2015 Annual Report

Scotiabank®

Scotia Group Jamaica Limited

Contact us

Call us at
1-888-429-5863 or 1-888-4-SCOTIA

E-mail general enquiries to
customercare-jam@scotiabank.com

Visit our website at
www.jamaica.scotiabank.com

Visit our facebook page at
https://www.facebook.com/ScotiaGroupJM

Follow us on twitter
@ScotiabankJM

Visit us at
instagram.com/ScotiabankJM

Corporate Data

SECRETARY

Julie Thompson-James
Vice-President
Senior Legal Counsel
& Corporate Secretary

The Bank of Nova Scotia
Jamaica Limited
Executive Offices
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

AUDITORS

KPMG
6 Duke Street
Kingston, Jamaica

Telephone:
(876) 922.6640
Fax: (876) 922.7198
(876) 922.4500

REGISTERED OFFICE

Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Telephone:
(876) 922.1000
Fax: (876) 922.6548
Website: www.jamaica.scotiabank.com
Telex: 2297
SWIFT Bic Code: NOSCJMKN

Contents

TEN-YEAR STATISTICAL REVIEW 04
NOTICE OF ANNUAL GENERAL MEETING 06
DIRECTORS' REPORT 08
STATEMENT FROM THE CHAIR 09
MESSAGE TO SHAREHOLDERS 10
CORPORATE GOVERNANCE 12
BOARD OF DIRECTORS 18
MISSION, VISION AND CORE VALUES 20
EXECUTIVE MANAGEMENT TEAM 21

MANAGEMENT'S DISCUSSION & ANALYSIS 24
OVERVIEW OF BUSINESS LINES
RETAIL BANKING 33
THE SCOTIA JAMAICA BUILDING SOCIETY (SJBS) 34
SMALL BUSINESS BANKING 35
SCOTIA JAMAICA MICROFINANCE LIMITED (CREDISCOTIA) 36
CORPORATE & COMMERCIAL BANKING 37
TREASURY 38
SCOTIA JAMAICA LIFE INSURANCE COMPANY LIMITED (SJLIC) 39
SCOTIA INVESTMENTS JAMAICA LIMITED (SIJL) 40
SCOTIA PRIVATE CLIENT GROUP (SPCG) 41
RISK MANAGEMENT 42

HUMAN RESOURCES 49
SCOTIAFOUNDATION 50
OUR AWARDS 53
SHAREHOLDINGS 54
AUDITED FINANCIAL STATEMENTS SCOTIA GROUP JAMAICA LIMITED 55
BRANCHES & TEAM LEADERS 147
SUBSIDIARIES, BOARD MEMBERS & SENIOR OFFICERS 149
MANAGEMENT OFFICERS 150
NOTES 152
PROXY 153

Ten Year Statistical Review
- Scotia Group Jamaica Limited

	2015	2014 (restated)	2013 (restated)
BALANCE SHEET DATA - $000			
TOTAL ASSETS	432,931,945	407,030,262	389,260,505
PERFORMING LOANS	149,997,313	140,829,220	130,332,373
NON-PERFORMING LOANS	4,502,060	4,902,782	4,491,383
INVESTMENTS & OTHER EARNING ASSETS	229,603,523	216,747,750	207,670,829
DEPOSITS BY THE PUBLIC	209,461,602	190,726,667	183,369,415
SECURITIES SOLD UNDER REPURCHASE AGREEMENT	39,832,452	47,840,197	42,588,792
STOCKHOLDERS' EQUITY	85,257,232	76,484,253 *	69,775,527 *
PROFITS AND DIVIDENDS - $000			
PROFIT BEFORE TAX	14,244,136	14,357,886 *	14,631,285 *
NET PROFIT AFTER TAX ATTRIBUTABLE TO STOCKHOLDERS	9,921,429	10,457,709 *	11,980,842 *
DIVIDENDS PAID AND PROPOSED	5,040,748	4,978,516	4,978,516
NUMBER OF STOCK UNITS AT YEAR-END (1)	3,111,573	3,111,573	3,111,573
FINANCIAL RATIOS			
EARNINGS PER STOCK UNIT (1) - $	3.19	3.36 *	3.85 *
PRICE EARNINGS RATIO	8.43	5.72 *	5.19 *
DIVIDENDS PER STOCK UNIT (1) - $	1.62	1.60	1.60
DIVIDEND YIELD (1)	7.01%	8.08%	7.64%
DIVIDEND PAYOUT RATIO	50.81%	47.61% *	41.55% *
RETURN ON AVERAGE EQUITY	12.32%	14.23% *	15.64% *
RETURN ON ASSETS AT YEAR-END	2.29%	2.57% *	3.08% *
OTHER DATA			
TIER 1 CAPITAL (Bank only) (2) $'000	23,332,290	19,401,181	17,623,522
RISK BASED CAPITAL ADEQUACY RATIO (Bank only) (2)	11.50%	12.08%	11.23%
STOCK PRICE AT THE YEAR-END (1)	26.87	19.23	19.97
PRICE CHANGE FROM LAST YEAR	39.74%	-3.73%	-5.91%
CHANGE IN JSE INDEX FROM LAST YEAR	83.05%	-12.36%	-8.89%
NUMBER OF STAFF	2,263	2,311	2,326
EXCHANGE RATE US$1.00 = J$	119.5755	112.4939	104.6866
INFLATION RATE YEAR-OVER-YEAR	2.03%	8.09%	9.40%

(1) Amounts have been retroactively adjusted to reflect the one-for-one bonus issue on March 10, 2005.
(2) Risk Based Capital Adequacy ratio and Tier 1 Capital are calculated per Bank of Jamaica Regulations.

* Effective November 1, 2014, the Group adopted IFRIC 21, Levies, and prior period financial statements were restated to conform with the requirements of the interpretation. These amounts were restated due to the change in accounting policy.

2012	2011	2010	2009	2008	2007	2006
(restated)						
358,141,805 †	332,041,259	325,823,953	315,555,872	280,284,251	263,125,631	199,840,115
117,973,642	94,719,222	91,599,243	88,591,281	86,726,366	74,557,390	58,578,711
4,551,026	5,257,217	4,215,254	3,587,030	2,970,714	2,109,177	1,009,003
198,905,245	200,539,453	200,362,102	194,182,553	167,116,031	162,688,005	120,465,837
160,994,182	144,670,083	145,664,085	141,877,096	130,673,257	131,017,687	113,279,538
45,384,758	44,700,992	45,025,585	46,120,207	40,206,572	31,530,287	18,234,105
63,974,046 †	60,310,619	53,155,381	45,724,655	37,940,932	34,373,330	27,389,555
14,369,041 †	14,244,620	14,417,094	15,379,659	13,119,095	10,167,221	9,315,624
9,932,812 †	10,193,390	10,405,649	11,152,199	9,390,739	7,492,854	6,798,908
4,698,475	4,605,128	4,605,128	4,325,086	4,045,044	3,649,313	3,132,138
3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	2,927,232
3.19 †	3.28	3.34	3.58	3.02	2.48	2.32
6.65 †	7.59	6.09	5.13	6.68	8.56	9.51
1.51	1.48	1.48	1.39	1.30	1.19	1.07
6.69%	6.48%	7.08%	8.13%	5.58%	5.08%	5.15%
47.30% †	45.18%	44.26%	38.78%	43.07%	47.26%	46.07%
15.98% †	17.59%	20.78%	26.35%	25.28%	24.01%	26.35%
2.77% †	3.07%	3.19%	3.53%	3.35%	2.85%	3.40%
17,122,852	16,526,173	15,959,189	14,932,460	14,159,189	11,450,000	10,700,000
11.75% †	14.95%	15.40%	17.84%	17.86%	16.29%	20.68%
21.23	24.90	20.35	18.38	20.22	21.25	22.06
-14.76%	22.36%	10.72%	-9.08%	-4.85%	-3.67%	4.35%
-5.72%	14.30%	3.46%	-14.06%	-5.85%	15.85%	-16.10%
2,315	2,337	2,283	2,273	2,235	2,190	1,895
90.8050	86.2778	85.3825	89.1037	76.1253	71.0493	66.4118
6.17%	7.26%	10.37%	7.18%	25.34%	9.01%	6.49%

† Effective November 1, 2013, the company adopted IAS19 (Revised) Employee Benefits.
The change in accounting policy was applied retroactively and these amounts were restated.

Notice of Annual General Meeting
- Scotia Group Jamaica Limited

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of **SCOTIA GROUP JAMAICA LIMITED** (the "Company") will be held on **Friday, March 4, 2016 at 9:00 a.m**. at the Knutsford Court Hotel Limited, 16 Chelsea Avenue, Kingston 5, Jamaica for the following purposes, namely:-

1. To consider the Company's Accounts and the Reports of the Directors and the Auditors for the year ended October 31, 2015 and to consider and (if thought fit) pass the following resolution:

   Resolution No. 1
   "That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended October 31, 2015 be approved."

2. To approve and ratify interim dividends:

   To consider and (if thought fit) pass the following resolution:

   Resolution No. 2
   "That the interim dividends paid of 40 cents per stock unit of the Company on April 17, 2015, 40 cents per stock unit on July 16, 2015, 40 cents per stock unit on October 15, 2015 and 42 cents per stock unit on January 15, 2016 be and are hereby ratified."

3. To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.

   To consider and (if thought fit) pass the following resolution:

   Resolution No. 3
   "That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. To fix the remuneration of the Directors or to determine the manner in which such remuneration is to be fixed.

   Resolution No. 4
   To consider and (if thought fit) pass the following resolution:

   "That the Directors be and are hereby authorised to fix their remuneration for the ensuing year."

5. To consider and (if thought fit) pass the following resolutions:

"All Directors retire from office pursuant to Article 107 of the Articles of Incorporation: Barbara Alexander, Bruce Bowen, Anthony Chang, Sylvia Chrominska, Jeffrey Hall, Charles Johnston, Joseph M. Matalon, Jacqueline Sharp and Evelyn Smith."

Resolution No. 5

To approve the election and re-election of Directors recommended for appointment to the Board of Directors of the Company. To consider and (if thought fit) pass the following resolutions:

a) "That retiring Director Barbara Alexander be and is hereby re-elected a Director of the Company."

b) "That retiring Director Bruce Bowen be and is hereby re-elected a Director of the Company."

c) "That retiring Director Anthony Chang be and is hereby re-elected a Director of the Company."

d) "That retiring Director Jeffrey Hall be and is hereby re-elected a Director of the Company."

e) "That retiring Director Charles Johnston be and is hereby re-elected a Director of the Company."

f) "That retiring Director Joseph M. Matalon be and is hereby re-elected a Director of the Company."

g) "That retiring Director Jacqueline Sharp be and is hereby re-elected a Director of the Company."

h) "That retiring Director Evelyn Smith be and is hereby elected a Director of the Company."

BY ORDER OF THE BOARD

Julie Thompson-James
Secretary
January 8, 2016

REGISTERED OFFICE
Scotiabank Centre
Duke & Port Royal Streets
Kingston

A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not also be a Member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding a meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

Directors' Report
- Scotia Group Jamaica Limited

The Directors submit herewith the Statement of Consolidated Revenue, Expenses, Unappropriated Profits, Assets and Liabilities of the Group for the year ended October 31, 2015.

The Consolidated Statement of Revenue and Expenses reports pre-tax profit for the year of $14,244 million from which there has been provided $4,110 million for corporate income tax, leaving a balance of $10,134 million.

The appropriation of earnings detailed in the financial statements includes:

A final dividend of 42 cents per stock unit payable to stockholders on record as at December 23, 2015 payable on January 15, 2016. This brings the total distribution for the year to $1.62 per stock unit compared with $1.60 per stock unit for the previous year.

Mrs. Evelyn Smith was appointed to the Board of Directors on December 2, 2015.

The Auditors, KPMG, have signified their willingness to continue in office.

Your Directors wish to thank the Management and Staff of the Company for their performance during the year under review.

On behalf of the Board

Sylvia D. Chrominska

S. D. Chrominska
Chair, Kingston, Jamaica
January 8, 2016

Statement from the Chair
- Scotia Group Jamaica Limited

Sylvia Chrominska
Chair, Scotia Group Jamaica Limited

Dear Fellow Shareholders,

Our success continues to be underpinned by a clear and proven strategy of delivering an outstanding client experience, strong leadership and sound risk management. We achieved another solid year of performance across the Group, as we continue to look for even better ways to serve our customers, deepen our leadership pool, and reduce long-term operating costs.

Being more customer focused is a strategic priority for your company, and we are pleased with the efforts of all our team members, as we have seen a 5.4% increase in our Customer Loyalty Index year-over-year. We also created a more efficient operating platform to meet the needs of our customers, by increasing the functionalities of our internet banking platform, as part of our Group's continued effort to provide comprehensive, user-friendly service and expand capacity across our branch network. As we review our long-term goals and get prepared for the future, several of our business units and processes were restructured to improve efficiencies.

The opening of the Scotiabank Financial Centre in Fairview, Montego Bay and the closure of three branch locations were among other initiatives implemented to meet the changing needs of customers and to provide one-stop access to our range of financial services. The ongoing review and upgrading of our operations have enhanced the ability of Scotia Group to deliver positive shareholder returns and gain a competitive advantage.

Our focus on service excellence has earned recognition for our Group – both in the local financial services sector and the global banking industry. We were named the leading financial institution in the use of the Development Bank of Jamaica facilities for credit enhancement and technical assistance for the Small and Medium Size (SME) sector.

Further, the Contact Centre received awards for World Class Certification and Highest Customer Service by industry, surpassing 18 regional centres serving the English-speaking Caribbean. We were also named Best Digital Bank and Best Foreign Exchange Provider for 2015 by the prestigious publication "Global Finance."

Scotiabank is an integral part of the country's economic and social fabric. Our Corporate Social Responsibility programmes provide a platform which supports public and private partnerships to help our local economy and communities grow and prosper. Throughout the year, we expanded our initiatives to improve the quality of life for members of the communities we serve. Our contributions spanned the areas of Education, Health Care, Sports and Community Development, with special emphasis on the safety and security of our children. During the year, ScotiaVolunteers donated more than 8,332 hours to community service and the ScotiaFoundation provided funding to approximately 200 charitable organizations and activities.

Acknowledgements

I would like to pay special tribute to our valued customers and shareholders for their consistent support, trust and loyalty to Scotiabank; and assure them of our continued commitment to the delivery of relevant financial solutions and exceptional service.

On behalf of the Board, I express gratitude to our President and CEO, Jacqueline Sharp, and the executive team for their sound leadership and prudent management. To the wider Scotiabank team, we acknowledge you for your passion, dedication and drive. The team's hard work and commitment to serving our customers and improving the communities where we live and work are key elements of the success of Scotiabank.

Finally, I thank my fellow Board members for their guidance and commitment to the success of Scotia Group. It continues to be a great privilege to lead the Board, and I am delighted to know that Scotiabank will, once again, benefit from the knowledge and expertise of my colleague Directors in the year ahead.

Sylvia D. Chrominska

Sylvia Chrominska
Chair, Scotia Group Jamaica Limited

President and CEO's Message to Shareholders

- Scotia Group Jamaica Limited

Jacqueline Sharp
President & CEO
Scotia Group
Jamaica Limited

Dear Fellow Shareholders,

Your company delivered another year of solid performance despite challenging local economic conditions and a heightened competitive environment. Our results reflect a disciplined approach to strategy execution; and the benefits of a diversified business model. Growing our core businesses and delivering the right financial advice and solutions to our customers, while seeking opportunities to continually optimise our operations remained our main priority throughout the year.

The performance of the economy was mixed over the year. On the positive end, the country experienced the lowest inflation rate in four decades; and, at the same time, there was a gradual reduction in local interest rates. The fiscal trajectory also continued to head in the right direction with the Government successfully meeting all targets under the economic programme with the International Monetary Fund (IMF). The country, however, continues to experience sluggish economic growth and relatively high unemployment. Operating in this environment, the Group recorded net income after tax of $10.1 billion, representing a return on equity of 12.32%. Our net income was largely impacted by the significant increase in Asset Tax, and shrinking margins against the background of the lower interest rate environment.

Our diversified business model enabled us to continue to record sustainable earnings. We broadened our client base and experienced growth in our core business lines, particularly in deposits and lending, insurance and asset management. Our loan portfolio increased by $8.8 billion year-over-year. Our ScotiaBridge Fund grew to over $5 billion reflecting continued confidence by our customers to manage their retirement savings. The Asset Management segment grew year-over-year with our Scotia Caribbean Income Fund, the first US dollar fund of its kind in Jamaica, attaining the milestone of US$100 million in assets under management. This performance is the result of increased collaborative efforts and improved management of end-to-end processes. We also expanded and diversified our asset base; and continued to preserve the strong capital position of Scotia Group.

Throughout the year, we reorganised our operations to create a more efficient platform for growth. While we closed branches in some areas, we opened our new state-of-the-art Financial Centre in Fairview, Montego Bay. Further, we continued to invest in technology to make it easier for our customers to do business with us through the use of more convenient and cost-effective electronic channels.

> **Our solid performance reflects a disciplined approach to strategy execution; and the benefits of a diversified business model**

As your financial partner, we also held several educational initiatives to enable customers to make better financial decisions these ranged from technical advice and capacity building programmes for SMEs; to advice on how to better manage credit scores in the new environment of Credit Bureaus and solid advice on savings, investments and insurance options as our customers built their portfolios.

For the 5th consecutive year, we were recognised as the Best Digital Bank 2015 (formerly the Best Internet Bank Award) by Global Finance Magazine. Our Contact Centre also received World Class Certification and the Highest Customer Service by Industry award for 2014, for the 4th consecutive year.

The Way Forward

The Jamaican economy continues to show signs of recovery evidenced by the improvements in the country's economic indicators and restored business and consumer confidence. We are confident that we are well positioned to benefit from the opportunities that will develop and we will continue to enhance the delivery of our products and services, grow revenues and to improve efficiencies in our operations.

We will therefore remain focused on building on our strong foundation, and deepening our commitment to help make our customers become better off. We continue to observe strong improvements in customers' loyalty and advocacy. This is the result of our drive to deliver a consistent and excellent customer experience at all touch points which we are resolute in maintaining into the 2016 financial year.

Our strategy is sound, we have a well-trained and professional team, and we hold a competitive advantage through the strong and growing global footprint of our parent company. Our customers are at the centre of our business; and our processes, day-to-day decision making, and recruitment strategy are all hinged on this fact.

We recognise that innovation, product simplification and increased investment in technology are critical to our success and long-term viability. Consequently, the ongoing optimisation of distribution channels remains a high priority for us as we fulfil our customers' requirement for convenient and speedy service delivery.

The world-class team at Scotia Group Jamaica Limited reinforces and lives our winning culture every day; and we intend to retain and further strengthen the talent pool within our organisation. The strong performance is also underpinned by effective collaboration across our business units, strong and ethical leadership, and a commitment to offer the best experience to our customers. This is how we will deliver superior value to all our stakeholders in 2016, and remain the preferred financial partner for our customers.

In closing, I would like to express gratitude to all our exceptional Scotiabank team members for their diligence and dedication; our valued customers for their continued trust and loyalty; and our shareholders for their unwavering support and confidence in our institution.

Jacqueline Sharp
President & CEO, Scotia Group Jamaica Limited

Corporate Governance
- Scotia Group Jamaica Limited

Julie Thompson-James
Vice President, Senior Legal Counsel & Company Secretary

GROUP CORPORATE STRUCTURE

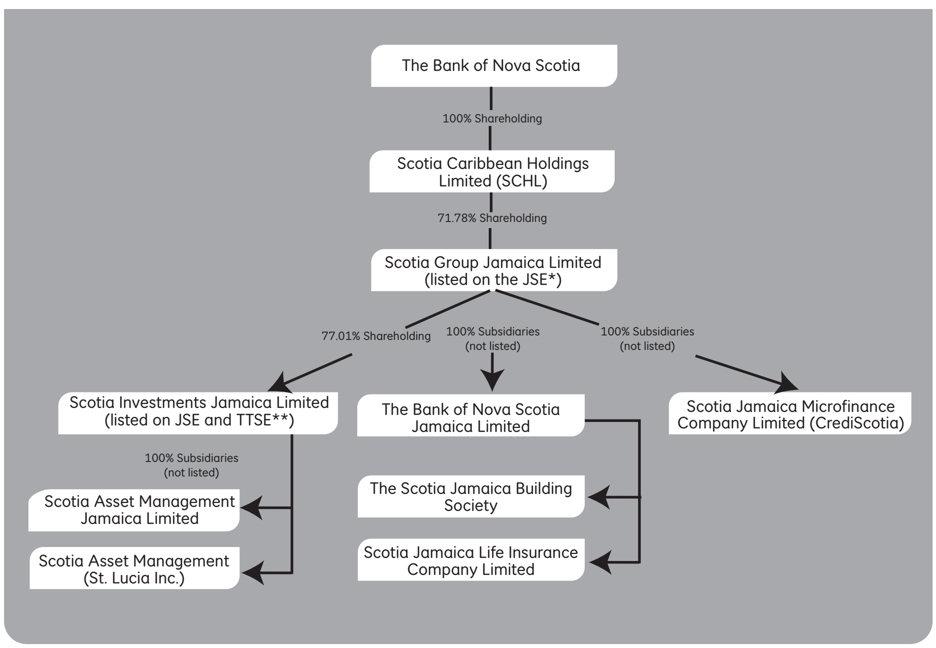
Scotia Group Jamaica Limited (Scotia Group), is a publicly listed holding company trading on the Jamaica Stock Exchange.

On March 19, 2015, The Bank of Nova Scotia, Canada (BNS) transferred its 71.78% shareholding in Scotia Group to its wholly owned subsidiary, Scotia Caribbean Holdings Limited (SCHL) based in Barbados, as part of its strategic plan to enhance corporate governance and efficiency across its regional operations. The transfer of shares occurred as part of a larger regional reorganisation of certain BNS subsidiaries in the Caribbean which began in 2011.

Scotia Group is the financial holding company for several entities operating within the financial sector. The Bank of Nova Scotia Jamaica Limited (BNSJ), which is a duly licensed commercial bank, has two (2) active subsidiaries: The Scotia Jamaica Building Society (SJBS) and Scotia Jamaica Life Insurance Company Limited (SJLIC).

Scotia Investments Jamaica Limited (SIJL), is licensed as a Member Dealer by the Jamaica Stock Exchange; a Securities Dealer by the Financial Services Commission; and an Authorised Cambio by the Central Bank. SIJL is a publicly traded company on the Jamaica Stock Exchange and the Trinidad & Tobago Stock Exchange. Its two (2) active subsidiaries are: Scotia Asset Management Jamaica Limited (SAMJ), a licensed Securities Dealer and Scotia Asset Management Inc. (St. Lucia). Scotia Jamaica Microfinance Company Limited (CrediScotia) is the microfinance subsidiary of Scotia Group.

