units*	Direct *Units*	Connected Parties *Units*
Porter, Brian	50,000	50,000	0
Alexander, Barbara	310,400	108,000	202,400
Bowen, Bruce	39,550	39,550	0
Chang, Anthony	403,274	3,274	400,000
Chrominska, Sylvia	50,000	50,000	0
Hall, Jeffrey	40,000	0	40,000
Johnston, Charles	2,083,584	2,328	2,081,256
McDonald, Warren	25,828	10,000	15,828
Thompson, Herbert	29,640	29,640	0
Matalon, Joseph M.	0	0	0
Norfolk, Claude	50,000	50,000	0

Scotia Group Jamaica Limited
Top Ten (10) Largest Shareholders
as at October 2012

	Units
1. The Bank Of Nova Scotia	2,233,403,384
2. Sagicor PIF Equity Fund	65,338,508
3. Scotia Jamaica Investment Management Ltd A/C 3119	55,725,439
4. National Insurance Fund	48,638,808
5. Investment Nominees Ltd A/C Lascelles Henriques ET AL S/F	32,064,937
6. SDBG A/C 560-01	17,214,295
7. Grace Kennedy Limited Pension Scheme	15,626,767
8. NCB Insurance Co Ltd A/C WT089	12,983,520
9. MF&G Trust & Finance Ltd A/C #528	12,450,953
10. UTC Growth & Income Fund	11,750,000

Scotia Group Jamaica Limited and its Subsidiaries
Shareholdings of Senior Management Officers
and Connected Parties as at October 31, 2012

Senior Managers	Total Shareholding *Units*	Direct *Units*	Connected Parties *Units*
Bowen, Bruce	39,550	39,550	0
Callam, Bevan	1,200,226	1,200,226	0
Davis, Adza	115,758	115,758	0
Donalds, Suzanne	6,068	6,068	0
Douglas, Pamela	1,145	1,145	0
Elvy, Lennox	0	0	0
French, Monique	144,500	144,500	0
Griffiths-Irving, Joylene	108,692	108,692	0
Hanson, Donovan	89,795	89,795	0
Harvey, Vincent	13,423	13,423	0
Henry, Dr. Wayne	0	0	0
Hines, Hopelin	98,532	98,532	0
Kean, Carolyn	2,414	0	2414
Latchman-Atterbury, Patsy	175,000	175,000	0
Lawson-Laing, Shaun	0	0	0
Logan, Carol	58,020	58,020	0
Lopez-Spance, Debra	5,305	5,305	0
Mair, Horace Craig	0	0	0
McAnuff-Jones, Michael	345,687	345,687	0
McCalla-Miller, Claudine	0	0	0
McLeggon, Marcette	172,676	172,676	0
Miller, Hugh	52,753	46,761	5,992
Mitchell, Lissant	44,500	44,500	0
Parker-Robinson, Marcia	0	0	0
Pilliner, Rosemarie	154,870	146,674	8,196
Powell, H. Wayne	1,491,875	1,491,875	0
Ramsaran, Shirley	130,567	130,567	0
Reid, Hugh	1,040	0	1,040
Reynolds, Adrian	107,500	107,500	0
Reynolds, Linley	5,250	5,250	0
Rhoden, Cecil	0	0	0
Roper, George	0	0	0
Segree-White, Sheila	0	0	0
Sharp, Jacqueline	164,191	144,191	20,000
Shaw, Michael	26,751	26,751	0
Smellie-Tomlinson, Suzette	0	0	0
Stokes, Adrian	0	0	0
Sylvester, Courtney	327,230	325,190	2,040
Thompson-James, Julie	7,800	0	7,800
Todd, Monique	6,000	6,000	0
Voordouw, Rosemarie	19,711	19,711	0
Walters, Dudley	1,787	1,787	0
White, Gary-Vaughn	36,808	36,808	0
Whitelocke, Gladstone	145,520	60,000	85,520
Williams, David M.	258,491	258,491	0
Williams, Frederick	116,491	116,491	0
Wright, Saliann	31,169	31,169	0

Audited Financial Statements
SCOTIA GROUP JAMAICA LIMITED