Scotia Group Corporate Structure



* Jamaica Stock Exchange **Trinidad & Tobago Stock Exchange

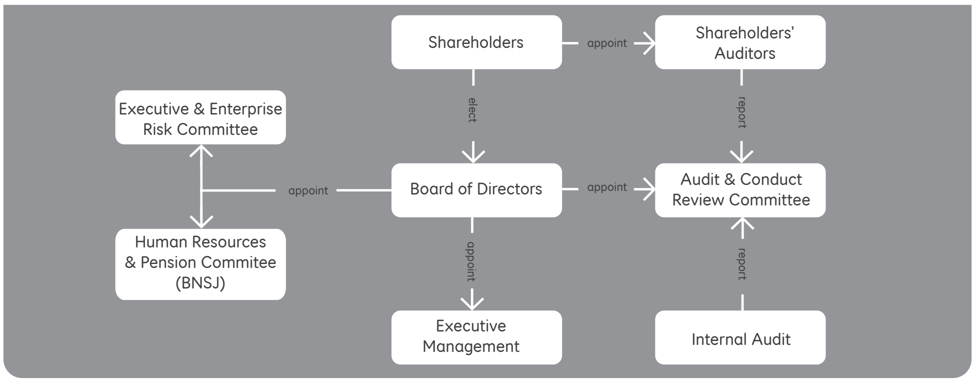
CORPORATE GOVERNANCE

Our Board of Directors recognises that a robust corporate governance structure is critical to sustaining value and preserving the long-term financial viability of Scotia Group for the benefit of all stakeholders.

The Board of Directors

The Board of Directors supervises and monitors management's performance against the Board approved parameters and compliance with applicable legal and regulatory requirements. They also provide advice and counsel to management to ensure that the key strategic objectives of the business are achieved.

Scotia Group Corporate Governance Structure



- Oversee the integrity of the Group's internal controls and management information systems;
- Identify, evaluate and select candidates for the Board of the Company and that of its subsidiaries;
- Establish committees of the Group and subsidiary Boards with appropriate responsibilities and appoint Chairs for these Committees.

Board Responsibility

While management undertakes the day-to-day functions of the Group's operations, it is the Board of Directors which remains ultimately accountable to the Company's stakeholders for the Company's performance and adherence to applicable laws and sound business practices.

The Board is therefore responsible for the following key duties and functions (as outlined in an approved Board mandate):

- Develop the Group's approach to corporate governance principles and guidelines;
- Oversee and approve the Group's strategic direction, the organisational structure and succession planning of senior management;
- Evaluate the actual operating and financial results of the Group against the Group's business objectives, business strategy and plans;
- Identify the principal business risks, review and approve key risk management policies and practices and oversee the implementation of appropriate systems to enable compliance with such policies;

At all times, our Directors are expected to exercise sound, independent, business judgment in the best interest of the Company and to balance the interests of various stakeholders. They may rely on the expertise of the Company's senior management, external advisors and auditors.

The Corporate Governance Policy, which is a Board approved Policy, is reviewed on an annual basis by the Board to ensure that its provisions remain relevant and accord with local and international best practices, laws, regulations, and regulatory guidance. A copy of our Corporate Governance Policy is available for review on our website at www.scotiabank.com.

Board Composition

As at October 31, 2015, the Board comprised of eight (8) Directors chaired by Ms. Sylvia Chrominska, a Non-Executive Chairperson.

Our Directors have diverse skill sets, experience and backgrounds which include local and international experience in banking, business, strategic management, accounting, education and law, and they are recognised as strong leaders in their respective fields of work and experience.

Below is the definition of an Independent Director extracted from the Corporate Governance Policy. A Director is not considered independent if:

1. The Director has been an employee of the Company within the last five years;
2. The Director is, or has been within the last three years, an employee or executive officer of any company within the Group or its parent company;
3. The Director has received or receives additional remuneration from the Company apart from a director's fee, participates in the company's share option plan or performance related pay scheme, or is a member of the Company's pension scheme;
4. The Director has close family ties with any of the Company's advisors, directors or senior employees;
5. The Director represents a significant shareholder;
6. The Director was a former Chief Executive Officer unless there has been a period of at least three years between ceasing employment with the Company and serving on the Board.

Corporate Governance (cont'd)

- Scotia Group Jamaica Limited

The Table below highlights Independent and Non-Independent Directors and their respective skill sets.

Board Expertise	Independent (I)/ Non-Independent (N)	General Management	Finance & Audit	Strategic Management	Banking	H.R. & Education	Legal	Risk Management
Barbara Alexander	I	✓	✓	✓		✓	✓	✓
Bruce Bowen	NI	✓	✓	✓	✓			✓
Anthony Chang	I	✓	✓	✓				✓
Sylvia Chrominska	NI	✓	✓	✓	✓	✓		✓
Jeffrey Hall	I	✓	✓	✓			✓	✓
Charles Johnston, CD	I	✓	✓	✓				✓
Jacqueline Sharp	NI	✓	✓	✓	✓			✓
Joseph M. Matalon, CD	I	✓	✓	✓	✓			✓

Five (5) of our eight (8) Directors are independent of the Company, its parent, subsidiaries and affiliates and seven (7) Directors of the Board are Non-Executive Directors.

All Directors have access to and are encouraged to meet with the Chairperson, the President and CEO and senior management. Time is reserved at the end of every Board meeting for discussions independent of management, among the Directors. This allows the Chairperson to independently identify any issues for discussion with management and the Board.

Committees of the Group and Subsidiary Boards

The Board has delegated certain responsibilities to its Audit & Conduct Review Committee and its Executive & Enterprise Risk Committee. The Bank of Nova Scotia Jamaica Limited, which is the main hiring arm of the Group, has a Human Resource & Pension Committee to which functions are also delegated.

Audit and Conduct Review Committee

The Terms of Reference of the Group's Audit and Conduct Review Committee are reviewed by the Committee and approved by the Board. The Committee has oversight responsibility for the Group and its subsidiaries in relation to the following areas:

- The integrity of the financial reporting and system of internal controls;
- Ensuring compliance with legal and regulatory requirements;
- The performance of the internal auditors and external auditors;
- The identification and resolution of conflict of interest which may arise from transactions conducted by the Group and its subsidiaries.

Prior to the adjournment of Committee meetings, time is reserved for the Chairman of the Committee to meet independently with the Internal and External Auditors to discuss any areas of concerns. The Audit & Review Conduct Committee reviewed and recommended for approval (where relevant) the following items during the year:

- Management Financial Statements
- Audited Financial Statements
- Internal Audit Plan
- Engagement Letter of the External Auditors
- External Audit Fees
- Internal Audit Reports
- Regulatory Examination Reports and Management Response
- Connected Party List & Transactions
- Compliance Reports

- External Auditors' Management Letter
- Appointment of External Auditors

Executive & Enterprise Risk Committee

In accordance with its Terms of Reference, the Executive & Enterprise Risk Committee has oversight of the following areas for the Group and its subsidiaries:-

- Corporate Strategy and Annual Profit Plans
- Review of Board nominees prior to appointment
- Review of the Corporate Governance Policy
- Enterprise Risk management
- Review of Board performance

The principal activities undertaken by the Committee during the year included the review and recommendation to the Board of the following matters:-

- Annual Profit Plan
- Evaluation of Board performance
- Quarterly Press Releases on financial results
- Market, Operational, Credit and Liquidity Risk Reports
- Risk Management Policies and Limits

Human Resources and Pension Committee

The Human Resources and Pension Committee has oversight responsibility for the following staff welfare and compensation matters:

- Staff compensation, including incentive programmes
- Senior level organisational structure and staffing needs
- Mandates for the negotiation of collective bargaining agreements
- Performance of the Executive Team and Board appointed officers
- Pension Plan design and Investment policies
- Monitoring Pension Plan Fund performance against its policies, objectives and strategies
- Appointment and/or removal of the Sponsor Trustees of the Pension Fund
- Review of actuarial reports, audited financial statement of the Fund and proposed changes to the Pension Plan Rules and benefits

During the year, the Committee reviewed and recommended to the Board for approval, where necessary, the following matters:

- Pension Fund Administrative and Fund Management fees
- Revised Terms of Reference
- Collective Bargaining Strategy for 2015
- Overall Pension Fund performance
- Senior Management changes
- Executive Team's performance

Directors Orientation & Training Opportunities

The Board of Directors are exposed to continuous training and education about the Group, the business line segments, products, legal and regulatory changes impacting the operations. Below are training opportunities made available to the Directors:

- **Board Presentations**

  On a quarterly basis, presentations are made to the Board of Directors by senior management officers on core business lines, economic updates, and key legislative and regulatory changes

- **Web Based Training**

  Web Based Training Modules and testing in the following areas:

  - Reducing the Risk – Anti-Money Laundering
  - Integrity in Action
  - Anti-Corruption – Doing Business the Right Way
  - Managing Operational Risk

- **External Conferences**
- Mona School of Business – "Roles of Directors in the financial sector and the Banking Services Act" (June 2015)
- **Strategic Planning Conference**

  The Board played an active role in the Group's Annual Strategic Planning Conference. Through this process, Directors were made aware of key trends in the global and local financial services industry, as well as key challenges and opportunities that the Group could face in the next few years.

The Members of the Committee and their attendance at Committee meetings is reflected in the Table of Attendance below.

Attendance Record for Directors	Annual General Meeting (SGJL)	Board Meeting (SGJL)	Audit & Conduct Review (SGJL & BNSJ)	Executive & Enterprise Risk (SGJL & BNSJ)	Human Resources & Pension (BNSJ)
Number of Meetings	1	5	4	4	5
Sylvia Chrominska (Chairperson)	1	5		4	
Barbara Alexander	1	5	4		5
Bruce Bowen	1	5		3	3
Anthony Chang ●	1	4	3	3	
Jeffrey Hall ●	1	5	4		5
Charles Johnston, CD ●	1	5	4	3	
Joseph M. Matalon, CD	1	5		3	
Jacqueline Sharp	1	5		4	5

● Audit & Conduct Review Committee Chairman ● Human Resources & Pension Committee Chairman ● Executive & Enterprise Risk Committee Chairman

Appointment, Term, Election & Retirement of Directors

All Directors automatically retire from the Board at each Annual General Meeting (AGM) and are elected or re-elected (as the case may be) by the shareholders of the Company on the recommendation of the Board.

Subject to annual retirement, Directors appointed to the Board may serve on the Board until the earlier of age 70 or the completion of a 15 year term from the date of their first appointment. Where a Director is first appointed to the Board at an age over 60, he or she may serve the earlier of a term of 10 years or until age 75. A Director appointed prior to March 1, 2013 who has attained the age of over 70 but who has not completed a 15 year term from the date of first appointment may serve the unexpired period of the 15 year term.

The date of first appointment for Directors appointed prior to March 1, 2013, shall be the date on which the Director was first appointed to the Board of The Bank of Nova Scotia Jamaica Limited.

Upon the recommendation of the Executive & Enterprise Risk Committee or any sub-committee of the Board charged with corporate governance, the Board may:-

1. in extenuating circumstances, consider and approve the extension of a Director's term beyond the stipulated period as is considered appropriate
2. reserve the right not to recommend a Director with an unexpired term to the shareholders for re-election at the Annual General Meeting

A Director shall resign from the Board upon the expiration of the respective term (including any variation of the term recommended by the Executive & Enterprise or other Committee) no later than 6 weeks prior to the date of the Annual General Meeting of the year in which the term expires.

Any Director employed to the Company shall cease to be a Director upon termination of any employment contract with the Company.

Director Compensation

The Board determines the form and amount of Director compensation based on peer reviews, with the aim of recruiting and retaining qualified and experienced candidates. Directors who are employees of any of the subsidiary companies are not compensated in their capacity as Directors.

Guidelines for Business Conduct

The Board of Directors, the management and all employees of the Group, its subsidiaries and affiliates are required to observe the Group's Guidelines for Business Conduct and in this regard, annual certification of due compliance is required.

The compensation structure for Directors include an annual retainer fee and per meeting fees as reflected in the Table of Fees below.

Fee Structure	SGJL				BNSJ	
	Annual Retainer	Per Meeting Fee			Annual Retainer	Per Meeting Fee
expressed in JMD		Board	Audit & Conduct Review	Executive & Enterprise Risk		Human Resources & Pension
Board Chairman	2,250,000				200,000	
Deputy Board Chairman	2,000,000				150,000	
Committee Chair (other than Audit Chair)	1,250,000				100,000	
Audit Committee Chair	1,500,000				100,000	
Audit Committee Members	1,000,000				100,000	
Other Directors	850,000				100,000	
All Directors		50,000	60,000	45,000		45,000

The Guidelines for Business Conduct outline the Group's rules and expectations regarding proper business conduct and ethical behaviour of Directors, officers and employees of the subsidiaries, including:

- following the law wherever the Group and its subsidiaries do business
- avoiding putting themselves or any of the subsidiaries in a conflict of interest
- conducting themselves honestly and with integrity
- keeping the subsidiaries' transactions, communications and information accurate, confidential and secure, and all customers' assets safe; and
- treating everyone fairly and equitably - whether customers, suppliers, employees or others who deal with the Group and its subsidiaries

In keeping with the established code of conduct, Board members and senior management of the Group's subsidiaries are subject to the Insider Trading Policy in respect of trading in the securities of Scotia Group, its subsidiaries and affiliates.

Board Annual Self Evaluation

The Group's Board and the Boards of its subsidiaries conduct an annual self-evaluation of performance during the year. Directors are required to complete a questionnaire which tests a wide range of issues regarding the effectiveness of the Board governance. The issues include the quality of the information provided by management, the effectiveness of the operation of any Committee and a performance assessment of the Board and Chairperson during the year.

Additionally, the Chairperson of the Board and the Chairman of the Executive & Enterprise Risk Committee conduct one-on-one interviews with each Independent Director to solicit feedback on the performance of the Board and Management.

The results of the Questionnaire are reviewed by the Executive and Enterprise Risk Committee and appropriate action taken to remedy any areas of concern. The process has been invaluable to the continuous improvement of the governance process.

Scotia Group remains committed to good corporate governance practices and continues to comply with the applicable laws and regulations, international best practices and guidance from the Jamaica Stock Exchange, the Bank of Jamaica, the Financial Services Commission, and other regulators.

Board of Directors
- Scotia Group Jamaica Limited

Sylvia D. Chrominska
Chairperson

Ms. Sylvia Chrominska was appointed Chairperson of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited on March 1, 2013.

Ms. Chrominska joined The Bank of Nova Scotia in 1979 and prior to her retirement on May 1, 2013, she served in several capacities including Group Head, Global Human Resources and Communications.

In 2007, Ms. Chrominska was inducted in the Hall of Fame of Canada's Top 100 Most Powerful Women. In 2010, she was the inaugural recipient of the Catalyst Canada Honours in the category of Human Resources/Diversity Leader. In 2012, she was honoured by Women Against MS for her support in the fight to end multiple sclerosis, as well as her broader philanthropic contributions. She was recognised as one of Canada's Top 25 Women of Influence for 2012 by Women of Influence, Inc. and by Evanta as a Top 10 Breakaway Leader, an award that celebrates North American leaders who are changing the face of Human Resources. She also received an Honorary Doctorate from the University of Western Ontario in June of 2014.

Ms. Chrominska previously served as the Chairperson of the Scotiabank Trinidad and Tobago Limited and the Scotiatrust and Merchant Bank Trinidad and Tobago Limited. She is currently a member of the Board of Directors of Emera Inc, where she has served since 2010 and was in May 2015 appointed to the Board of Wajax Corporation.

Jacqueline T. Sharp

Mrs. Jacqueline Sharp is the President & CEO of Scotia Group Jamaica Limited since September 1, 2013. Prior to being appointed President & CEO, she was the Chief Financial Officer & Chief Administrative Officer for the Group with responsibility for financial and regulatory reporting, financial risk management, strategic planning, legal, compliance and oversight of the Systems Support Centre. Mrs. Sharp has had a range of experience within the Group, since joining in 1997, including establishing the Private Banking Unit and successfully leading Scotia Jamaica Life Insurance Company Limited.

Mrs. Sharp serves as a member of several Boards including Scotia Group Jamaica Limited, The Bank of Nova Scotia Jamaica Limited, Scotia Investments Jamaica Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica Microfinance Company Limited and Chair of the Board of Trustees of the Pension Plan for The Bank of Nova Scotia Jamaica Limited.

She holds a Bachelor of Science (BSc) degree with Honours in Accounting from The University of the West Indies; is a Chartered Financial Analyst (CFA) Charter Holder; has successfully completed the Certified Public Accountant (CPA) examinations and the Ivey Executive Program at Ivey Business School (University of Western Ontario). She also recently completed Scotiabank's iLead Executive Development Programme.

Barbara A. Alexander

Ms. Barbara Alexander was appointed to the Board of The Bank of Nova Scotia Jamaica Limited and Scotia Group Jamaica Limited on November 26, 2007. A practicing Attorney-at-Law since 1976, Ms. Alexander is the Senior Partner of the law firm, Myers, Fletcher & Gordon. Her experience includes Banking and Finance, Project Finance, Real Estate and Commercial Law.

She is a member of the Audit & Conduct Review Committee and the Human Resources & Pensions Committee for the Scotia Group; and she chairs the Boards of The Scotia Jamaica Building Society and Scotia Asset Management (Jamaica) Limited. Ms. Alexander also serves as a Director of Scotia Investments Jamaica Limited, CVSS/United Way of Jamaica and the Arts Foundation of the Edna Manley College.

Ms. Alexander is a graduate of the University of the West Indies from which she holds a Bachelor of Science (BSc) Honours degree in Accounting. She is a member of the Jamaican Bar Association and the Law Society of England, United Kingdom.

Bruce F. Bowen

Mr. Bruce Bowen, former President and Chief Executive Officer of Scotia Group Jamaica Limited, was appointed to the post of Senior Vice-President, English Caribbean Region, International Banking for The Bank of Nova Scotia, on September 1, 2013.

His career with Scotiabank started in 1990 in the International Division; and this has exposed him to various areas in banking, taking him on Caribbean assignments in the Cayman Islands, Trinidad & Tobago, Jamaica and Puerto Rico.

Mr. Bowen was appointed to the Board of Scotia Group Jamaica Limited on November 27, 2008; and, he is a member of the Executive & Enterprise Risk and Human Resources & Pension Committees of the Board. He also serves on several Boards including: The Bank of Nova Scotia Jamaica Limited, Scotia Investments Jamaica Limited, Scotiabank Trinidad & Tobago Limited, Maduro Curiels Bank NV and Scotiabank Bahamas Limited.

Mr. Bowen holds a Bachelor of Arts (BA) Honours degree in Business Administration from the Wilfrid Laurier University in Waterloo, Ontario, Canada.

Anthony V. Chang

Mr. Anthony Chang has served as a Director of The Bank of Nova Scotia Jamaica Limited since February 5, 2001. He is the Chairman of the Audit & Conduct Review Committee and a member of the Executive & Enterprise Risk Committee of the Board.

Mr. Chang is also a Board member of Scotia Group Jamaica Limited, Chairman of Scotia Jamaica Life Insurance Company Limited and a Director of Scotia Investments Jamaica Limited.

He brings extensive business experience to these Boards as he is a Director of several prominent companies, including LASCO Distributors Limited, Digicel Jamaica and Consolidated Bakeries Jamaica Limited.

Mr. Chang is a graduate of The Richard Ivey School of Business, University of Western Ontario. He is also a recipient of the Hubert H. Humphrey Fellow at American University, Washington DC, awarded by the Government of the United States of America. He has pursued professional courses with several institutions, including York and Wharton Universities.

Jeffrey M. Hall

Mr. Jeffrey Hall was appointed to the Board of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited on November 26, 2007. He also serves as Chairman of Scotia Investments Jamaica Limited. Mr. Hall is the Chairman of the Bank's Human Resources & Pension Committee and a member of the Audit & Conduct Review Committee of the Group.

Mr. Hall is the Chief Executive Officer of Jamaica Producers Group Limited and has worked with that Company since 2002. He is the Chairman of Kingston Wharves Limited and a member of the Board of Directors of several companies, including Jamaica Producers Group Limited, Blue Power Group Limited and Jamaica Promotions Corporation (JAMPRO).

He has practiced as an Attorney-at-Law and has served as a Director of the Jamaica Stock Exchange and the Bank of Jamaica.

Mr. Hall is a graduate of the Harvard Law School; and holds a Master of Public Policy from Harvard University, USA. He also earned a Bachelor of Arts (BA) degree in Economics from Washington University, USA.

Charles H. Johnston, CD

Mr. Charles Johnston was appointed Deputy Chairman of Scotia Group Jamaica Limited on May 24, 2013; and is the Chairman of the Executive & Enterprise Risk Committee and a member of the Audit & Conduct Review Committee.

He is the Chairman and Managing Director of Jamaica Fruit and Shipping Company Limited, Chairman of Jamaica Producers Group and Seaboard Jamaica Limited. Mr. Johnston also serves as a Director on the Boards of the Jamaica Public Service Company Limited, Kingston Wharves Limited and Kingston Logistics Limited.

In 2006, Mr. Johnston, who has given some 40 years' service to the shipping and banana industries, was conferred with the Order of Distinction, Commander Class, by the Government of Jamaica; and was inducted into Jamaica College's Hall of Fame. In 2008. He was also inducted into the Private Sector Organisation of Jamaica's (PSOJ) Hall of Fame, which includes some of Jamaica's most outstanding businessmen.

Mr. Johnston is a graduate of the Wharton School of Finance & Commerce at the University of Pennsylvania, USA.

Joseph M. Matalon, CD

Mr. Joseph M. Matalon is Chairman of ICD Group Limited and the Development Bank of Jamaica. He is also Chairman of British Caribbean Insurance Company Limited and holds directorships on a number of other Boards, including the Gleaner Company Limited, CGM Gallagher Group, West Indies Home Contractors Limited, WIHCON Properties Limited, Canadian-based Advantage Communications Inc, Prime Asset Management Limited and Matalon Homes Limited.

Mr. Matalon also serves as Honorary Chairman of St. Patrick's Foundation, Chairman of YUTE Limited, and as Director of the Multicare Foundation, all of which support social development activities in inner-city communities. He is also Chairman of the Board of Governors of Hillel Academy, a Director of the National Integrity Action Limited and the US-based International Youth Foundation (IYF).

He served as President of the Private Sector Organisation of Jamaica (PSOJ) during the period 2009 to 2012, and has also served on a number of national committees established to advise the Government on financial and economic matters.

Mr. Matalon is a graduate of the London School of Economics and Political Science and holds a Bachelor of Science (BSc) Honours degree in Economics.

Our **Mission**

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.

Our **Vision**

To be the institution of choice by exceeding our customers' expectations, emphasizing convenience, professionalism, product innovation and diversification as we grow shareholder value.

Our **Core Values**

Integrity

We exhibit integrity by always interacting with others.

Respect

We exhibit respect by empathising 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.

Executive Management Team
- Scotia Group Jamaica Limited

Jacqueline Sharp

President & CEO

Jacqueline Sharp has been President & CEO of Scotia Group Jamaica Limited since September 1, 2013. Prior to her appointment, she was the Chief Financial Officer & Chief Administration Officer for the Group, with responsibility for financial and regulatory reporting, financial risk management, strategic planning, legal and compliance; as well as, oversight of the Systems Support Centre.

She has acquired a wide range of experience within the Group, which she joined in 1997. Under her tenure, the Private Banking Unit was established and she successfully led Scotia Jamaica Life Insurance Company Limited from 2003 to 2008.

Jacqueline holds a Bachelor of Science (BSc) degree with Honours in Accounting from The University of the West Indies; is a Chartered Financial Analyst (CFA) Charter Holder; has successfully completed the Certified Public Accountant (CPA) examinations and the Ivey Executive Program at Ivey Business School (University of Western Ontario). She also recently completed Scotiabank's iLead Executive Development Programme.

Ronald Bourdeau

Chief Risk Officer

Ron Bourdeau has worked with Scotiabank for over 26 years in Canada and various international Scotiabank subsidiaries including Argentina, Chile and Bahamas. His past posts included positions in Small Business and Commercial Banking as well as in Global Risk Management. He was appointed Chief Risk Officer in 2015 with responsibility for Enterprise Risk which includes Credit, Market and Operational Risk for Jamaica and other countries in the English Caribbean region.

He serves as a member of the Board of Directors for Scotiabank (Bahamas) Limited.

Ron holds a Bachelor of Commerce (Finance) from Concordia University in Montreal and a Master of Business Administration (International Business) from the Rotman School of Management, University of Toronto. He has also completed the Ivey Executive Program at the Richard Ivey School of Business, The University of Western Ontario.

Yanique Forbes-Patrick

Vice-President, Marketing, Public & Corporate Affairs

Yanique Forbes-Patrick is an experienced Marketing professional with over 15 years experience in Advertising and Marketing. She has worked across a wide range of speciality areas in the competitive telecommunications industry over the last 10 years before joining The Bank of Nova Scotia Jamaica Limited on August 10, 2015, in the role of Vice-President, Marketing, Public & Corporate Affairs.

In this role, Yanique manages all elements of marketing, communications and corporate affairs in Jamaica, Belize and Haiti. She also has oversight responsibility for the operations of the ScotiaFoundation. Yanique is also a member of the Group's Asset and Liability Committee (ALCO) and also serves on the Service Management Committee.

She holds a Bachelor of Science (BSc) with Honours from The University of the West Indies, and a Master of Business Administration (MBA) with Distinction from the University of Sheffield in England.

Wayne Henry

Vice-President, Government Affairs

Dr. Wayne Henry joined Scotia Group Jamaica Limited as Vice-President, Government Affairs on September 1, 2011. In this capacity, he plays a strategic role in managing Scotiabank's public sector relationships and public policy priorities, providing advice and counsel to the Group.

He is also responsible for liaising with governments and multilateral institutions in Jamaica and other regional jurisdictions; as well as, monitoring the policy environment for developments, which are likely to impact the banking and financial sector.

Wayne is qualified to the doctoral level in Agricultural and Development Economics from studies at Ohio State University (OSU), USA. He also holds a Bachelor of Science (BSc) degree in Economics and Management from The University of the West Indies; a Master's degree (MBA) in Finance from Howard University, USA; and a Master of Arts (MA) in Economics from The Ohio State University.

Patsy Latchman-Atterbury

Executive Vice-President, Retail Banking

Patsy Latchman-Atterbury has oversight for the development and maintenance of the Retail Banking, Small Business and Microfinance portfolios, as well as Non-Branch Sales and Service and Scotia Jamaica Building Society.

With 13 years of General Management experience, she joined Scotiabank in September 2007 and was appointed Vice-President in charge of Small & Medium Enterprises (SMEs). Under her stewardship, the Bank has positioned itself as a leading provider of financing and capacity-building opportunities for SMEs.

In 2014, she was promoted to the position of Executive Vice-President, Retail Banking and is responsible for driving sales and customer experience throughout the Scotiabank branches; and for promoting a Sales and Service culture throughout the organisation.

Patsy holds a Bachelor of Science (BSc) in Management Studies (Hons) and graduated at the top of her EMBA Cohort with a Distinction in Business Administration from The University of the West Indies, Mona Campus.

Executive Management Team (cont'd)
- Scotia Group Jamaica Limited

Debra Lopez-Spence
Vice-President, Small & Medium Enterprises

Debra Lopez-Spence has 18 years of local and international experience in the financial services industry. She joined Scotiabank in 2010; and successfully led the Scotia Private Client Group as Centre Director for 4 years.

She was appointed in July 2014 to the position of Vice-President, Small and Medium Enterprises (SMEs). In this capacity, she is responsible for leading the design and implementation of strategic SME initiatives to grow the Bank's portfolio and share of wallet for small and medium enterprises; as well as solidifying its position as a leading provider of financial solutions for this crucial sector of the national economy.

Before joining Scotiabank, Debra held senior positions in the local financial services industry in Retail Banking and Wealth Management.

Debra has a Bachelor of Science (BSc) degree (Cum Laude) in Economics and Finance from Barry University and holds a Master's degree in Business Administration, (MBA, Hons) from Florida International University, USA.

Horace (Craig) Mair
Senior Vice-President, Corporate & Commercial Banking (CCBC)

Craig Mair was appointed Senior Vice-President, Corporate & Commercial Banking effective November 1, 2014. In this role he is responsible for the overall growth and profitability of the Corporate & Commercial Business line.

Craig is a career banker with more than 20 years' experience in Corporate Banking. He joined Scotiabank in 2006 as Relationship Manager and his role was subsequently expanded to Vice-President, Commercial Banking before he took up his present appointment.

Prior to joining Scotiabank, Craig held positions at Citibank Jamaica with his last assignment being that of Resident Vice-President, Relationship Management.

He serves on the Board of St. Hugh's Preparatory School and is a member of the Group's Asset & Liability (ALCO) Committee as well as Scotia Jamaica Life Insurance Company Limited's Investment Advisory Committee.

Craig has a Bachelor of Science (BSc) degree in Management from the University of Miami and holds a Master's degree in Business Administration, (MBA) from Florida International University, USA.

Michael McAnuff-Jones
Senior Vice-President, Human Resources

Michael McAnuff-Jones has held several key posts across Scotia Group. He has extensive branch banking experience, has worked in Finance, and he was previously Assistant General Manager, Operations before being appointed to his current role in 2004.

Michael McAnuff-Jones is a Director of the Scotiabank Jamaica Foundation and is Chairman of the ScotiaBRIDGE Board of Trustees.

He pursued his undergraduate studies in Banking at the College of Arts Science and Technology (CAST), now the University of Technology, Jamaica (UTECH). He holds a Master's degree (MSc) in Social Sciences from the University of Leicester, and a Master's of Business Administration (MBA) degree with Distinction from the Manchester Business School University of Wales in the United Kingdom. He is also a graduate of the Human Resource Executive Management Programme of the University of Michigan, USA; and a graduate Associate of both the UK Chartered Institute of Bankers (ACIB) and the Institute of Chartered Secretaries and Administrators (ACIS).

Hugh Miller
Chief Operating Officer, Scotia Investments Jamaica Limited

Hugh Miller has more than 21 years' experience in the local financial services industry. He served as Vice-President, Treasury, before assuming his current role of Chief Operating Officer at Scotia Investments Jamaica Limited (SIJL) in January 2012. In this capacity, he is responsible for strategically managing the company's business and operational infrastructure, which includes Treasury & Trading, Finance, Business Support and operational projects.

He serves on the Boards of Scotia Caribbean Income Fund, ScotiaBRIDGE and the Pension Plan of The Bank of Nova Scotia Jamaica Limited. He is also a member of SIJL's Asset Liability Committee, and Managed Funds Investment Committee, as well as, Scotia Group Jamaica Limited's Asset Liability Committee.

Hugh holds a Bachelor of Science (BSc) degree with Honours in Economics, with a minor in Accounting, from The University of the West Indies, and he is a CFA Charter Holder.

Lissant Mitchel
Senior Vice-President, Wealth Management
& Chief Executive Officer, Scotia Investments Jamaica Limited

Lissant Mitchell has more than 20 years' experience in the local financial industry. He was appointed Senior Vice-President, Wealth Management, Scotia Group Jamaica Limited; and, Chief Executive Officer, Scotia Investments Jamaica Limited, on November 1, 2011.

He serves on the Scotia Group Jamaica Limited and Scotia Investments Asset & Liability Committees; and the Group's Managed Funds Investment Committee. He is also a Director of Scotia Investments Jamaica Limited, Scotia Asset Management Jamaica Limited and Scotia Caribbean Income Fund.

He is a Director of the Jamaica Stock Exchange; and he has also served as President of the Primary Dealers Association; as well as, Secretary of the Jamaica Securities Dealers Association

Lissant holds a Master of Business Administration (MBA) degree from the University of Manchester, United Kingdom; and a Bachelor of Science degree (BSc) in Accounting and Economics from The University of the West Indies.

Julie Thompson-James

Vice President, Senior Legal Counsel & Company Secretary

Julie Thompson-James is Vice-President, Senior Legal Counsel and Company Secretary of Scotia Group Jamaica Limited and its subsidiaries, a position she has held since November 4, 2009.

Julie's legal experience also spans the public sector in Jamaica, having practiced in the Litigation Division of the Attorney General's Chambers, Ministry of Justice, as Assistant Attorney General for several years defending and initiating action on behalf of the Government of Jamaica before several local courts and the Judicial Committee of the Privy Council.

Julie holds a Bachelor of Laws (LLB), (Hons.) degree from the London School of Economics, London, England, Certificate of Legal Education (1999) from the Norman Manley Law School, The University of the West Indies, and a Bachelor of Arts degree in Economics & Business Administration (Hons.) (1993) from Howard University, Washington, D.C., U.S.A.

Julie is a member of the Commercial Law Committee of the Jamaican Bar Association, the Public Policy and Legislative Committee of the Jamaica Bankers Association, Association of Caribbean Corporate Counsel and an Associate Tutor at the Norman Manley Law School.

Rosemarie Pilliner

Executive Vice-President, Operations & Shared Services

Rosemarie Pilliner currently holds the position of Executive Vice-President, Operations and Shared Services. She has responsibility for Lending Services, Processing Support, Strategic Sourcing, Operations and Shared Services.

Rosemarie has extensive knowledge of Scotiabank's core operations. Her wide-ranging expertise spans varying positions within the organization, including management positions in central operations, Branch Manager and Assistant General Manager of the System Support Centre.

Rosemarie has benefited from several management training courses to hone her credit, leadership, operations and organization developmental skill sets. She is a member of the Board of Scotiabank Jamaica Foundation.

Hugh Reid

President, Scotia Jamaica Life Insurance Company Limited

Hugh Reid has a wealth of experience in the financial sector; and, in his current capacity, as President of Scotia Jamaica Life Insurance Company Ltd. (SJLIC), he is responsible for driving the growth and profitability of the company.

Prior to joining Scotia Group, he held the post of Senior Vice-President & Chief Operating Officer at the Victoria Mutual Building Society. He has also held executive-level positions at the National Housing Trust, Prime Life Assurance Company, and Life of Jamaica Limited, now Sagicor.

Hugh holds a Master of Science degree (MSc) in Accounting and a Bachelor of Science degree (BSc) in Economics from The University of the West Indies. He is also a Fellow of the Life Management Institute (US), Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants of the United Kingdom.

Gary-Vaughn White

Vice-President, Treasury

Gary-Vaughn White was appointed Vice-President, Treasury effective February 1, 2012. In this role, he is responsible for the strategic management of the Group's treasury operations, investment and trading activities, foreign exchange trading, and treasury risk management. He also serves on the Asset and Liability Committees (ALCO), as well as Investment Committees within the Group.

Gary-Vaughn is a career Scotiabanker who has worked in several subsidiaries across the Group. He has been the Senior Financial Analyst at Scotia Jamaica Life Insurance Company Limited; Manager in charge of Finance and Operations at The Scotia Jamaica Building Society; and Director, Treasury & Foreign Exchange Trading for The Bank of Nova Scotia Jamaica Limited.

He holds a Bachelor of Science (BSc) degree in Actuarial Science, and a Master of Science (MSc) degree in Economics from The University of the West Indies.

Gladstone Whitelocke

Vice-President, Non-Branch Sales &
Senior General Manager, The Scotia Jamaica Building Society

Gladstone Whitelocke has worked with Scotiabank for more than 30 years, and his career has spanned Retail Banking, Loan Recoveries, Project Management and Residential Mortgages. He also received extensive training overseas in the Domestic Bank, in the areas of Retail & Commercial Lending and Mortgages.

In his current role, Gladstone is responsible for the Group's mortgage loan business and retail business development in non-branch delivery channels. He also serves on the Asset and Liability Committee of Scotia Group Jamaica Limited.

Gladstone holds a Master's degree (MBA) in Finance from Manchester Business School, in the United Kingdom; he has completed courses in Banking and Finance at the University of Technology, Jamaica; and he has received certificates in Project Management and Sales Management from the University of New Orleans, USA.

Frederick Williams

Executive Vice-President, Chief Financial Officer
& Chief Administration Officer

Frederick Williams was appointed Chief Financial Officer and Chief Administration Officer, Scotia Group Jamaica Limited on October 21, 2013; and he provides leadership and oversight for a number of functions within the Group. These include Financial Reporting, Taxation, Market & Operational Risk, Strategic Planning, Legal, Compliance and the System Support Centre.

He serves as a member of the Boards of Scotia Jamaica Microfinance Company Limited, Scotia Asset Management Jamaica Limited, Scotia Jamaica Financial Services, Scotia BRIDGE and Brighton Holdings Limited.

He joined Scotiabank in 1999 and has held several senior management positions within Scotia Group Jamaica and its subsidiaries covering finance, investment management, risk management, strategy and business intelligence.

Frederick holds a Bachelor of Science degree (BSc) with Honours in Accounting from The University of the West Indies, and is a Fellow of the Association of Certified Chartered Accountants (FCCA) and a member of the Institute of Chartered Accountants of Jamaica.

Management's Discussion and Analysis

- Scotia Group Jamaica Limited

INTRODUCTION

Scotia Group Jamaica Limited (Scotia Group) has delivered more than 126 years of high quality financial services to Jamaica. Today, we are supported by a network of 32 banking and investment branches and 2,263 employees. We provide a broad range of financial services through our main subsidiaries to a wide base of personal, commercial, corporate and government clients across Jamaica.

Subsidiary	Services Provided
The Bank of Nova Scotia Jamaica Limited	Deposits, Lending, Foreign Exchange and Payments
Scotia Jamaica Life Insurance Company Limited	Credit and Life Insurance, Retirement Accumulation and Payout
Scotia Investments Jamaica Limited	Investments, Structured Financing
The Scotia Jamaica Building Society	Mortgage Lending, Deposits
Scotia Jamaica Microfinancing Company (CrediScotia)	Micro-Lending, Consumer Finance

OUR ENVIRONMENT

Scotia Group operated in a relatively stable environment, with the economy showing encouraging prospects for growth during the financial year. Jamaica successfully met targets under the medium-term economic programme arrangement with the International Monetary Fund. Inflation is at a 50 year low with the rate at 2.0% for the 12 month period up to October 2015. The country's credit rating improved, resulting in increased access to capital markets underscored by the market's favourable response to the two Eurobonds subsequently issued by the Government of Jamaica (GOJ). The GOJ raised US$2 billion in July 2015 which assisted in the partial buying back of its debt to the state-owned Venezuelan oil company. This repurchase of debt is projected to reduce the country's debt-to-GDP ratio.

The Business Confidence Index (BCI) for the second quarter of 2015 was the third highest ever recorded at 128.2 as a positive outlook for future prospects was restored. The result compared favourably with the BCI of 112.8 in the comparative quarter of 2014. Consumer confidence also improved during the year as declining oil prices helped to ease the burden on consumers, even though high unemployment and sluggish growth continued to impact purchasing power. There are indications that the basis for sound economic growth has been reestablished and with time, the growth trajectory will be positive.

Financial Sector Performance

Financial sector loans grew at a faster rate this year; while credit quality continued to improve. Gross loans in institutions regulated by the Bank of Jamaica grew by 8.5%, as against 7.1% last year.

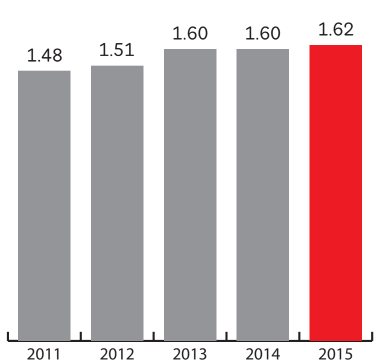
In the commercial banking sector, loans to the private sector increased by 8.4% or $14.2 billion as at September 2015 (vs. 3.5% or $5.7 billion in 2014) while consumer loans improved year-over-year by $15.4 billion or 8.7% (vs. 9.2% or $14.9 billion last year). Deposits rose by 10.7% up from prior year growth of 8.1%. Credit quality for the sector continued to improve with non-performing loans representing 4.2% of total loans as at September 2015, lower than the 4.8% recorded in 2014.

The Collective Investment Scheme industry (unit trusts and mutual funds) grew by 37.8% to US$1.4 billion during the year-ended October 2015, as investors repositioned from repurchase agreements into these investment vehicles. Meanwhile, gross life insurance premiums in the industry increased by 8.3% for the year.

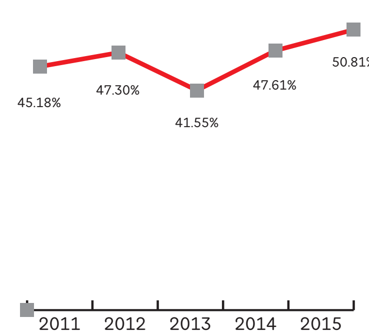
OVERVIEW OF FINANCIAL RESULTS

Scotia Group's net profit attributable to common shareholders for 2015 was $10.1 billion, representing a return on equity of 12.3%. These results translate to earnings per share of $3.19, down from $3.36 last year. Dividends per share was $1.62, representing a 50.8% dividends payout ratio.

Dividends per Share



Dividends Payout Ratio



Our results were achieved from our diversified business lines, as we develop sustainable revenue streams, while exercising prudent risk management. Our core business is performing well, however the Group's results were negatively affected by lower interest margins, and increased Asset and Corporate income taxes. In May 2014, the Asset Tax for regulated entities rose from 0.14% to 0.25%, except insurance companies, which experienced a more significant increase from 0.14% to 1.00%. These changes impacted this year's results due to the implementation of the International Accounting Standard Board's IFRIC 21 – Levies. Asset Tax is now accounted for in full on the first day of the reporting period. These factors contributed to the higher productivity ratio, despite the minimal 3.2% year-over-year growth in core operating expenses. In addition, the 3% tax on premium income and 15% tax on investment income were replaced by a 25% Corporate Income Tax for the insurance industry.

Scotia Group is one of the largest banking and financial services organizations in Jamaica, with assets of $433 billion and customer deposits of $209 billion as at October 31, 2015. Our growth was achieved through client acquisition and deepening relationships across all customer segments: consumer, microfinancing, small and medium enterprises, corporate and commercial banking. The quality of our loan portfolio improved, with non-accrual loans as a percentage of Gross Loans recorded at 2.9% vs. 3.3% last year.

Our Asset Management business in Scotia Investments continued to grow, with the Caribbean Income Fund surpassing the US$100 million mark. Scotia Jamaica Life Insurance Company Limited, saw growth in core insurance revenues and, through its ScotiaBridge product, continued to lead the market for Approved Retirement Schemes, accounting for 51% of the market.

Scotia Group's capital base continued to strengthen, growing by $8.8 billion year-over-year, and exceeding the increase in capital requirements from our growing business. This further solidifies our resilience to the expected increase in capital requirements, and places us on a firm footing to support our strategic initiatives.

Financial Highlights

	31-Oct-15 $millons	31-Oct-14 $millons
Total Assets	432,931	407,030
Investments	160,471	149,323
Loans (net of provisions for losses)	154,499	145,732
Deposits by the public	209,462	190,727
Liabilities under repurchase agreements and other client obligations	52,547	60,843
Policyholders' Fund	43,112	43,310
Shareholders' Equity	85,257	76,484
Net Profit after tax	10,134	10,825
Total Comprehensive Income	13,988	12,078
Return on Equity	12.32%	14.23%
Productivity Ratio	60.98%	59.48%
Earnings per share (cents)	319	336
Dividend per share (cents)	162	160

OUR STRATEGY

Our strategic priorities have been the road map for our continued success. These priorities have shaped the direction of the organisation, guiding our decisions regarding the allocation of resources and, most importantly, our approach to our customers. Last year, we continued to execute well on our four strategic priorities.

Sustainable Revenue Growth

At the heart of Scotiabank's strength and success is its diverse customer base and business model. This diversity provides our customers with a wide-ranging product and service suite and allows us to devise and execute tailor-made solutions to meet their unique needs. During the year, we continued to enrich and build on a culture of cross-group collaboration through stronger sales processes, improved performance measurements and comprehensive training of the sales force. Employees worked cohesively across our core business lines of Retail and Commercial Banking, Insurance and Wealth Management to provide our customers with superior and holistic financial solutions.

Customer Focus

Our customers are our top priority and are placed at the centre of the decision-making process across our organisation. We take pride in understanding and anticipating their needs in order to provide them with the best advice and solutions. We continue to introduce strategies to deepen customer relationships and empower our employees to effectively resolve customer complaints at the first point of contact. We are committed to providing a seamless customer experience through the enhancement and alignment of our delivery channels to better suit all client segments. Scotiabank remains focused on maintaining the trust and confidence of customers, while helping them to improve their financial status.

Operational Efficiency

Our ability to effectively manage costs and our ongoing focus on streamlining operations are critical success factors. We are investing in technology, improved procedures, and innovation, to eliminate inefficient processes from our businesses.

Operational Efficiency (cont'd)

We have also identified synergies and leveraged opportunities for regional partnerships to improve our operations. Scotia Group recognises our customers' need for convenience and speed and we continue to optimise our distribution channels. Over the long-term, our intention is to minimise operating costs, while delivering an excellent experience to our customers using the most suitable distribution channel.

Leadership and Talent Development

Building and nurturing our talented employees is a high priority for Scotia Group. Our robust recruitment practices are designed to attract a diverse pool of high potential team members; and the required knowledge and skills are honed through our strong onboarding programmes. We remain committed to strengthening our leadership capability by grooming and growing talent from within to ensure the Group has the right people to drive superior performance.

During the year, we increased our focus on performance management by enhancing our learning and development, coaching and performance measurement processes. We consistently reinforce our culture of openness, collaboration, accountability, and personal development to maintain strong engagement and ensure that the Group continues to deliver the best results for all stakeholders.

We continue to operate at the highest standard of business ethics and remain compliant with all laws and regulations. The Group has benefited from a strong tradition of internal audit and compliance procedures, as well as, a comprehensive, well-articulated risk appetite framework. Our strategy has stood the test of time, and has served the Group well over the years. It continues to help us remain strong, stable and competitive, benefiting customers and ensuring that we provide solid returns to shareholders.

GROUP FINANCIAL PERFORMANCE

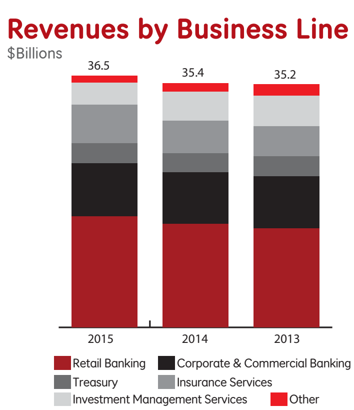
Total Revenue

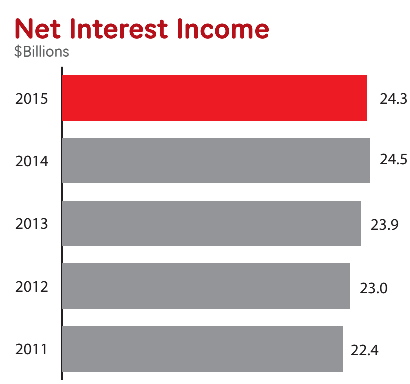
Total revenue was $36,501 million in 2015, compared to $35,437 million for 2014. We achieved revenue growth in our retail, commercial, insurance and treasury business lines, while our Investment Management revenues declined.

- **Retail (+7.4%):** Loan growth was led by personal and credit card loans, which grew by 9.8% or $6.1 billion. Our overall retail loan growth of $7.9 billion or 9.5% reflected our efforts in improving turnaround times and sales officer productivity.
- **Commercial (+2.5%):** Loan balances grew 1.2% year-over-year, contributing to revenue growth.
- **Insurance Services (+16.4%):** The growth in the retail loan portfolio contributed to the growth in Insurance revenues through higher volumes of credit insurance. Actuarial releases also contributed a significant portion of the year-over-year increase, due to the one-time release of accumulated actuarial provisions caused from the changes in the insurance tax regime.
- **Investment Management (-22.9%):** Reduction in interest income resulted in the decline in revenues as asset yields declined year-over-year, and we continued to pursue our strategy to grow our Asset Management segment and reduce exposure to the inherent risks in an on-balance sheet business model. This has resulted in lower net interest income but higher fees from the Asset Management segment of 20% year-over-year.
- **Treasury (+6.8%):** Higher foreign exchange trading volumes were the major driver behind the year-over-year increase in revenues.

Net Interest Income

Loan volumes improved across our business lines, but lower asset yields affected returns on our loans and investments. We recorded net interest income of $24.3 billion in 2015, down $235 million from last year. The Group's average earning assets increased by 3.9%, while the net interest margin (net interest income as a percentage of average earning assets) declined relative to the previous year by 31 basis points. Average yields on earning assets were lower by 53 basis points as a result of lower rates and competitive pressures. Year-over-year, the growth in volumes contributed a positive $996 million to net interest income, but this was offset by the negative impact from declining yields of $1.23 billion.





Net Interest Margin Analysis ($'000s)

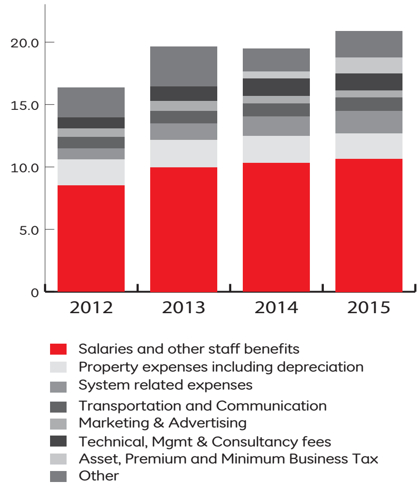
	2015	2014
Rate Variance	(1,231,754)	(849,269)
Volume Variance	996,250	1,496,569
Net Interest Income	**(235,504)**	**647,300**

Other Income
Other income, defined as all income other than interest income, was $12.2 billion for this year, up $1.30 billion or 11.9% from last year.

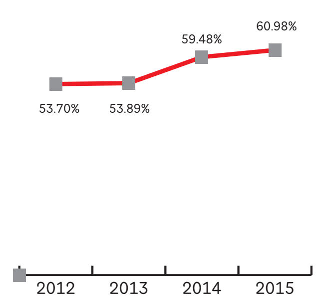
- The increase in Insurance revenues ($3.20 billion vs. $2.31 billion) was due to higher actuarial releases, related to the change in the tax regime for Insurance Companies; and higher credit insurance premiums due to the strong growth in retail loan volumes.
- Fees and Commissions ($6.49 billion vs. $5.86 billion) were driven by higher transaction volumes and the growth in our credit card, merchant services, and asset management business.
- Foreign Exchange revenues grew ($2.20 billion vs. $1.96 billion) due to higher trading volumes, and despite lower foreign exchange volatility.
- Trading revenues from securities were down ($293 million vs. $769 million) due to the reduced market-making activities in Scotia Investments.

Non-Interest Expenses
Non-Interest expenses for the year totalled $20.9 billion, up $1.42 billion or 7.3% over last year. The increase is due primarily to the implementation of the International Accounting Standard Board's IFRIC 21 – Levies, as Asset Tax is now accounted for in full on the first day of the reporting period, which has been designated as the obligating event for recognition of this liability. The financial statements for 2015 reflect the impact across Scotia Group of $1.29 billion in relation to asset tax paid on March 15, 2015.

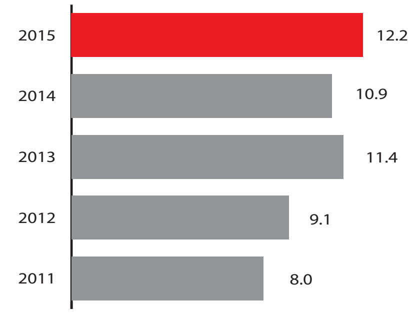
Non-Interest Expenses
$Billions



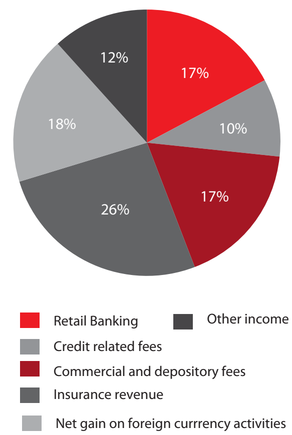
Productivity Ratio



Other Income
$Billions



Sources of Non-Interest Revenue



Prior year financials were also restated to reverse the impact of asset tax accruals, which had been made on a progressive basis. The 2014 comparative financials reflect a net adjustment of $706.8 million resulting in a restated net profit of $10.8 billion. If Asset Taxes were excluded, expenses would have risen by 3.2%, reflecting the success of measures implemented to improve operating efficiency. Salaries and employee benefits which represent 51% of our operating costs, increased by 3.0%. Property expenses and marketing expenditures were reduced year-over-year; and we also trimmed costs related to technical support from our parent company and other service providers.

Our productivity ratio, which is calculated as total expenses (including impairment losses on loans) as a percentage of total revenue, increased to 60.98% from 59.48% in 2014, due mainly to the increase in Asset Taxes.

Taxes

In 2015, our income tax expense was $4.11 billion, up $578 million or 16.4% from last year, while our pre-tax profits fell by $114 million or 0.8%. Our effective income tax rate increased to 28.9% from 24.6% as a result of the change in the tax regime for Insurance Companies. When Asset Tax of $1.29 billion is added, the tax expense for the year (excluding irrecoverable GCT) equated to 38% of our pre-tax income.

Taxation Charge ($'000s)

	2015	2014	2013
Profit Before Taxes	**14,244,136**	**14,357,886**	**14,707,019**
Current Income Tax:			
Income tax calculated at 33 1/3%	2,875,095	2,627,437	2,938,730
Income tax calculated at 30%	466,696	357,965	566,483
Income tax calculated at 25%	829,157	145,040	5,060
Investment Income tax calculated at 15%	-	315,641	285,442
Adjustment for (over)/under provision of prior years' charge	58,974	(7,025)	(68,671)
	4,229,922	**3,439,058**	**3,795,715**
Deferred Income Tax	(119,991)	93,400	(33,883)
Taxation Charge	**4,110,131**	**3,532,458**	**3,761,832**
Effective Tax Rate	**28.9%**	**24.6%**	**25.6%**

During the year, the change in the corporation tax regime for insurance companies was gazetted and is effective for the Tax Year of Assessment 2015. The changes included:

a) the elimination of 3% premium tax on gross premium income
b) the elimination of 15% investment income tax on investment income
c) the introduction of 25% corporate income tax on statutory income

Further, it was advised that the one-time release of accumulated actuarial provisions made in respect of premium taxes and investment taxes in the accounts of life assurance companies prior to 1 January 2015 should be excluded from taxable income for the Year of Assessment, 2015.

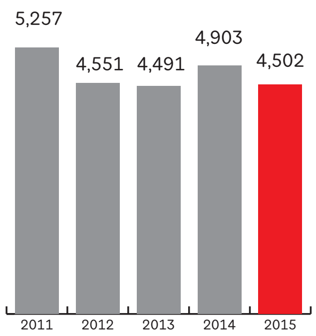
Credit Quality

Impairment losses on loans were $1,362 million, down $241 million from last year, due to accelerated recovery efforts during the year and lower write-offs on our unsecured portfolio.

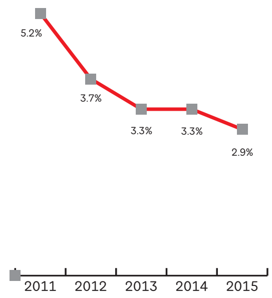
Loan Loss Provision Analysis ($'000s)

	2015	2014	2013
Gross Loans	156,402,493	147,649,649	136,544,450
Non Accrual Loans	4,502,060	4,902,782	4,491,384
IFRS Loan Loss Provisions	1,903,120	1,917,647	1,720,694
Loan Loss Reserve	3,204,491	3,202,002	2,781,066
Total Regulatory Loan Loss Provision	5,107,611	5,119,649	4,501,760
IFRS Loan Loss Provision as a % of Gross Loans	1.22%	1.30%	1.26%
IFRS Loan Loss Provision as a % of Non Accrual Loans	42.28%	39.11%	38.31%
Total Regulatory Loan Loss Provision as a % of Gross Loans	3.30%	3.50%	3.30%
Total Regulatory Loan Loss Provision as a % of Non Accrual Loans	113.72%	104.42%	100.23%
Total Assets	432,937,283	407,030,262	389,260,505
Net Loans (after LLP)	154,499,373	145,732,002	134,823,756
NAL : Gross Loans	2.90%	3.30%	3.30%
NAL : Net Loans	2.90%	3.30%	4.50%
NAL : Total Assets	1.00%	1.20%	1.20%

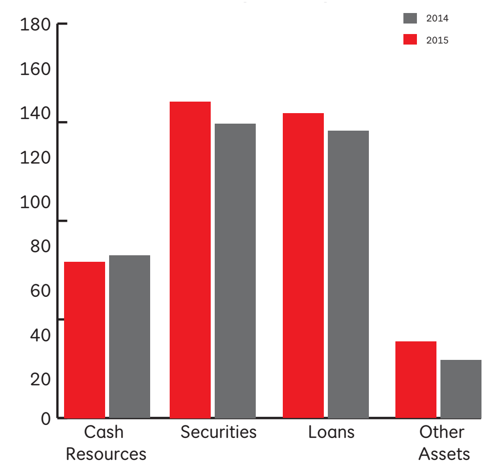
Non-Accrual Loans
$Millions



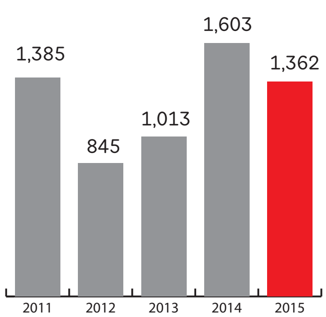
Non-Accrual Loans to Total Loans



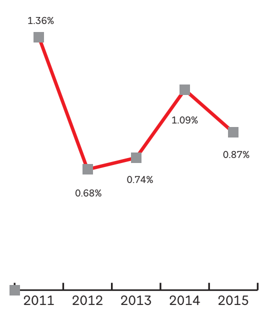
Total Assets
$Billions



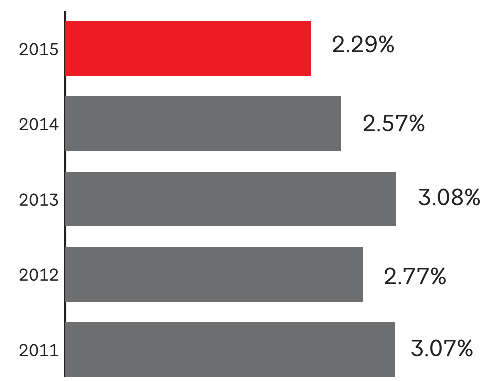
Impairment Losses
$Millions



Impairment Losses to Total Loans



Return on Average Assets



The quality of both our retail and commercial credit portfolio generally improved, with total non-accrual loans (NALs) as at October 31, 2015 at $4,502 million, down $401 million from October 2014. This represented 2.9% of total loans and 1.0% of total assets; down from 3.3% and 1.2% respectively, last year. Commercial NALs showed the higher reduction; down 18.3% while retail NALs were down 4.7%. The Group's NALs as a percentage of Gross Loans and as a percentage of Total Assets remain well below the industry average.

The total allowance for loan losses reflects the higher levels of IFRS and Regulatory provisions. Losses which fall within the IFRS provisions are charged to the income statement, while those which meet the regulatory requirements but exceed the IFRS standards are credited to a non-distributable loan loss reserve.

GROUP FINANCIAL CONDITION

Assets

The Group's total assets increased by $25.9 billion or 6.4% to $432.9 billion as at October 31, 2015. Loans grew by $8.8 billion during the year, and our stock of investment assets grew by $11.1 billion.

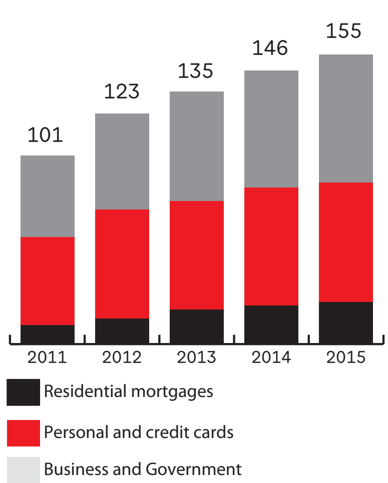
Cash Resources: Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $79.2 billion, down from $82.5 billion last year as we optimised the use of our liquid resources. We maintained adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

Securities: Total investment securities, including pledged assets, increased by $11.1 billion to $160.5 billion as we deployed more of our excess liquidity to this asset class.

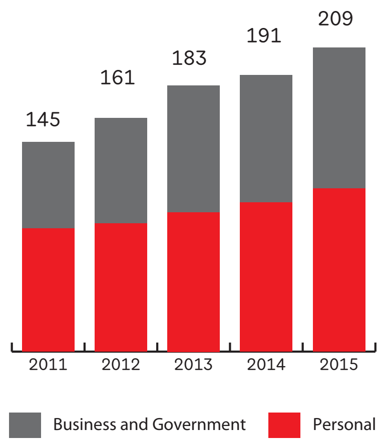
GROUP FINANCIAL CONDITION (cont'd)

Loans: Our loan portfolio grew by 6.0% or $8.8 billion this year, with loans, after allowance for impairment losses, increasing to $154.5 billion. All business lines showed solid improvement with commercial and government moving up by 1.2%, personal and credit cards by 9.8% and residential mortgages by 8.9%.

Loan Portfolio
$Billions



Deposit Portfolio
$Billions



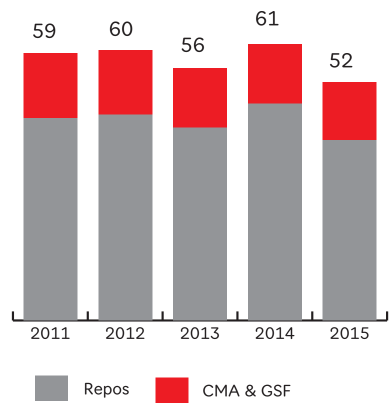
Liabilities
Total liabilities were $344.2 billion as at October 31, 2015, an increase of $17.1 billion or 5.2% from last year, driven by increases in our retail and commercial customer deposit base.

Deposits:
Deposits by the public increased to $209.4 billion, up from $190.7 billion in the previous year. This $18.7 billion growth in core deposits was reflected in higher inflows from our retail and private sector portfolio as we expanded our customer base and deepened relationships with customers.

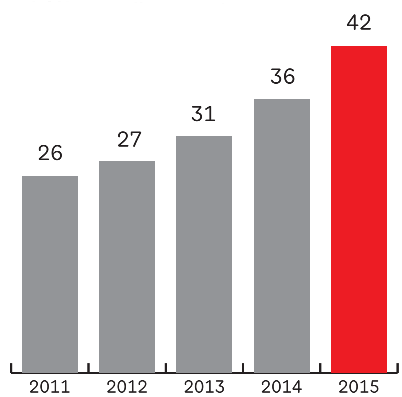
Obligations related to repurchase agreements, capital management and government securities funds
This mainly represents placements by clients of Scotia Investments, in addition to other wholesale funding. The net of these obligations decreased by $8.3 billion or 13.6% during the year as SIJL clients reduced repurchase agreement holdings and increased their investment in the unit trusts and mutual funds offered by the company. Consequently, our fund and asset management portfolios grew by $6.8 billion, and we remain a dominant player in the collective investment scheme industry.

Policyholders' Fund
The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund remained flat at $43.1 billion as new premiums were offset by withdrawals from customers to meet cash flow needs.

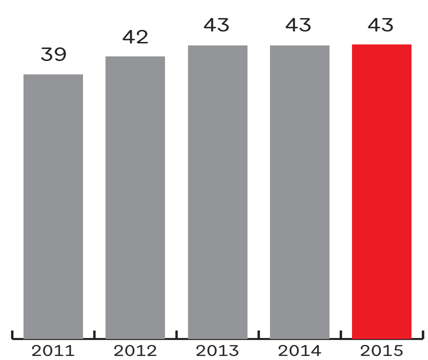
Repurchase Agreements and Capital Management Accounts
$Billions



Funds Under Management Unit Trust & Mutual Funds
$Billions



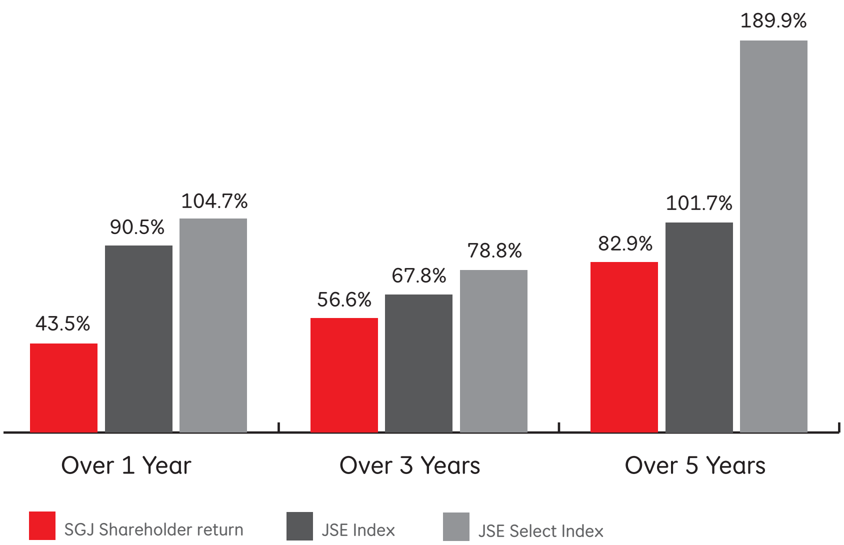
Policyholders' Fund
$Billions



Shareholders' Equity
Total shareholders' equity rose to $85.2 billion in 2015, $8.8 billion more than the prior year fuelled by retained earnings and the increase in the surplus on our defined benefit pension plan.

Shareholders' Return
Our total shareholder return of 43.5% (including both dividends and change in price of the Group's common shares) was consistent with the growth in the returns of the Jamaica Stock Exchange (JSE) and JSE Select Indices. Returns this year rebounded from the weakness of the market in 2013 and 2014 to yield 56.6% over the last 3 years and 82.9% over the last 5 years.

Shareholder Returns

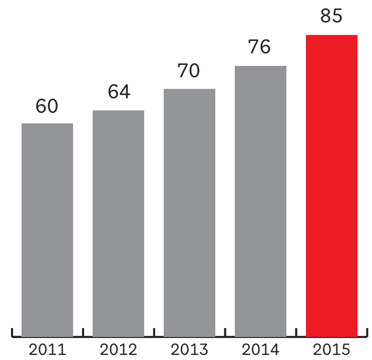


Shareholder returns for the 3 and 5-year horizons were largely influenced by the 83.1% rise in the Jamaica Stock Exchange (JSE) Index for the year ended October 31, 2015. Scotia Group's share price grew by 33.5% for the year. Our consistent dividend policy continues to be a key component of shareholder return, accounting for 67% of our five-year return of 82.9%. While 77% of the 43.5% shareholder returns this year came from share price appreciation, 67% of the 5-year return of 82.9% came from dividends. We remain focussed on achieving sustainable, long-term earnings growth and maintaining stable dividend income streams to our shareholders.

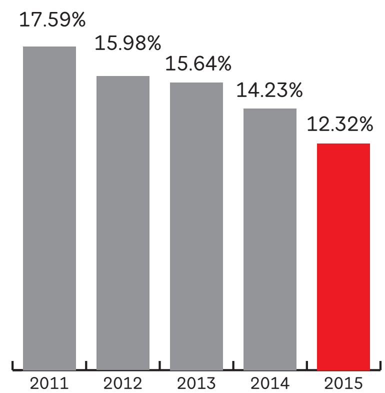
Shareholder Returns

For the year ended October 31, 2015	2015	2014	2013	2012	2011
Closing Market Price ($)	26.17	19.60	20.00	21.00	24.90
Dividends Paid ($)	1.62	1.60	1.60	1.51	1.48
Dividend Yield	7.01%	8.08%	7.64%	6.69%	6.48%
Change in Share Price	33.52%	-2.00%	-4.76%	-15.66%	39.34%
Total Annual Shareholder Return	43.46%	6.17%	2.85%	-9.60%	29.02%

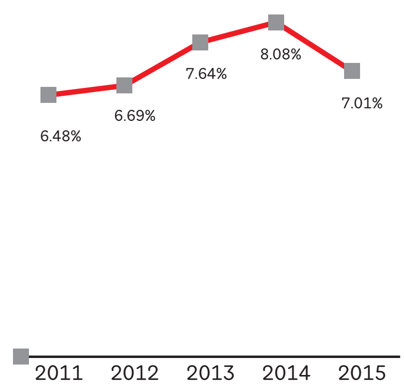
Shareholders' Equity
$Billions



Return on Equity



Dividend Yield



Capital Adequacy	2014 CAPITAL ADEQUACY RATIO	INCREASE IN CAPITAL REQUIREMENT ('000s)	INCREASE IN CAPITAL BASE ('000s)	2015 CAPITAL ADEQUACY RATIO	REGULATORY REQUIREMENT	EXCESS OVER REGULATORY REQUIREMENT
BANKING AND BUILDING SOCIETY	13.7%	4,507,093	4,098,566	12.8%	10.0%	2.8%
INVESTMENT MANAGEMENT	50.0%	289,140	603,159	47.0%	10.0%	37.0%
LIFE INSURANCE*	562.0%	51,699	1,030,918	647.0%	150.0%	497.0%

* Minimum Continuing Capital on Surplus Ratio

Capital Management

Scotia Group is committed to retaining a strong capital base to support the risks associated with its business lines, ensuring the safety of customers' funds and fostering investor confidence. This policy also allows the Group to take advantage of growth opportunities as they arise and invest further in our core business to enhance shareholder returns. The Group's capital management framework includes a capital adequacy assessment process to ensure that the Group can meet current and future risks and achieve its strategic objectives.

Regulatory Capital

Capital ratios are used to monitor the capital adequacy and the financial strength of financial institutions. Capital adequacy standards for Jamaican financial institutions are regulated by the Bank of Jamaica for Deposit Taking Institutions, and the Financial Services Commission for Securities Dealers and Insurance Companies. These standards are largely guided by international criteria set by the Basel Committee on Banking Supervision (BCBS).

During the year, the total capital base grew beyond the increase in capital requirements for the Group and remained well in excess of regulatory requirements. It is expected that the capital adequacy requirements for holding companies will increase with the recent implementation of the Banking Services Act.

BUSINESS OUTLOOK

Jamaica has passed all ten quarterly IMF tests since the inception of the programme in 2013. The foundation for economic stability has been laid and growth prospects are promising. These conditions have contributed to increased business and consumer confidence. Notwithstanding these positive indicators, the growth outlook remains tepid; and this will continue to weigh on our customers. These circumstances will continue to drive competition for profitable customers in the marketplace. The financial services industry will also continue to be impacted by non-traditional players whose innovative strategies present a new source of competition for key services offered by the industry.

The combination of historically low inflation, the more stable macro-economic environment and lower interest rates will put further pressure on interest margins. Asset taxes will also continue to weigh heavily on our expenses. Our response is embedded in our strategy as we will, through our amplified customer focus, deepen our relationships with our customers and enhance the range of products and services we provide to them. We will also continue to optimise our operations to deliver services to our customers at a lower cost. Our people remain our key strategic resource and we will continue to develop our talent and sharpen our focus on performance, while cultivating the supporting culture.

Our expectation is that Commercial and Small Business activity will increase given improved business confidence and a more stable macroeconomic environment. We will continue to position ourselves in key industries, and improve our clients' efficiency through enhanced payments solutions. Our small business customers will benefit from our ongoing capacity-building exercises and we will continue to deepen our relationships with various professional organisations.

In the face of increasing competition for retail customers, we will focus on meeting the full range of our customers' financial needs with the suite of products available across the Group. We will enhance the convenience and quality of the customer experience by improving the efficiency of our retail network and delivering more of our services through alternative channels.

Provision of quality financial advice and product development will be ramped up to drive further growth in our asset management business. We expect that the recently approved Repurchase Agreement Legislation will propel the shift towards Collective Investment Schemes, which is in line with our strategy of providing asset and fund management options to our clients.

We are optimistic about our business prospects in the year ahead and confident that with continued discipline we will remain on course to meet our long-term strategic objectives.

OVERVIEW OF BUSINESS LINES

RETAIL BANKING

Retail Banking comprises of personal banking and retail mortgages delivered through our traditional branch channels as well as our alternate non-branch channels. It is responsible for the delivery of customer service consistent with Scotia Service and Complaints Resolution Standards and Procedures, which is entrenched in our sales and service disciplines; as well as the evolution of the retail distribution network across the island.

2015 ACHIEVEMENTS

Awards

- 2015 World's Best Consumer Digital Bank for Jamaica by Global Finance

Alternate Channels Enhanced

- Improved Self-Service Banking options to allow customers greater transaction flexibility, convenience and cost savings
- Introduced the Customer Relationship Representative (CRR), a dedicated resource in the branches to guide our customers on the use of alternative channels such as internet banking and Automated Teller Machines (ATMs)
- Implemented Third-Party Transfers on our Retail Internet Banking Platform giving customers greater flexibility to transfer funds to other Commercial Banks
- Increased ATM Limits and granted Cash Back Limits to customers, to encourage increased usage of ATMs for withdrawals, and facilitate immediate access to funds deposited at the ATMs
- Increased Point of Sales (POS) Limits to facilitate larger ticket size purchases at merchants
- Developed Non-Branch Sales Force to deliver banking services to customers at a location of their convenience

Improved Customer Experience

- Improved customer-centric practices to facilitate relationship building and expedite service delivery. This is evidenced by increased loan volumes year-over-year
- Increased focus on delivering comprehensive solutions to meet customers' wide ranging needs across all segments and lifestyle stages
- We focused on the key drivers of customer loyalty resulting in an increase in our Customer Loyalty Index year-over-year

Products:

- Achieved record credit card sales and increased AERO® travel destinations with the inclusion of Orlando and Fort Lauderdale
- Simplified our Deposit Product suite to make it easier and more relevant for customers

STRATEGY & OUTLOOK

Retail Banking continues to focus on our customers, making it easier for them to do business with us and anchoring superior service as a differentiator. We will achieve our goal by:

- Strengthening customer insights and analytics to better understand our customers and enable us to tailor relevant solutions for them
- Transforming the retail distribution network to offer customers more efficient and convenient ways to do business
- Continuing to build an expert team of sales officers
- Utilising more efficient mechanisms to communicate with our customers

2016 PRIORITIES

- Building profitable Primary Customer relationships and deepening share of wallet across the Group's products and partner alliances
- Simplifying product options for our customers
- Building out the Non-Branch Sales Force
- Encouraging greater use of alternative channels, making it more convenient and cost effective for our customers to do business, while allowing more time to provide financial advice and solutions
- Further strengthening of the sales management disciplines and process to improve sales productivity
- Developing strategic partnerships that offer a visible value proposition to our customers

FINANCIAL PERFORMANCE

RETAIL BANKING

	2015	2014	2013
	$millions	$millions	$millions
Revenues	16,131	15,020	14,376
Expenses	(12,304)	(11,912)	(11,271)
Profit before taxes	**3,827**	**3,108**	**3,105**
Average Assets	**98,163**	**90,019**	**84,384**
Average Liabilities	**121,933**	**111,114**	**103,801**

Donna Maxwell, Manager, Business Banking, engages Dennis Chung - CEO, Private Sector Organisation of Jamaica (PSOJ) at the PSOJ Lyme in October at the Scotiabank Centre Branch.

SCOTIA JAMAICA BUILDING SOCIETY (SJBS)

Scotia Jamaica Building Society (SJBS), through its team of mortgage specialists across the branch network, provides residential mortgage and enhanced deposit solutions, anchored by excellent service delivery to its clients.

2015 ACHIEVEMENTS

Based on positive investment trends and several housing start-ups, the building construction sector recorded significant growth during the past year. In this environment, The Scotia Jamaica Building Society, supported by its team of mortgage specialists grew the mortgage portfolio by 8.9%.

Positive Market Performance

- SJBS is the third largest residential mortgage provider in Jamaica
- Approximately J$3.6 billion in new mortgages were booked for the year

STRATEGY & OUTLOOK

SJBS' five-pronged strategy is designed to:

- Ensure excellent customer service
- Provide a fully automated property valuation appraisal system
- Facilitate timely decision making and quick turn-around of customer applications
- Build strategic alliances with developers and realtors
- Strengthen SJBS' brand as the preferred mortgage provider

Michelle Senior (L), Manager, Constant Spring Financial Centre speaks with customer Paul Simpson (R) and Roxanne Mars, Attorney-At-Law, presenter at the Mortgage Seminar and Cocktails held in June.

2016 PRIORITIES

- Leverage the relationship with professional groups
- Sponsor and support open house promotions of new developments

SMALL BUSINESS BANKING

Small Business Banking provides a suite of need-specific financial solutions to small and medium-sized enterprises (SME's) and empowers entrepreneurs to sustain and grow their businesses.

2015 ACHIEVEMENTS

Capacity Building – A Priority

- Rebranded our customer education programme as Scotiabank Vision Achiever, which took 25 small business owners through a 17-week business coaching programme designed to build core competencies for running a successful business
- Conducted several workshops for Scotia Professional Plan and small business customers, in collaboration with the Branson Centre, which offers critical support to help Caribbean entrepreneurs achieve sustainability

Strengthened Strategic and Professional Partnerships

- Recognised by the Development Bank of Jamaica (DBJ) as its #1 Affiliated Financial Institution (AFI) Partner and presented with four awards
- Supported the Medical Association of Jamaica (MAJ) as Platinum Sponsor of the Jubilee Celebrations
- Launched the Scotia Professional Student Plan, a loan programme, which targets medical students at The University of the West Indies

Loan Portfolio Growth

- Increased SME loans by 20% year-over-year through the combined efforts of dedicated Business Banking Officers and key partners within the Bank

Customer Loyalty Increased

- Customer Loyalty Index improved 9% year-over-year highlighting the intensified focus on understanding customer needs and providing relevant financial solutions

Denise Coubry, Hagley Park Branch Manager, (R) and customer, Sharon Spence, chat with Christine Reid of Frazer's Ceramic (L) at the Vision Achievers showcase at the Scotiabank Centre Branch.

STRATEGY & OUTLOOK

Small Business Banking continues to strengthen its position as a market leader by:

- Enhancing and providing innovative SME financial solutions with greater efficiency to meet changing customers' needs
- Deepening customer relationships and strengthening professional and strategic partnerships
- Maintaining the focus on capacity building activities for entrepreneurs
- Ongoing streamlining of operations to enhance the customer experience
- Continuous development of our Small Business Banking team
- Positioning ourselves as the leading small business provider

2016 PRIORITIES

- Continued training of our Small Business Banking team
- Increase awareness of Scotiabank's SME brand
- Ongoing promotion of Business Internet Banking, to enhance customers' operating efficiency
- Improve client experience through ongoing streamlining of our end-to-end processes
- Expand and deepen professional and strategic partnerships
- Scotiabank Vision Achiever Programme 2016

Management's Discussion and Analysis (cont'd)

- Scotia Group Jamaica Limited

SCOTIA JAMAICA MICROFINANCE COMPANY LIMITED (CREDISCOTIA)

CrediScotia's primary mandate is to provide financing solutions to consumers and business operators in the microfinance sector. Our products are designed to address the needs of salaried individuals and microenterprises who are focused on achieving sustained financial independence.

2015 ACHIEVEMENTS

Solid Financial Performance

- CrediScotia recorded another year of strong growth, surpassing our previous year's performance. The Company's outstanding results are attributed to:
  - Commitment to excellent, personalised service
  - Prudent risk management
  - Strong sales management focus resulting in 63% growth in the loan portfolio
  - Expanded footprint with two additional locations in Mandeville and Montego Bay
  - Focus on recruitment and quality of sales team

MICRO-FINANCING
CrediScotia

STRATEGY & OUTLOOK

CrediScotia is committed to achieving sustainable growth by:

- Providing value-added solutions to our clients, in a fast, efficient and friendly manner
- Deepening our presence in the market
- Executing key strategic and operational initiatives that will enhance customer experience

2016 PRIORITIES

- Enhancing credit policy and underwriting to better serve the needs of our clients, while prudently managing risks
- Improving systems and operational platforms to create greater efficiencies and enhance customer experience
- Further developing the skills and competencies of the team

Portfolio Manager, Wendy McLeish (R) conducting a post disbursement visit with client, Andrea Spaulding (L).

Jheanell Chullan (L) and CrediScotia Business Development Officer, Fabian Anderson (R). Ms. Chulan has been operating her grocery shop located in Old Harbour, for the past 8 years.

Wendy McLeish (L) and client Verona Watkis (R). Ms. Watkis has operated her business on Pechon Street in Downtown Kingston for over 15 years and specialises in children's clothing.

CORPORATE AND COMMERCIAL BANKING

The Corporate and Commercial Banking Centre (CCBC), through our team of specialists, is committed to providing consistent and efficient support to our commercial and large corporate clients. CCBC offers industry expertise, innovative ideas and strategic solutions designed to create, protect and realise shareholder value.

2015 ACHIEVEMENTS

Continued Business Growth

- Booked more than J$15.5 billion in new/supplemental loans, with growth particularly in the areas of manufacturing, food processing, agricultural and distribution
- Through the offering of our very effective Business Internet Banking platform we have enhanced service delivery and boosted efficiency for our customers
- Notable year-on-year growth in volumes for our merchant service business
- First Commercial Bank locally to attain full compliance for the processing of chip-EMV enabled cards, in our efforts to mitigate card fraud

FINANCIAL PERFORMANCE

CORPORATE BANKING

	2015	2014	2013
	$millions	$millions	$millions
Revenues	7,707	7,518	7,616
Expenses	(6,001)	(5,682)	(6,000)
Profit before taxes	**1,707**	**1,836**	**1,616**
Average Assets	**72,867**	**69,792**	**63,913**
Average Liabilities	**116,919**	**104,573**	**104,058**

STRATEGY & OUTLOOK

The Corporate and Commercial Banking Centre will continue to improve its competitive position by:

- Providing timely, efficient and customised solutions to our targeted customer base
- Leveraging our international presence to extend tangible solutions to our clients with a regional footprint
- Continuing to invest in our people; and developing strategies to attract, nurture and engage our future leaders

2016 PRIORITIES

- Grow our customer base, while increasing customer loyalty and ensuring retention through enhancement of our relationship coverage model
- Strengthen employee engagement, and foster a culture of collaboration
- Prudently manage risks and expenses

(From Left) Milton Samuda, Managing Partner, Samuda & Johnson; Gary 'Butch' Hendrickson, Chief Executive Officer of Continental Baking Company Ltd; Jacqueline Sharp, President and CEO, Scotiabank and the Hon. Lascelles Chin, Founder and Executive Chairman of LASCO Affiliated Companies at the Jamaica Investment Forum held in Montego Bay.

(From left) Craig Mair, SVP, Corporate & Commercial Banking greets Edison Galbraith (R) General Manager, Loan Origination and Portfolio Management - Development Bank of Jamaica; while Mark Hart, Executive Chairman of Caribbean Producers looks on. The three were participants at the Jamaica Investment Forum held in March 2015.

TREASURY

Treasury is responsible for the Bank's liquidity, funding, investment management and foreign currency trading functions. Treasury also manages correspondent banking relationships.

2015 ACHIEVEMENTS

Awards

- Best Foreign Exchange Provider in Jamaica for 2015, conferred by Global Finance for the 7th consecutive year

Supporting Key Business Lines

- Supported the growth in the loan portfolios of the Corporate & Commercial Banking Centre and Small Business Unit, respectively, through collaboration in the provision of competitive and customised pricing arrangements
- Increased interactions with our business customers to gain deeper insights on their business model and treasury needs

Growing our Foreign Exchange Business

- Successfully initiated targeted internet advertising to our retail and small business customers to promote the conversion of foreign exchange online
- USD internet purchases increased 57.6% year-over-year
- Overall, USD trading volumes grew by 40% year-over-year and our market share improved

STRATEGY & OUTLOOK

We remain committed to our strategy:

- Anticipating the needs of our customers/prospects
- Providing service and Treasury solutions that exceed expectations

2016 PRIORITIES

- Rollout of real-time foreign exchange rate updates across the branch network
- Encourage customers to trade foreign exchange online
- Effective management of liquidity and interest margins

(L) Stredic Thompson, Branch Manager, Scotiabank Centre, and Patsy Latchman Atterbury, EVP Retail Banking have discussions with Richard Pandohie, Chief Executive Officer and Managing Director of Seprod Limited.

FINANCIAL PERFORMANCE

TREASURY

	2015	2014	2013
	$millions	$millions	$millions
Revenues	2,946	2,759	2,844
Expenses	(414)	(254)	(251)
Profit before taxes	**2,532**	**2,506**	**2,780**
Average Assets	**116,285**	**100,480**	**94,280**
Average Liabilities	**5,569**	**8,977**	**2,525**

Craig Mair, SVP, Corporate & Commercial Banking presents customer, Executive Vice-President of Palace Resorts, Gibran Chapur, with a token of appreciation.

SCOTIA JAMAICA LIFE INSURANCE COMPANY LIMITED (SJLIC)

Scotia Insurance provides Life, Health and Retirement solutions to its customers. Our main product categories are credit insurance, individual life insurance, retirement savings, immediate annuities and critical illness insurance.

2015 ACHIEVEMENTS

Improvement in Core Business

- SJLIC maintained dominance in the sale of Approved Retirement Schemes through our flagship product, ScotiaBRIDGE
- Achieved double-digit growth in Credit Insurance premiums

Organizational Effectiveness

- Restructured business model which involved:
  - Rationalisation of the current sales force to increase sales productivity and create specialised sales teams
  - Realignment of Head Office functions to create greater efficiencies and better support business objectives
  - Development of a new job classification system and compensation structure

FINANCIAL PERFORMANCE

INSURANCE SERVICES

	2015	2014	2013
	$millions	$millions	$millions
Revenues	5,529	4,749	4,393
Expenses	(1,705)	(1,428)	(1,348)
Profit before taxes	**3,825**	**3,321**	**3,325**
Average Assets	**55,890**	**54,036**	**51,984**
Average Liabilities	**43,656**	**44,064**	**43,385**

STRATEGY & OUTLOOK

SJLIC continues to improve its competitive position by focusing on its core purpose of protecting individual and family health and wealth. SJLIC will deliver on this mandate by:

- Building on its foundation of innovation and service to meet customer needs
- Delivering on its 2016 strategic priorities

2016 PRIORITIES

- Improve our market share for Universal Life products by acquiring new customers and expanding our distribution network
- Deliver a consistent and seamless experience across all channels and deepen relationships with existing customers to build loyalty and earn customer referrals
- Improve our productivity ratio and operational excellence by simplifying processes and driving efficiencies
- Continue to develop our excellent team of employees and design strategies to improve employee engagement

Panelists at the Estate Planning and Investment Seminar in Montego Bay. (From left) W. St. Elmo Whyte, Consulting Actuary; Hugh Reid, SVP, Scotia Group & President, SJLIC; Lana Forbes, Director, Sales & Service; SJLIC, Dave Dixon, AVP/Branch Manager, SIJL and Jason Morris, VP Business Analytics, Portfolio Advisory & Product Development, SIJL.

SCOTIA INVESTMENTS JAMAICA LIMITED (SIJL)

Scotia Investments offers wealth management products and services including unit trusts, mutual funds, brokerage products and asset management services to retail and institutional clients using an advisory approach.

2015 ACHIEVEMENTS

Continued Shift to Asset Management Business

- We grew our Asset under Administration by 19% through deepening client relationships and growing our client base

Rapid Growth in Scotia Caribbean Income Fund

- Assets Under Management (AUM) in the Scotia Premium Caribbean Income Fund surpassed the US$100 million threshold, up 35% from the US$77 million recorded in 2014
- Launched in 2009, the fund has grown to become the largest US dollar mutual fund in Jamaica

Money Market Fund Continues to Expand

- After doubling AUM in 2014 to J$10.2 billion, the Scotia Premium Money Market Fund grew 27% to surpass J$13 billion in 2015
- The Fund remains the largest money market fund in Jamaica since its 2011 launch

Customer Focus and Process Efficiency

- Implemented online access to enable Unit Trust and Mutual Fund clients to view transactions and activities online

Innovative Financing Solutions

- Capital Markets Unit raised the equivalent of US$79 million in financing for corporate clients
- Total deal size since inception of the Unit in 2011 now exceeds US$880 million

STRATEGY & OUTLOOK

Scotia Investments is focused on delivering strong growth in its asset management business. This will be achieved by:

- Delivering a high level of customer satisfaction and client experience through:
  - a consistent set of client-centric behaviors and
  - product excellence
- Continuing to leverage Scotiabank's global execution platform and international partnerships with local talent and expertise

2016 PRIORITIES

- Expand the number of product categories to facilitate client access to a wider range of products and services
- Roll out a new system to enhance efficiency and client experience
- Re-engineer procedures and processes to enhance service delivery levels
- Reduce structural costs through use of technology and centralisation

FINANCIAL PERFORMANCE

INVESTMENT MANAGEMENT SERVICES

	2015	2014	2013
	$millions	$millions	$millions
Revenues	3,211	4,167	4,359
Expenses	(1,703)	(1,561)	(1,562)
Profit before taxes	**1,508**	**2,606**	**2,759**
Average Assets	68,824	72,314	73,747
Average Liabilities	54,673	58,529	61,255
Assets under administration	**42,267**	**35,477**	**30,671**
Assets under management	**161,814**	**151,576**	**143,678**

Gregory Samuels (2nd L), AVP, Treasury & Trading, chats with guests at the Mandeville Estate Planning and Investment Forum. (1st from left) Arthur Howard, (3rd from left) Dr. Dinsdale McLeod and Dr. Owen James.

SCOTIA PRIVATE CLIENT GROUP (SPCG)

The Scotia Private Client Group (SPCG) offers our clients a tailored and comprehensive suite of banking and international investment advisory services, wealth structuring and customised borrowing solutions. This is augmented by seamless delivery across product lines and excellent customer experience.

2015 ACHIEVEMENTS

Expansion

- Increased our footprint by establishing an office at our Fairview Financial Centre in Montego Bay
- Increased our brand visibility through targeted marketing activities

Focus on the customer

- Deepened the relationships with our existing clients
- In conjunction with our International Wealth structuring partner, and top tax and estate planning specialists, we held a workshop on "Succession and Legacy Planning for Families" designed for clients and key stakeholders at our Fairview Financial Centre in Montego Bay

Scotia Private Client Group

(From Left) Roger Grant - Director, SPCG and Lissant Mitchell, CEO, SIJL greet customers at cocktails following the opening of the Bustamante Hospital for Children Telemedicine Centre.

STRATEGY & OUTLOOK

Scotia Private Client Group continues to leverage our team of experts in order to:

- Achieve significant profitable growth
- Deepen client relationships and improve service delivery
- Grow our client base
- Enhance operational efficiency
- Training throughout our local and global footprint remains a key growth strategy

2016 PRIORITIES

- Expand our relationships – partnering with accounting, legal, real estate and other professional firms to better serve our clients and attract new business
- Develop targeted marketing strategies
- Provide portfolio diversification strategies and more sophisticated investment options for our clients
- Embed the Bank's referral strategy by targeting the Retail and Corporate Banking units, as well as subsidiary companies, in order to identify potential SPCG clients
- Continue to build the expertise of the SPCG team to meet the diverse and complex financial needs of our clients

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 maximise shareholder returns.

THREE LINES OF DEFENCE

Scotia Group's risk management framework is predicated on the three-lines-of-defence model. Within this model, functional Business Line staff and management (the first line) incur and own the risks, while Risk Management units and other control functions (the second line) provide independent oversight and objective challenge to the 1st line of defence, as well as monitoring and control of risk. Internal Audit Department (the third line) provides assurance that control objectives are achieved by the first and second lines of defence.

1ST LINE OF DEFENCE **Business Line /Corporate Function**	• Owns the risks associated with business activities • Exercises business judgement to evaluate risk	• Ensures activities are within the Group's risk appetite and risk management policies
2ND LINE OF DEFENCE **Risk Management and Other Control Functions**	• Independently facilitates and monitors the implementation of effective risk management practices • Develops policies, measurement & reporting, limits & controls, oversight & monitoring	• Provides oversight and objective challenge to the 1st line of defence • Provides training, tools and advice to support policy and compliance
3RD LINE OF DEFENCE **Internal Audit**	• Independent monitoring and oversight function • Focus on governance framework and control systems	• Audit findings reported to management and Audit Committee

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 centralised risk management group that is independent of the business lines. Decision-making is highly centralised through a number of senior and executive risk management committees.

Risk Appetite

The Group's Risk Appetite Framework governs risk taking activities on an enterprise-wide basis. The Group's Risk Appetite Framework consists of the identification of risk capacity, the risk appetite statement and key risk appetite measures. Together, the application of these measures helps to ensure the Group stays within appropriate risk boundaries.

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.

Credit risk is the biggest risk faced by the Group. Credit risk is created 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.

RISK MANAGEMENT (cont'd)

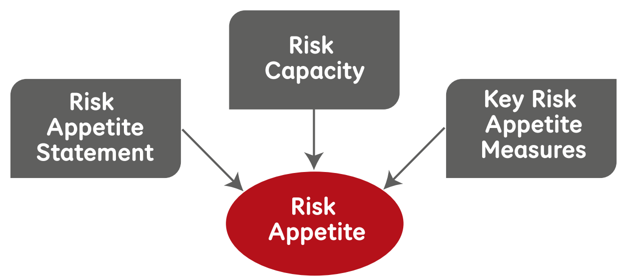
Scotia Group's credit risk is managed by applying strategies, policies, and limits that are approved by the Board of Directors. Oversight for these credit risk elements is provided of the Credit Risk Management Department.

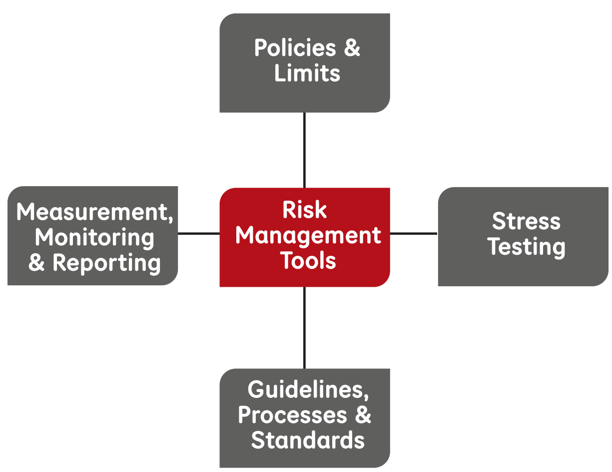
The credit risk strategy defines target markets and risk tolerances that are developed at an all-Group level, and then further refined at the business line level. The objectives of the credit risk strategy are to ensure that for the Group, including the individual business lines:

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





RISK MANAGEMENT (cont'd)

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 authorised, and are promptly re-evaluated and adjusted, if necessary, as a result of changes to the customer's financial condition or business prospects. Re-evaluation 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.

The risk ratings also determine the management level at which the facilities can be authorised 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 programmes 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 programmes are consistent with the Group's Credit Strategy and Risk Appetite.

The credit risk exposure for the Group is summarised in Note 46 (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.

Areas of Market Risk Exposures

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

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.

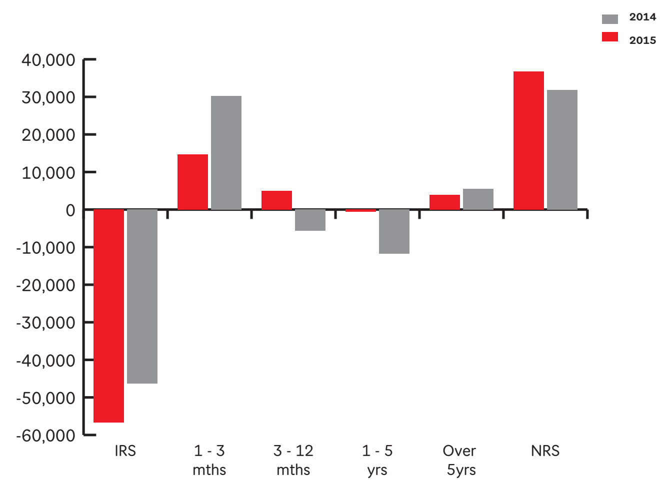
Interest Rate Risk

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 modeling, 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 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 summarised in Note 46 (c) (i).

Static Interest Rate Gap ($millions)



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 summarised in Note 46 (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, 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 back-testing 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.

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.

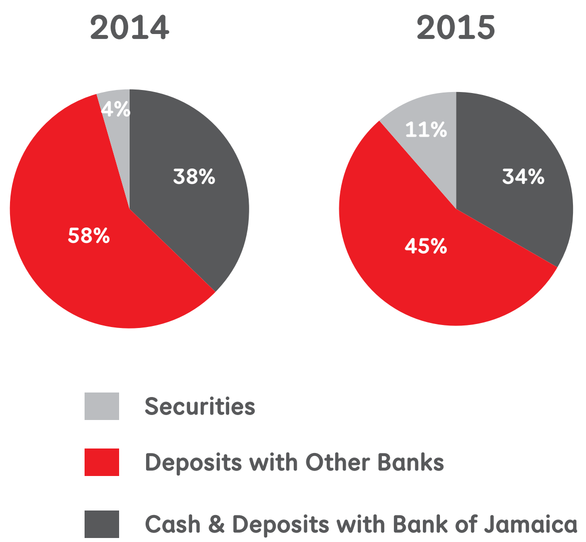
The key elements of the liquidity risk framework are:

- Measurement and modeling – 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, 2015 liquid assets were $94.0 billion or 22% of total assets, compared to $98.2 billion or 25% of total assets as at October 31, 2014. The mix of these assets, including statutory reserves maintained by the regulated entities, is as follows:

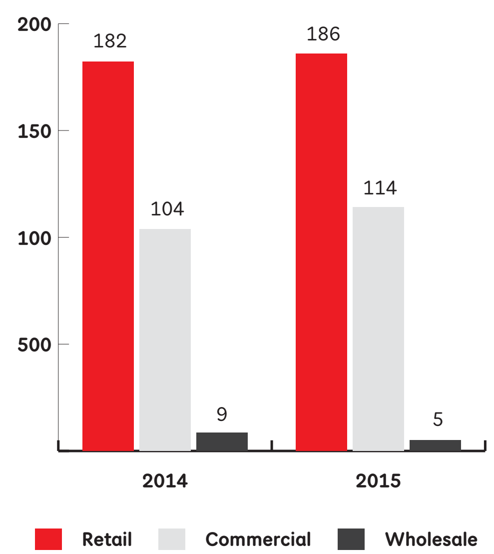
Liquid Asset Profile



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.

Funding Sources ($Billions)



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 2015 was $571 million, a reduction of 49% from 2014. The main component of the 2015 expenditure was in relation to the building of a new branch in Fairview, Montego Bay, St. James.

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, and excludes reputational 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.

Operational risk is managed through policies, processes and assessment methodologies to ensure that operational risk is appropriately identified and managed with effective controls. The Operational Risk Management Policy is approved by the Board on an annual basis.

The processes to manage operational risk include a robust programme of risk identification and assessment, risk measurement, and risk mitigation. Risk Identification and Assessment is done primarily through the execution of group wide risk and control assessments; and the development and monitoring of key risk indicators to enable proactive management of risk exposures. Risk measurement is primary done through the active tracking of relevant operational loss data by business line and support function. Meanwhile, the Group uses various tools to mitigate operational risk including is Business Continuity Plan, technology development, and security procedures and controls.

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 programmes, policies, procedures and training. Many relevant checks and balances are executed through the Group's well-established compliance programme and operational risk management programme. 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 minimises 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.

Environmental Risk

Environmental Risk refers to the possibility that environmental concerns involving the Scotiabank or its customers could affect the Bank's financial performance.

The Group has a Board-approved Environmental Policy, which guides day-to-day operations, lending practices, supplier agreements, the management of real estate holdings, and external reporting practices. It is supplemented by specific policies and practices relating to individual business lines.

Strategic Risk

Strategic Risk is the risk that the Bank's business strategies are ineffective, being poorly executed, or insufficiently resilient to changes in the business environment.

The Board of Directors is ultimately responsible for oversight of strategic risk, by adopting a strategic planning process and approving, on an annual basis, a strategic plan for the Group.

The execution and evaluation of strategic plans is a fundamental element of the Group's risk management framework. All employees are responsible for clearly understanding the Group's direction and goals. On an ongoing basis, business lines and control units identify, manage, and assess the internal and external events and risks that could impede achievement of strategic objectives. The Executive Management Team regularly meets to evaluate the effectiveness of the Group's strategic plan, and consider what amendments, if any, are required.

Insurance Risk

Insurance Risk is the risk of potential financial loss due to actual experience being different from that assumed in the pricing process of insurance products.

SJLIC's Board of Directors provides oversight and approval for SJLIC's activities and policies.

Insurance risk identification, measurement and management are controlled by the Insurance Risk Policy and Insurance Risk Management Framework, which define the risk tolerance and set the limits and controls within which SJLIC can operate.

Human Resources
Meeting Strategic Objectives Through Innovation & Collaboration
- Scotia Group Jamaica Limited

The Human Resources Department (HR) successfully engaged staff to navigate changes in the structure and operational systems across the Group in 2015, to meet the strategic objectives of business partners and key stakeholders and maintain the Group's high performance culture.

Continued emphasis on training and leadership development, supported by the application of innovative online channels to meet the needs of our diverse users; improved opportunities for communication; the pilot of alternate work arrangements and ongoing revamping of the reward and recognition system ensured that our staff remained engaged and committed to the Group's vision and strategic objectives.

"Change is a constant feature in our modern business environment, and against this background, we must be proactive to ensure a smooth transition as we position our Group to maintain operational efficiency and cutting-edge competitiveness."

Staff and Leadership Development in Focus

We continued to adopt a blended approach to learning and development with diverse workshops offered at our Corporate Learning Centre, cross-training opportunities provided for staff both locally and in the Caribbean region and a comprehensive suite of on-line training programmes.

The introduction of a career support website in September 2015 provided added support to staff in meeting their development objectives. The site is a source of readily accessible information and advice to assist employees to chart their careers.

Ongoing leadership development and the provision of tools to enhance leadership skills were among our priorities. We conducted internal research on critical behaviours required for successful leadership in our cultural context. The staff feedback, gathered in focus groups, was used to create an agreed set of expectations for leaders to demonstrate alongside our core leadership competencies, and we expect this will help to augment leader effectiveness going forward.

Enhanced Communication and Change Management

Following positive response to the Executive blog piloted in 2014, this communication channel was extended over the past year to facilitate quarterly blog sessions. The real-time discussions, which complement the face-to-face field visitation programme, have created new opportunities for knowledge sharing and collaboration among employees at all levels, while at the same time building trust and strengthening relationships across the organisation.

Change is a constant feature in our modern business environment, and against this background, we must be proactive to ensure a smooth transition as we position our Group to maintain operational efficiency and cutting-edge competitiveness. To this end, HR developed Change Management and Communication Guidelines to promote understanding and support of the organisational adjustments.

Work Life Balance,Health & Safety and Employee Recognition

The first units to implement the Alternate Work Arrangement Programme in the Group have been identified based on the findings of our pilot project. The Programme, which will be rolled out in the coming year, provides for flexi-time, compressed work weeks, variable shift lengths and telecommuting. It brings us in line with legislation passed by the Government in late 2014, and is consistent with international trends aimed at enhancing productivity and enabling workers to structure their professional and personal life more effectively.

In addition, our Group began preparations for safety and health legislation to be enacted for Jamaican workplaces. A cross-functional committee representing all areas of our business was established. The Committee has been charged with responsibility for creating awareness of health and safety issues on the job and it is also expected to assist in identifying problems, as well as formulating policy and procedures to improve workplace conditions and reduce accidents.

Production of a pilot User Guide to streamline the Group's Reward and Recognition (R&R) Programmes was also completed in 2015. The Guide seeks to ensure consistency in the implementation of R&R programmes and that they afford equal opportunity to all employees.

Our initiatives over the past year reaffirm our commitment to maintaining the Group's high performance culture. In the year ahead, we will continue to execute the strategies that undergird our high performance culture to help our business lines to achieve their objectives, while ensuring that we remain the employer of choice.

ScotiaFoundation
Supporting our Communities
- Scotia Group Jamaica Limited

CONGRATULATIONS! : Recipients of 2015 ScotiaFoundation Shining Star Scholarships beam with pride along with CEO Jacqueline Sharp (center) and Executive Director of the ScotiaFoundation, Joylene Griffiths Irving, (right). The students were presented with their trophies and certificates on January 2015 at the annual ScotiaScholars Reunion event held at the Scotiabank Corporate Leaning Center in Acadia, St. Andrew.

Nurturing the Nation's Youth
In the face of increasing reports of child abuse and related offences against children, ScotiaFoundation stepped up its youth intervention programmes. Some 25,000 children and at-risk youths benefited from 33 targeted initiatives designed to promote child safety, equip participants with vital life skills, enrich their educational experience, and improve health care. Overall, the Foundation supported 52 major programmes and events impacting the lives of approximately 83,000 persons and creating 8,332 volunteer opportunities.

Children Safety and Protection – Our Priority
Consistent with Scotiabank's objective of sensitising the public to the importance of protecting the nation's children, Scotiabank collaborated with the Child Development Agency (CDA), the National Child Month Committee and the Centre for Investigation of Sexual Offences and Child Abuse; and rolled out a comprehensive range of projects during the annual observation of Child's Month in May.

"The number of Shining Star Scholarships awarded to outstanding performers in the Grade Six Achievement Test was increased to 22 up from 15 in 2014."

One major event was a Children's Forum held in the street in front of the Crying Child Monument in Downtown Kingston which allowed students and teachers from neighbouring inner-city schools, the public, and the police to engage in a robust discussion on the treatment of children in Jamaica.

The child safety initiatives culminated with a benefit dinner and silent auction mounted jointly by ScotiaFoundation and the Jimmy Cliff Foundation. The event ***Many Rivers to Cross for Our Children*** had reggae music icon, Dr. The Honourable Jimmy Cliff as the guest speaker and performer and saw him auctioning his favourite guitar which contributed to the J$4.9 million, raised for the CDA's Therapeutic Centre, the National Child Month Committee and the Jimmy Cliff Foundation.

Empowering Teenage Mothers
Teenagers whose education was interrupted by pregnancy benefited from a three-phased intervention

launched by the ScotiaFoundation and the Women's Centre of Jamaica Foundation which assists adolescent mothers.

The programme – Girls Empowered for Motherhood and Success (GEMS) included an islandwide baby clothes drive to which Scotiabank staff contributed; as well as, educational and career development training sessions.

Some 109 ScotiaVolunteers were coached under the Junior Achievement Career Success programme; and they, in turn, conducted weekly classes for 235 girls in 10 Women's Centre locations over a ten-week period from January to March. Sessions equipped participants with the skills required to secure and keep a job in high-growth sectors, including Information Technology and service industries. They were also trained in fundamental business and economic concepts. Critical thinking, communication, problem-solving, decision-making and time management were also among the subjects covered.

The third phase of this ground-breaking initiative was a GEMS Conference held at the Jamaica Conference Centre and attended by more than 500 participants who explored career opportunities and work readiness strategies.

Improving Educational Opportunities

Education is a major priority for ScotiaFoundation, which continues to improve learning opportunities for students. In 2015, the number of Shining Star Scholarships awarded to outstanding performers in the Grade Six Achievement Test was increased to 22, up from 15 in 2014. The scholarships cover tuition and books for five and seven years.

The breakfast programme operated in seven primary schools in Kingston, St. Andrew, Portland and St. Ann was rebranded and upgraded under the new name ***Nutrition for Learning.*** With assistance from J. Tyson Ltd, cooks in the school canteens and Child Development Agency children homes were trained in the preparation of nutritious and inexpensive meals, hygiene, bacteria control and proper food storage.

Among other educational support activities in which the Foundation invested was the construction of a dormitory at Jamaica College, to be named after The Honourable Mayer Matalon, former Chairman of Scotiabank.

Promoting Quality Health Care

The Foundation continued to improve access to quality health care with the emphasis on youth. Contributions included an Electrosurgical Unit for the Paediatric Ward at the Cornwall Regional Hospital. Facilities in this ward will be further enhanced with the donation of funds from the sale of five large paintings produced by more than 300 children who participated in the annual Christmas event, Mary's House held at Emancipation Park.

For the eighth consecutive year, the cost of life-saving surgery performed on eight young persons to correct curvature of the spine caused by Scoliosis was covered through the Foundation's Scoliosis and Spine Care Programme at the Kingston Public Hospital.

POWERFUL SELFIE: Emprezz, MC for the Scotiabank Girls Empowered for Motherhood and Success Conference (GEMS) held in March at the Jamaica Conference Center for some 500 girls from the Women's Center Foundation, just had to take a selfie with three of the powerful women at the event. Standing from left to right are Executive Director, ScotiaFoundation, Joylene Griffiths Irving and CEO, Scotiabank, Jacqueline Sharp, while sitting at right is Sheila Roseau, Head of the United Nations Population Fund, Caribbean Office.

I lOVE THE CHILDREN!: The Honourable Dr. Jimmy Cliff, OJ was all smiles after hearing the JCDC gold medal students from the Excelsior Pre Primary School perform his hit song, 'You Can Get It If You Really Want' at the ScotiaFoundation/Jimmy Cliff Foundation benefit dinner and auction, held at the Jamaica Pegasus Hotel on June 2, as the final event in a series held by ScotiaFoundation to mark National Child Month which was observed in May, 2015.

Preserving the Environment

Ever conscious of the need for sustained preservation of the environment, ScotiaVolunteers worked on International Coastal Clean-up Day to remove debris from beaches islandwide and participated in the first ever Climate Walk to raise awareness of the negative practices contributing to global warming and other devastating consequences of climate change.

Community Service

The ScotiaVolunteers donated 8,332 hours in service to support the Foundation and other charitable agencies in the implementation of community development programmes islandwide. Some of these included packaging of thousands of care bags for the Salvation Army; acting as substitute teachers on Teachers' Day and Read Across Jamaica Day; fielding teams in the Sigma Corporate Run, Grace Education Fund Run, CUMI Run, Kingston City Run, and the JN Foundation Heroes in Action 5K.

"Overall, the Foundation supported 52 major programmes and events impacting the lives of approximately 83,000 persons and creating 8,332 volunteer opportunities."

Scotiabank Kiddy Cricket Turns 15

Scotiabank invests heavily in sports because of its impact as a vehicle for youth development. A total of approximately 10,000 students from 224 primary schools across the island participated in the 2015 Kiddy Cricket programme which celebrated its 15th anniversary this year. The occasion was marked with a Display at Sabina Park in June, in which 80 youngsters demonstrated their cricketing skills and another 56 outstanding players were selected to participate in our annual Kiddy Cricket Camp. Promotions to enhance our customers' appreciation of the game and support for the Programme were also held at 7 surprise 'pop-up' locations across the island.

THAT'S IT!: Scotiabank Kiddy Cricket Coach Albert Mingoes aided by Cricket Mascot Chirpy shows a child how to hold the bat at a special family cricket match held at Devon House in Kingston, as part of the Kiddy Cricket 15th Anniversary celebration activities.

SERVICE QUALITY MANAGEMENT GROUP

World Class Certification and Highest Customer Service by Industry for Customer Contact Centre 2014
- Fourth Consecutive Year

GLOBAL FINANCE MAGAZINE

Best Digital Bank 2015 (formerly Best Internet Bank Award)
- Fifth Consecutive Year

Best Foreign Exchange Provider for 2015
- Seventh Consecutive Year

PSOJ CORPORATE GOVERNANCE AWARD

Scotia Group Jamaica Limited PSOJ Corporate Governance Award
- 1st Place Runner Up

JUNIOR ACHIEVEMENT JAMAICA INSPIRATION AWARD

In recognition of the ScotiaVolunteer's efforts to empower over 4,200 youths in collaboration with Junior Achievement on several educational and developmental initiatives

PRESIDENT'S VOLUNTEER SERVICE AWARD

Signed by Barack Obama, President of the United States, from the hands of Junior Achievement Americas for corporate volunteer 11 hours provided to Junior Achievement programmes in the region

NATION BUILDERS AWARD (BRONZE)

Awarded for Scotiabank's contribution to United Way of Jamaica in 2014

Shareholdings

- Scotia Group Jamaica Limited
  As at 31 October 2015

TOTAL SHAREHOLDINGS (UNITS)

DIRECT (UNITS)

CONNECTED PARTIES (UNITS)

Top Ten Shareholders

		Total Shareholdings (Units)
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	65,523,829
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	NCB INSURANCE CO. LTD A/C WT109	25,991,176
6	SDBG A/C 560-01	24,443,340
7	RESOURCE IN MOTION	20,101,501
8	GRACE KENNEDY LIMITED PENSION SCHEME	15,338,543
9	SDBG A/C 560-03	13,574,323
10	JCSD TRUSTEE SERVICES LIMITED - SIGMA OPTIMA	9,500,000

Directors

	Total Shareholdings (Units)	Direct (Units)	Connected Parties (Units)
ALEXANDER, BARBARA	113,152	108,000	5,152
BOWEN, BRUCE	39,550	39,550	0
CHANG, ANTHONY	3,274	3,274	0
CHROMINSKA, SYLVIA	50,000	50,000	0
HALL, JEFFREY	40,000	0	40,000
JOHNSTON, CHARLES	12,128	2,328	9,800
MATALON, JOSEPH	4,566,394	0	4,566,394
SHARP, JACQUELINE	170,012	32,012	138,000

Senior Managers & Connected Parties

	Total Shareholdings (Units)	Direct (Units)	Connected Parties (Units)
BRIGHT, ALSTON	98,452	98,452	0
BROWN, JAMES 'JIM'	0	0	0
DISTANT, STEVE	100,842	100,842	0
FORBES-PATRICK, YANIQUE	0	0	0
HANSON, DONOVAN	93,595	0	93,595
HARVEY VINCENT	19,345	9,045	10,300
HENRY, WAYNE	0	0	0
LATCHMAN-ATTERBURY, PATSY	175,000	175,000	0
LOGAN, CAROL ANN	25,000	25,000	0
LOPEZ-SPENCE, DEBRA	5,305	5,305	0
LYN, CARLENE	0	0	0
MCANUFF-JONES, MICHAEL	385,394	289,344	96,050
MAIR, HORACE CRAIG	6,877	6,877	0
MCLEGGON, MARCETTE	172,676	172,676	0
MILLER, HUGH	68,336	68,336	0
MITCHELL, LISSANT	4,500	0	4,500
PILLINER, ROSEMARIE	146,674	74,216	72,484
RAMSARAN, SHIRLEY	105,545	105,545	0
REID, HUGH	0	0	0
ROPER, GEORGE	0	0	0
SHARP, JACQUELINE	170,012	32,012	138,000
STOKES, ADRIAN	0	0	0
SYLVESTER, COURTNEY	327,401	202,637	124,764
THOMPSON-JAMES, JULIE	7,800	0	7,800
WALTERS, DUDLEY	1,787	1,787	0
WHITE, GARY-VAUGHN	67,638	67,638	0
WHITELOCKE, GLADSTONE	123,987	54,000	69,987
WILLIAMS, DAVID	298,198	185,582	112,616
WILLIAMS, FREDERICK	151,697	105,544	46,153
WRIGHT, SALIANN	433,857	31,169	402,688

Audited Financial Statements

Scotia Group Jamaica Limited

KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Financial Statements

We have audited the financial statements, comprising the separate financial statements of Scotia Group Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 57 to 146, which comprise the Group's and Company's statements of financial position as at October 31, 2015, the Group's and Company's statements of revenue and expenses, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at October 31, 2015, and of the Group's and Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by The Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

December 2, 2015

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Revenue and Expenses
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*
Net interest income and other revenue			
Net interest income:			
Interest from loans and deposits with banks		20,918,141	19,929,822
Interest from securities		9,122,947	10,935,812
Total interest income	6	30,041,088	30,865,634
Interest expense	6	(5,766,260)	(6,355,302)
Net interest income		24,274,828	24,510,332
Impairment losses on loans	23	(1,361,874)	(1,603,081)
Net interest income after impairment losses on loans		22,912,954	22,907,251
Other revenue:			
Fee and commission income	7	10,893,694	9,741,282
Fee and commission expense	7	(4,402,849)	(3,884,029)
		6,490,845	5,857,253
Net gains on foreign currency activities	8	2,205,454	1,962,062
Net gains on financial assets	8	293,415	769,411
Insurance revenue	9	3,203,932	2,314,048
Other revenue	10	32,877	23,652
Total other revenue		12,226,523	10,926,426
		35,139,477	33,833,677
Expenses			
Salaries, pension contributions and other staff benefits	11	10,654,035	10,340,817
Property expenses, including depreciation		2,049,666	2,151,156
Amortisation and impairment of intangible assets	28	102,344	255,626
Asset tax		1,286,208	483,555*
Other operating expenses		6,803,088	6,244,637*
	12	20,895,341	19,475,791*
Profit before taxation	13	14,244,136	14,357,886
Taxation	14	(4,110,131)	(3,532,458)
Profit for the year		10,134,005	10,825,428*
Attributable to:			
Equity holders of the company		9,921,429	10,457,709
Non-controlling interest		212,576	367,719
Profit for the year		10,134,005	10,825,428
EARNINGS PER STOCK UNIT (expressed in $ per share) **attributable to stockholders of the company**	15	3.19	3.36

* Restated and reclassified (note 55)

The accompanying notes form an integral part of these financial statements.

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Comprehensive Income
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*
Profit for the year		10,134,005	10,825,428*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan obligations	29	5,665,043	1,535,623
Taxation	36	(1,890,379)	(511,874)
		3,774,664	1,023,749
Items that are or may be reclassified to profit or loss:			
Unrealised gains on available-for-sale financial assets		68,672	241,706
Realised (gains)/losses on available-for-sale financial assets transferred to profit		(45,359)	33,598
Amortisation of fair values on financial instruments on reclassification to loans and receivable		15,297	115,913
		38,610	391,217
Taxation	36	40,504	(162,339)
		79,114	228,878
Other comprehensive income, net of tax		3,853,778	1,252,627
Total comprehensive income		13,987,783	12,078,055*
Attributable to:			
Stockholders of the company		13,751,528	11,687,275
Non-controlling interest		236,255	390,780
Total comprehensive income		13,987,783	12,078,055

* Restated (note 55)

The accompanying notes form an integral part of these financial statements.

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Financial Position
October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*	2013 *(Restated)*
ASSETS				
Cash resources				
Cash and balances at Bank of Jamaica	16	31,581,674	32,180,973	26,185,183
Government and bank notes other than Jamaican	19	596,190	710,501	589,748
Due from other banks	17	25,114,056	32,203,509	34,071,372
Accounts with parent and fellow subsidiaries	18	21,937,122	17,387,578	14,036,260
	19	79,229,042	82,482,561	74,882,563
Financial assets at fair value through profit or loss	20	844,397	981,731	813,101
Pledged assets	21	54,040,788	64,392,080	59,028,856
Loans, after allowance for impairment losses	22	154,499,373	145,732,002	134,823,756
Investment securities	24	105,436,140	83,648,910	92,835,059
Government securities purchased under resale agreements	25	150,058	300,516	-
Other assets				
Customers' liabilities under acceptances, guarantees and letters of credit		10,693,915	7,630,964	7,173,614
Taxation recoverable		3,238,782	2,270,027	2,499,165
Sundry assets	26	1,523,568	1,346,940	970,319
Property, plant and equipment	27	5,337,996	5,286,427	4,679,879
Goodwill and intangible assets	28	1,218,517	1,275,971	1,499,675
Retirement benefits asset	29	16,690,244	11,679,613	10,020,169
Deferred taxation	36	29,125	2,520	34,349
		38,732,147	29,492,462	26,877,170
		432,931,945	407,030,262	389,260,505

* Restated (note 55)

The accompanying notes form an integral part of these financial statements.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*	2013 *(Restated)*
LIABILITIES				
Deposits by the public	30	209,461,602	190,726,667	183,369,415
Due to other banks and financial institutions	31	5,254,508	4,597,906	6,135,159
Due to ultimate parent company	32	5,707,556	6,316,733	8,017,008
Due to fellow subsidiaries	33	65,209	1,680	314
		220,488,875	201,642,986	197,521,896
Other liabilities				
Cheques and other instruments in transit		2,417,824	1,731,046	1,608,106
Acceptances, guarantees and letters of credit		10,693,915	7,630,964	7,173,614
Securities sold under repurchase agreements		39,832,452	47,840,197	42,588,792
Capital management and government securities funds	34	12,714,643	13,003,074	13,018,564
Assets held in trust on behalf of participants		-	-	38,316
Other liabilities	35	5,228,905	4,162,404*	3,885,965*
Taxation payable		1,448,959	633,785	1,183,607
Deferred tax liabilities	36	5,531,012	3,774,323	3,038,539
Retirement benefits obligations	29	2,735,526	3,408,465	3,224,811
		80,603,236	82,184,258	75,760,314
Policyholders' liabilities	37	43,112,279	43,309,571	43,013,959
EQUITY				
Share capital	38	6,569,810	6,569,810	6,569,810
Reserve fund	39	3,248,591	3,248,591	3,248,591
Retained earnings reserve	40	20,591,770	16,591,770	14,391,770
Capital reserve	41	9,383	9,383	9,383
Cumulative remeasurement result from available-for-sale securities	42	175,252	101,566	(463,053)
Loan loss reserve	43	3,204,491	3,202,002	2,781,066
Other reserves	44	12,892	12,892	12,892
Unappropriated profits		51,445,043	46,748,239*	43,225,068*
Total equity attributable to equity holders of the Company		85,257,232	76,484,253	69,775,527
Non-controlling interest		3,470,323	3,409,194*	3,188,809*
Total equity		88,727,555	79,893,447	72,964,336
Total equity and liabilities		432,931,945	407,030,262	389,260,505

The financial statements on pages 57 to 146 were approved for issue by the Board of Directors on December 2, 2015 and signed on its behalf by:

Sylvia D. Chrominska Director

Jacqueline T. Sharp Director

Anthony V. Chang Director

Julie Thompson-James Secretary

* Restated (note 55)

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Changes in Stockholders' Equity
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

		Attributable to equity holders of the Company										
	Notes	Share capital	Reserve fund	Retained earnings reserve	Capital reserve	Cumulative remeasurement result from available for sale financial assets	Loan loss reserve	Other reserves	Unappropriated profits	Total	Non controlling interest	Total equity
Balances at October 31, 2013 as previously reported		6,569,810	3,248,591	14,391,770	9,383	(463,053)	2,781,066	12,892	42,761,422	69,311,881	3,168,900	72,480,781
Effect of IFRIC 21	55	-	-	-	-	-	-	-	463,646	463,646	19,909	483,555
Balances at October 31, 2013, as restated		6,569,810	3,248,591	14,391,770	9,383	(463,053)	2,781,066	12,892	43,225,068	69,775,527	3,188,809	72,964,336
Profit for the year as previously reported		-	-	-	-	-	-	-	9,764,209	9,764,209	354,390	10,118,599
Effect of IFRIC 21	55	-	-	-	-	-	-	-	693,500	693,500	13,329	706,829
Profit for the year as restated		-	-	-	-	-	-	-	10,457,709	10,457,709	367,719	10,825,428
Other comprehensive income:												
Remeasurement of defined benefit plan/obligations		-	-	-	-	-	-	-	1,023,749	1,023,749	-	1,023,749
Unrealised gains on available-for-sale securities, net of taxes		-	-	-	-	178,050	-	-	-	178,050	14,931	192,981
Realised losses on available-for-sale securities transferred to profit or loss		-	-	-	-	4,473	-	-	-	4,473	1,176	5,649
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables		-	-	-	-	23,294	-	-	-	23,294	6,954	30,248
Total other comprehensive income		-	-	-	-	205,817	-	-	1,023,749	1,229,566	23,061	1,252,627
Total comprehensive income		-	-	-	-	205,817	-	-	11,481,458	11,687,275	390,780	12,078,055
Transfer to loan loss reserve		-	-	-	-	-	420,936	-	(420,936)	-	-	-
Transfer to retained earnings reserve		-	-	2,200,000	-	-	-	-	(2,200,000)	-	-	-
Transfer to unappropriated profits		-	-	-	-	358,802	-	-	(358,802)	-	-	-
Net movement in reserves for non-controlling interest		-	-	-	-	-	-	-	-	-	4,731	4,731
Transactions with owners of the company:												
Dividends paid	53	-	-	-	-	-	-	-	(4,978,549)	(4,978,549)	(175,126)	(5,153,675)
Net movement for the year		-	-	2,200,000	-	358,802	420,936	-	(7,958,287)	(4,978,549)	(170,395)	(5,148,944)
Balances at October 31, 2014 as restated		6,569,810	3,248,591	16,591,770	9,383	101,566	3,202,002	12,892	46,748,239	76,484,253	3,409,194	79,893,447
Profit for the year		-	-	-	-	-	-	-	9,921,429	9,921,429	212,576	10,134,005
Other comprehensive income:												
Remeasurement of defined benefit plan/obligations		-	-	-	-	-	-	-	3,774,664	3,774,664	-	3,774,664
Unrealised gains on available-for-sale securities, net of taxes		-	-	-	-	75,205	-	-	-	75,205	24,030	99,235
Realised gains on available-for-sale securities transferred to profit or loss		-	-	-	-	(27,624)	-	-	-	(27,624)	(2,696)	(30,320)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables		-	-	-	-	7,854	-	-	-	7,854	2,345	10,199
Total other comprehensive income		-	-	-	-	55,435	-	-	3,774,664	3,830,099	23,679	3,853,778
Total comprehensive income		-	-	-	-	55,435	-	-	13,696,093	13,751,528	236,255	13,987,783
Transfer to loan loss reserve		-	-	-	-	-	2,489	-	(2,489)	-	-	-
Transfer to retained earnings reserve		-	-	4,000,000	-	-	-	-	(4,000,000)	-	-	-
Transfer to unappropriated profits		-	-	-	-	18,251	-	-	(18,251)	-	-	-
Transactions with owners of the company:												
Dividends paid	53	-	-	-	-	-	-	-	(4,978,549)	(4,978,549)	(175,126)	(5,153,675)
Net movement for the year		-	-	4,000,000	-	18,251	2,489	-	(8,999,289)	(4,978,549)	(175,126)	(5,153,675)
Balances at October 31, 2015		6,569,810	3,248,591	20,591,770	9,383	175,252	3,204,491	12,892	51,445,043	85,257,232	3,470,323	88,727,555

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Cash Flows
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*
Cash flows from operating activities			
Profit for the year		10,134,005	10,825,428*
Adjustments for:			
Taxation charge	14	4,110,131	3,532,458
Depreciation	27	516,603	488,788
Amortisation of intangible asset	28	102,344	255,626
Impairment losses on loans	23	2,791,292	2,756,012
Gain on sale of property, plant and equipment	10	(7,513)	(1,967)
Write-off of property, plant, equipment and intangibles	27,28	3,494	39,004
		17,650,356	17,895,349
Interest income	6	(30,041,088)	(30,865,634)
Interest expense	6	5,766,260	6,355,302
		(6,624,472)	(6,614,983)
Changes in operating assets and liabilities			
Loans		(11,497,334)	(13,696,968)
Deposits by the public		18,415,991	7,331,424
Deposits with Bank of Jamaica maturing after ninety days		(1,740,000)	(3,045,000)
Policyholders' liabilities		(197,292)	295,611
Other assets, net		(176,628)	(376,621)
Other liabilities, net		1,066,501	238,124*
Due to parent company and fellow subsidiaries		(536,407)	(1,691,012)
Amounts due from other banks		4,574,389	(763,653)
Accounts with parent and fellow subsidiaries		(2,667,830)	(5,633,667)
Financial assets at fair value through profit or loss		134,301	(165,680)
Taxation recoverable		(968,755)	229,138
Retirement benefits asset, net		(18,527)	59,833
Amounts due to other banks and financial institutions		656,535	(1,537,253)
Statutory reserves at Bank of Jamaica		(2,757,538)	343,828
Securities sold under repurchase agreements		(7,765,516)	5,025,401
		(10,102,582)	(20,001,478)
Interest received		30,250,916	30,997,566
Interest paid		(5,987,150)	(6,126,856)
Taxation paid		(3,414,748)	(3,988,880)
Net cash provided by operating activities (carried forward to page 63)		10,746,436	880,352

* Restated (note 55)

The accompanying notes form an integral part of the financial statements.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*
Cash flows from operating activities (brought forward from page 62)		10,746,436	880,352
Cash flows from investing activities			
Investment securities		(21,873,442)	9,554,174
Pledged assets		6,299,795	(4,132,344)
Proceeds from disposal of property, plant and equipment		9,013	6,094
Purchase of property, plant and equipment	27	(573,166)	(1,117,321)
Intangible assets	28	(44,890)	(53,069)
Net cash (used in)/provided by investing activities		(16,182,690)	4,257,534
Cash flows from financing activities			
Dividends paid to stockholders	53	(4,978,549)	(4,978,549)
Dividends paid to non-controlling interest in subsidiary	53	(175,126)	(175,126)
Net cash used in financing activities		(5,153,675)	(5,153,675)
Effect of exchange rate changes on cash and cash equivalents		1,560,499	2,293,147
Net (decrease)/increase in cash and cash equivalents		(9,029,430)	2,277,358
Cash and cash equivalents at beginning of year		45,384,028	43,106,670
Cash and cash equivalents at end of year	19	36,354,598	45,384,028

* Restated (note 55)

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED
Statement of Comprehensive Income
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*
Net interest income and other revenue			
Interest from deposit with banks		48,743	34,129
Interest from securities		218,630	531,261
	6	267,373	565,390
Net gains on foreign currency activities		715,784	651,561
Net gains on financial assets	8	2,752	-
Dividend income		586,604	3,748,014
		1,305,140	4,399,575
Total income		1,572,513	4,964,965
Expenses			
Asset tax		(200)	(100)*
Other operating expense		(35,934)	(34,631)*
	12	(36,134)	(34,731)*
Profit before taxation	13	1,536,379	4,930,234
Taxation	14	(57,815)	(119,522)
Profit for the year		1,478,564	4,810,712*
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Unrealised losses on available-for-sale financial assets		-	(2,490)
Realised (gains)/losses on available-for-sale financial assets transferred to profit		(2,080)	7,064
		(2,080)	4,574
Taxation	36	520	(1,268)
Other comprehensive (loss)/income, net of tax		(1,560)	3,306
Total comprehensive income for the year		1,477,004	4,814,018

* Restated and reclassified (note 55)

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED
Statement of Financial Position
October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014 *(Restated)*	2013 *(Restated)*
ASSETS				
Cash resources				
Accounts with subsidiaries	19	12,675,188	11,455,655	8,615,808
Loans to subsidiary	22	155,000	70,000	50,012
Investment securities				
Available-for-sale	24	-	4,818,098	8,056,988
Investment in subsidiaries, at cost		9,532,408	9,532,408	9,532,408
Other assets				
Taxation recoverable		363,047	390,719	248,311
		22,725,643	26,266,880	26,503,527
LIABILITES				
Accrued expenses and other liabilities		10,080	9,972*	8,110*
Taxation payable		69,654	97,035	159,756
Deferred tax liabilities	36	1,702	14,121	25,378
		81,436	121,128	193,244
EQUITY				
Share capital	38	6,569,810	6,569,810	6,569,810
Cumulative remeasurement resulting from available-for-sale securities	42	-	1,560	(1,746)
Unappropriated profits		16,074,397	19,574,382*	19,742,219*
Total stockholders' equity		22,644,207	26,145,752	26,310,283
Total liabilities and equity		22,725,643	26,266,880	26,503,527

The financial statements on pages 57 to 146 were approved for issue by the Board of Directors on December 2, 2015 and signed on its behalf by:

Sylvia D. Chrominska Director

Jacqueline T. Sharp Director

Anthony V. Chang Director

Julie Thompson-James Secretary

* Restated (note 55)

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED
Statement of Changes in Stockholders' Equity
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	Share Capital	Cumulative Remeasurement result from available for sale financial assets	Unappropriated Profits	Total
Balances at October 31, 2013, as previously reported		6,569,810	(1,746)	19,742,119	26,310,183
Effect of IFRIC 21	55	-	-	100	100
Balances at October 31, 2013, as restated		6,569,810	(1,746)	19,742,219	26,310,283
Profit for the year as previously reported		-	-	4,810,612	4,810,612
Effect of IFRIC 21	55	-	-	100	100
Profit for the year as restated		-	-	4,810,712	4,810,712
Other comprehensive income:					
Unrealised losses on available for sale securities, net		-	(1,992)	-	(1,992)
Realised losses on available for sale sale securities, net		-	5,298	-	5,298
		-	3,306	-	3,306
Total comprehensive income		-	3,306	4,810,712	4,814,018
Transaction with owners:					
Dividends paid	53	-	-	(4,978,549)	(4,978,549)
Balances at October 31, 2014, as restated		6,569,810	1,560	19,574,382	26,145,752
Profit for the year		-	-	1,478,564	1,478,564
Other comprehensive income:					
Realised gains on available for sale sale securities, net		-	(1,560)	-	(1,560)
Total comprehensive income		-	(1,560)	1,478,564	1,477,004
Transaction with owners:					
Dividends paid	53	-	-	(4,978,549)	(4,978,549)
Balances at October 31, 2015		6,569,810	-	16,074,397	22,644,207

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED
Statement of Cash Flows
Year ended October 31, 2015
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Notes	2015	2014
Cash flows from operating activities			
Profit for the year		1,478,564	4,810,712*
Adjustments for:			
Interest income	6	(267,373)	(565,390)
Taxation	14	57,815	119,522
		1,269,006	4,364,844
Changes in operating assets and liabilities			
Loan to subsidiary		(85,000)	(20,000)
Other assets, net		27,672	(142,408)
Account with fellow subsidiary		(753,251)	(2,950,155)
Other liabilities		110	1,864*
		458,537	1,254,145
Interest received		314,968	598,071
Taxation paid		(97,096)	(194,768)
Net cash provided by operating activities		676,409	1,657,448
Cash flow from investing activity			
Investment securities		4,765,586	3,210,363
Cash flows from financing activity			
Dividends paid, being net cash used in financing activity	53	(4,978,549)	(4,978,549)
Net increase/(decrease) in cash and cash equivalents		463,446	(110,738)
Cash and cash equivalents at beginning of year		99,257	209,995
Cash and cash equivalents at end of year	19	562,703	99,257

* Restated (note 55)

The accompanying notes form an integral part of the financial statements.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

1. Identification, Regulation and Licence

Scotia Group Jamaica Limited ("the Company") is incorporated and domiciled in Jamaica. It is a 71.78% subsidiary of Scotiabank Caribbean Holdings Limited, which is incorporated and domiciled in Barbados. The Bank of Nova Scotia, which is incorporated and domiciled in Canada is the company's ultimate parent. The registered office of the Company is located at the Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston, Jamaica.

The Company is the parent of The Bank of Nova Scotia Jamaica Limited, ("the Bank") which is licensed under the Banking Act, Scotia Investments Jamaica Limited ("SIJL"), which is licensed under the Securities Act, and Scotia Jamaica Microfinance Company Limited. The Company and SIJL are listed on the Jamaica Stock Exchange.

The Company's subsidiaries, which together with the Company are referred to as "the Group", are as follows:

		Holding by		
Subsidiaries	**Principal Activities**	**Company**	**Subsidiary**	**Financial Year-End**
The Bank of Nova Scotia Jamaica Limited and its subsidiaries:	Banking	100%		October 31
The Scotia Jamaica Building Society	Mortgage Financing		100%	October 31
Scotia Jamaica Life Insurance Company Limited	Life Insurance		100%	December 31*
Scotia Jamaica Financial Services Limited	Non-trading		100%	October 31
Brighton Holdings Limited	Non-trading		100%	October 31
Scotia Investments Jamaica Limited and its subsidiaries:	Investment Banking	77.01%		October 31
Scotia Asset Management Jamaica Limited	Unit Trust and Fund Management		100%	October 31
Scotia Jamaica Investment Management Limited	Non-trading		100%	October 31
DB&G Corporate Services Limited	Administrative and Management services		100%	October 31
Billy Craig Investments Limited	Non-trading		100%	October 31
Scotia Asset Management (St. Lucia) Inc	Funds Management		100%	October 31
Scotia Jamaica Microfinance Company Limited	Micro-financing	100%		October 31

All subsidiaries are incorporated in Jamaica, except for Scotia Asset Management (St. Lucia) Inc.

*The statements included in the consolidation are audited financial statements as at and for the year ended October 31, 2015.

Effective June 30, 2015, Interlink Investments Limited, a 100% subsidiary of Scotia Investments Jamaica Limited was liquidated. The Group has commenced winding-up procedures for other non-trading subsidiaries.

2. Summary of significant accounting policies

(a) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, and comply with the Jamaican Companies Act ("the Act").

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements.

- IFRIC 21, *Levies* which is 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 recognise a liability for a levy when and only when the triggering event specified in the legislation occurs. This interpretation impacted the Group's recognition of asset tax liabilities and profit and loss results.

  The change in policy is applied retrospectively (see note 55).

- Amendments to IAS 32, *Offsetting of Financial Assets and Financial Liabilities*, which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

- Amendments to IAS 36, *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual reporting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13, *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of interest in Other Entities* and IAS 27, *Consolidated* and *Separate Financial Statements* which is effective for annual reporting periods beginning on or after January 1, 2014. The amendments define an investment entity and require a parent that is an investment entity to measure its investments, in particular subsidiaries, at fair value through profit or loss, instead of consolidating those subsidiaries in its consolidated financial statements. In addition, the amendments introduce new disclosure requirement related to investment entities in IFRS 12, *Disclosure of Interests in Other Entities and IAS 27, Separate financial Statements*.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Statement of compliance (continued)

New, revised and amended standards and interpretations that became effective during the year (continued)

- IFRS 13, *Fair Value Measurement* has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Group are as follows:

  - IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

  - IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;

    (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

The amendments had no material impact on the Group's financial statements.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Statement of compliance (continued)

New, revised and amended standards and interpretations that are not yet effective.

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the Group. The Group is assessing them and has determined that the following are relevant to its financial statements.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 Construction Contracts, IAS 18, *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31, Revenue – *Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IFRS 9, *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard
  - the order of notes to the financial statements is not prescribed
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Statement of compliance (continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

  The Group is assessing the impact that these standards will have on its financial statements upon adoption.

- *Improvements to* IFRS *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

  - Amendments to IAS 16, *Property, Plant and Equipment,* and IAS 41, *Biological Assets,* require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 instead of IAS 41. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41.

  - IAS 19, *Employee Benefits,* has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

  - Amendments to IAS 27, *Equity Method in Separate Financial Statements*, allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

  - IAS 34, *Interim Financial Reporting,* has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report”. The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Statement of compliance (continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

- *Improvements to* IFRS *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

  - Amendments to IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised only when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when these are derecognised in entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

The Group is assessing the impact that these amendments will have on its 2017 financial statements.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis, as modified for the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS and the Jamaican Companies Act requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(iv) Functional and presentation currency

These financial statements are presented in Jamaican dollars, which is the Group's functional currency. Financial information presented is shown in thousands of Jamaican dollars, unless otherwise stated.

(v) Comparative information

Where necessary, comparative amounts have been reclassified to conform with changes in the presentation in the current year (see note 55).

(b) 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.

Subsidiaries are those entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The company and its subsidiaries are collectively referred to as "Group"

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of revenue and expenses.

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to, and assesses the performance of the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision maker. All transactions between business segments are conducted on an arms length basis, with inter-segment revenue and costs eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. Foreign currency non-monetary items that are measured at historical cost are translated at historical rates. Foreign currency items measured at fair value are translated into the functional currency using the rate of exchange at the date the fair value was determined.

Foreign currency gains and losses resulting from the settlement of foreign currency transactions and from the translation at the reporting date exchange rates of foreign currency monetary assets and liabilities are recognised in the statement of revenue and expenses.

(e) Revenue recognition

(i) Interest income

Interest income is recognised in profit or loss for interest earning instruments using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income includes coupons earned on fixed income investments and accretion of discounts on treasury bills and other discounted instruments, and amortisation of premiums on instruments bought at a premium.

2. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(i) Interest income (continued)

Where collection of interest income is considered doubtful, or payment is outstanding for more than 90 days, the banking regulations stipulate that interest should be taken into account on the cash basis. IFRS requires that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. The difference between the amounts recognised under the banking regulations and such amounts as would have been determined under IFRS is considered to be immaterial.

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when service has been provided. Origination fees for loans are recognised in profit or loss immediately, as they are not considered material for deferral.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees are recognised over the period the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

Fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) Premium income

Gross premiums are recognised as revenue when due. The related actuarial liabilities are computed when premiums are recognised, resulting in benefits and expenses being matched with revenue. Unearned premiums are those proportions of premiums written in the current year that relate to periods of risk after the reporting date.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

(g) Claims

Death claims net of reinsurance recoveries, are recorded in the profit or loss.

(h) Reinsurance contracts held

The Group enters into contracts with reinsurers under which it is compensated for losses on contracts it issues and which meet the classification requirements for insurance contracts. Reinsurance does not relieve the Group of its liability and reinsurance recoveries are recorded when collection is reasonably assured.

2. Summary of significant accounting policies (continued)

(i) Taxation

Taxation on the profit or loss for the year comprises current and deferred income taxes. Current and deferred income taxes are recognised as tax expense or benefit in profit or loss, except where they relate to a business combination, or items recognised in other comprehensive income.

(i) Current income tax

Current income tax charges are based on the taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The current tax is calculated at tax rates that have been enacted at the reporting date.

(ii) Deferred income tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of set-off exists, and when they relate to income taxes levied by the same tax authority on either the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

(j) Insurance contracts

(i) Classification

The Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transactions. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits, at the occurrence of an insured event, that are at least 10% more than the benefits payable if the insured event did not occur.

(ii) Recognition and measurement

These contracts insure human life events (for example death or permanent disability) over a long duration. The accounting treatment differs according to whether the contract bears investment options or not. Under contracts that do not bear investment options, premiums are recognised as income when they become payable by the contract holder and benefits are recorded as an expense when they are incurred.

2. Summary of significant accounting policies (continued)

(j) Insurance contracts (continued)

(ii) Recognition and measurement (continued)

Under contracts that bear an investment option, the investment portion of insurance premiums received are initially recognised directly as liabilities. These liabilities are increased by interest credited and are decreased by policy administration fees, mortality charges and any withdrawals or surrenders; the resulting liability is the policyholders' fund. Income consists of fees deducted for mortality, policy administration, withdrawals and surrenders. Interest credited to the policy and benefit claims in excess of the cash surrender value incurred in the period are recorded as expenses in the statement of revenue and expenses.

Insurance contract liabilities are determined by an independent actuary using the Policy Premium Method of valuation as summarised in note 2(k). These liabilities are adjusted through profit or loss to reflect any changes in the valuation.

(k) Policyholders' liabilities

(i) The policyholders' liabilities have been calculated using the Policy Premium Method (PPM) of valuation. Under this method explicit allowance is made for all future benefits and expenses under the policies. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted to the valuation date to determine the reserves.

(ii) Annuities

Annuities are immediate payouts of fixed and variable amounts for a guaranteed period and recognised on the date that they originate. Benefits are recognised as liabilities until the end of the guaranteed period.

These liabilities are increased by credited interest and are decreased by policy administration fees, period payment charges and any withdrawals. Income consists mainly of fees deducted for fund administration and interest credited is treated as an expense in profit or loss. The annuity fund is included as a part of policyholders' liabilities [note 37(a)].

(l) Financial assets and liabilities

Financial assets comprise cash resources, financial assets at fair value through profit or loss, securities purchased under resale agreements, pledged assets, loans, investment securities, leases, and certain other assets. Financial liabilities comprise deposits, securities sold under repurchase agreements, promissory notes, capital management and government securities funds, assets held in trust on behalf of participants, certain other liabilities and policyholders' liabilities.

(i) Recognition

The Group initially recognises loans and receivables and deposits on the date at which the Group becomes a party to the contractual provisions of the instrument, i.e., the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated as at fair value through profit or loss) are initially recognised on the settlement date – the date on which the asset is delivered to or by the Group.

2. Summary of significant accounting policies (continued)

(l) Financial assets and liabilities (continued)

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset have expired, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group enters into transactions whereby it transfers assets, but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

(iii) Measurement

On initial recognition, financial assets and liabilities are measured at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The measurement of financial assets subsequent to initial recognition depends upon their classification as set out in note 2(m) below, namely: loans and receivables are measured at amortised cost; held-to-maturity investments are measured at amortised cost; investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at cost.

Other financial assets are measured at their fair values without any deduction for transaction costs that may be incurred on sale or other disposal.

Financial liabilities are measured at amortised cost, after initial recognition.

(m) Financial assets

(i) Classification

The Group classifies its financial assets into the following categories. Management determines the classification of its investments at initial recognition.

(1) Financial assets at fair value through profit or loss

This category includes financial assets held for trading. A financial asset is classified in this category at inception if acquired principally for the purpose of selling in the short term or if so designated by management. These assets are measured at fair value and all related gains and losses are included in profit or loss.

2. Summary of significant accounting policies (continued)

(m) Financial assets (continued)

(i) Classification (continued)

(2) Loans and receivables

See details at note 2(q).

(3) 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 and which are not designated as measured at fair value through profit or loss or as available-for-sale. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale and the Group would be prohibited from classifying investment securities as held-to-maturity for two financial years. Held-to-maturity investments are measured at amortised cost.

(4) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified in any of the other three categories of financial assets. They are 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, exchange rates or market prices. Available-for-sale investments are measured at fair value except for any unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Other unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognised in other comprehensive income. On disposal or impairment of these investments, the unrealised gains or losses included in stockholders' equity are transferred to profit or loss.

(ii) Identification and measurement of impairment

At each financial year end, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

2. Summary of significant accounting policies (continued)

(m) Financial assets

(ii) Identification and measurement of impairment (continued)

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset level and collectively. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, management makes judgements as to current economic and credit conditions and their effect on default rates, loss rates and the expected timing of future recoveries, ensuring that assumptions remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale securities are recognised by transferring the cumulative loss that has been recognised directly in equity to profit or loss. The cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in other comprehensive income.

(n) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at fair value through profit or loss;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

2. Summary of significant accounting policies (continued)

(n) Embedded derivatives (continued)

Separated embedded derivatives are measured at fair value, with changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

(o) Investment in subsidiaries

Investments by the Group in subsidiaries are stated at cost less impairment losses.

(p) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase the asset at a fixed price on a future date (repurchase agreements) and securities purchased under agreements to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised financing transactions. In the case of reverse repurchase agreements, the underlying asset is not recognised in the Group's financial statements; in the case of repurchase agreements the underlying collateral is not derecognised but is segregated as pledged assets. The difference between the sale/purchase and repurchase/resale price is recognised as interest over the life of the agreements using the effective interest method.

(q) Loans and receivables and allowance for impairment losses

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group intends to sell immediately or in the near term, and that, upon initial recognition, the Group designates as at fair value through profit or loss, or as available-for-sale.

Loans are initially recorded at the fair value of the consideration given, which is the cash disbursed to originate the loan, including any transaction costs, and are subsequently measured at amortised cost.

The Group considers a loan to be impaired when there is objective evidence of impairment as a result of one or more loss events that occurred after the date of initial recognition of the loan and the loss event has an impact on the estimated future cash flows of the loan that can be reliably estimated. An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. Objective evidence is represented by observable data that comes to the attention of the Group and includes events that indicate:

i. significant financial difficulty of the borrower;
ii. default or delinquency in interest or principal amounts;
iii. the probability of the borrower entering a phase of bankruptcy or financial reorganization;
iv. measurable decrease in the estimated future cash flows from the loan.

The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the impaired loans.

2. Summary of significant accounting policies (continued)

(q) Loans and receivables and allowance for impairment losses (continued)

Credit card loans are written off when payment of the contractual amounts are considered remote.

As required by statutory regulations, if a payment on a loan is contractually 90 days in arrears, the loan is classified as impaired. On classification as a non-performing loan, any interest that is contractually due but in arrears is reversed from the profit or loss, and interest is thereafter recognised on the cash basis. The regulations stipulate the criteria for specific provisions based on length of time in arrears, whether or not the loan is secured and the collateral held. The regulations also require a general provision of 1% be established for all loans excluding those with specific provisions.

The recognition of interest on impaired loans in accordance with the regulations differs from IFRS, which requires that interest on the impaired asset continues to be recognised through the unwinding of the discount that was applied to the estimated future cash flows. The difference is not considered material.

Statutory and other regulatory loan loss provisions that exceed the amounts required under IFRS are included in a non-distributable loan loss reserve as an appropriation of profits.

(r) Acceptances and guarantees

The Group's potential liability under acceptances and guarantees is reported as a liability in the statement of financial position. The Group has equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as an asset.

(s) Goodwill and intangible assets

(i) Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate being accounted for prospectively.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of intangible assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2. Summary of significant accounting policies (continued)

(s) Goodwill and intangible assets (continued)

(iii) Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

(iv) Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(v) Acquired customer relationships

This asset represents the present value of the benefit to the Group from customer lists, contracts, or customer relationships that can be identified separately and measured reliably. Acquired customer relationships include those of SIJL, and stockbroking customer relationships with an estimated useful life of 15 years.

(vi) Contract-based intangible assets

Contract-based intangible assets represent the Group's right to benefit from SIJL's unit trust management contracts. This asset has an indefinite useful life and is therefore tested for impairment annually and whenever there is an indication that the asset may be impaired.

2. Summary of significant accounting policies (continued)

(s) Goodwill and intangible assets (continued)

(vii) Licences

The asset represents the value of SIJL's Jamaica Stock Exchange seat, which has an indefinite useful life. The asset is tested for impairment annually, and whenever there is an indication that the asset may be impaired.

(viii) Tax shield

The asset represents the present value of tax saving on tax-free bonds held by SIJL recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefit. The carrying amount of the tax asset is reviewed at each reporting date and reduced to the extent that the benefit is already realised, or it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The assets are measured at the tax rate that is expected to apply in the period in which the asset is realised, based on tax rates (and tax laws) that have been enacted by the reporting date.

(ix) Computer software

Costs associated with developing or maintaining computer software programs are recognised as incurred. Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. However, such costs are expensed where they are considered to be immaterial.

(t) Leases

(i) As lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of future minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged as an expense and included in profit or loss over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to profit or loss on the straight-line basis over the period of the lease.

(ii) As lessor

The present value of the lease payments under finance leases is recognised as a receivable. The difference between the gross payments receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

(ii) As lessor (continued)

Assets leased out under operating leases are included in property, plant and equipment. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on the straight-line basis over the lease term.

(u) Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and, if any, impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Expenditure subsequent to acquisition is included in the asset's carrying amount or is recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenditure is classified as repairs and renewals and charged as expense in profit or loss during the financial period in which it is incurred.

Depreciation and amortisation are calculated on the straight-line method at rates that will write off the depreciable amount of the assets over their expected useful lives, as follows:

Buildings	40 Years
Furniture, fixtures and equipment	10 Years
Computer equipment	4 Years
Motor vehicles	5 Years
Leasehold improvements	Period of lease

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss for the year.

(v) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions and vacation leave; non-monetary benefits such as medical care; post-employments benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. Post-employment benefits, termination benefits and equity compensation benefits are accounted for as described below. Other long-term benefits are not considered material and are expensed when incurred.

2. Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(i) Pension obligations

The Group operates both defined benefit and defined contribution pension plans. The assets of the plans are held in separate trustee-administered funds. The pension plans are funded by contributions from employees and by the relevant group companies for the Bank and the investment subsidiaries, respectively. Taking into account the recommendations of qualified actuaries and based on the rules of the plan. Contributions for the investment subsidiary are charged to the statement of revenue and expenses in the period to which it relates.

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets. Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged as an expense in such a manner as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year in accordance with IAS 19. Remeasurements comprising actuarial gains and losses and change in the effect of asset ceiling are reported in other comprehensive income. The pension obligation is measured as the present value of the estimated future benefits of employees, in return for service in the current and prior periods, using estimated discount rates based on market yields on Government securities which have terms to maturity approximating the terms of the related liability.

The Group determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit asset at the beginning of the annual period to the net defined benefit asset for the year, taking into account any changes in the asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses on post-retirement obligations are recognised in profit or loss.

When the benefits of a plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Contributions to the defined contribution plan are charged to the statement of revenue and expenses in the period to which they relate.

(ii) Termination benefits

Termination benefits are payable whenever an employee's service is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the services of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the financial year end are discounted to present value.

2. Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(iii) Other post-retirement obligations

The Group also provides supplementary health care and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the completion of a minimum service period and the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by qualified independent actuaries.

(iv) Equity compensation benefits

The Group has one Employee Share Ownership Plan (ESOP) for eligible employees. The Group provides a fixed benefit to each participant, which is linked to the number of years of service. This benefit is recorded in salaries and staff benefits in profit or loss.

The amount contributed to the ESOP trust (note 54) by the Group for acquiring shares and allocating them to employees is recognised as an employee expense at the time of making the contribution, as the effect of recognising it over the two-year period in which the employees become unconditionally entitled to the shares, is not considered material. Further, the effect of forfeitures is not considered material.

The special purpose entity that operates the Plan has not been consolidated as the effect of doing so is not considered material.

(v) Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end.

(vi) Defined contribution plan

The Group operates a defined contribution pension plan, the assets of which are held in a trustee administered fund. The pension plan is funded by contributions from employees and the subsidiary to the scheme, made on the basis provided for in the rules. Contributions are charged to the statement of revenue and expenses in the period to which it relates.

(w) Borrowings

Borrowings are recognised initially at fair value of consideration received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of revenue and expenses immediately, as they are not considered material for deferral.

2. Summary of significant accounting policies (continued)

(x) Share capital

(i) Classification

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

Preference share capital is classified as equity, except where it is redeemable on a specific or determinable date or at the option of the shareholders and/or if dividend payments are not discretionary, in which case it is classified as a liability.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends

Dividends on ordinary shares are recognised in stockholder's equity in the period in which they are approved by the Board of Directors, thereby becoming irrevocably payable.

Dividend payments on preference shares classified as a liability are recognised in the statement of revenue and expenses as interest expense.

(y) Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets, and income arising thereon, are excluded from these financial statements, as they are not assets or income of the Group.

(z) 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 ninety days, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

(aa) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other asset in the unit (group of units) on a *pro rata* basis.

2. Summary of significant accounting policies (continued)

(aa) Impairment of non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Critical accounting estimates, and judgements made in applying accounting policies

The Group makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Group recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Estimate of future payments and premiums arising from long-term insurance contracts

The liabilities under long-term insurance contracts have been determined using the Policy Premium Method of valuation, which is outlined in note 2 (k).

3. Critical accounting estimates, and judgements made in applying accounting policies (continued)

(iii) Estimate of future payments and premiums arising from long-term insurance contracts (continued)

The process of calculating policy liabilities necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates. Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

These estimates are more fully described in note 37.

(iv) Pension and other post-employment benefits

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using assumptions. The assumptions used in determining the net periodic cost/(income) for pension and other post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost/(income) recorded for pension and post-employment benefits and may affect planned funding of the pension plans.

The Group determines the appropriate discount rate at the end of each year; such rate represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. In determining the appropriate discount rate, the Group considers interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation. Past experience has shown that the actual medical costs have increased on average by the rate of inflation. Other key assumptions for the pension and other post-employment benefit cost and credit are based, in part, on current market conditions.

(v) Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination, involve the utilization of valuation techniques. These intangibles may be market related, consumer related, contract based or technology based.

For significant amounts of intangibles arising from a business combination, the Group has utilized independent professional advisors to assist management in determining the recognition and measurement of these assets.

3. Critical accounting estimates, and judgements made in applying accounting policies (continued)

(vi) Valuation of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

4. Responsibilities of the appointed actuary and external auditors

The Board of Directors, pursuant to the Insurance Act, appoints the Actuary, whose responsibility is to carry out an annual valuation of the Group's insurance policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and stockholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force. An actuarial valuation is prepared annually.

The shareholders, pursuant to the Companies Act, appoint the external auditors. Their responsibility is to conduct an independent audit of the financial statements in accordance with International Standards on Auditing and report thereon to the stockholders. In carrying out their audit, the auditors make use of the work of the appointed Actuary and his report on the policyholders' liabilities.

5. Segmental financial information

The Group is organised into six main business segments:

(a) Retail Banking – this incorporates personal banking services, personal deposit accounts, credit and debit cards, consumer loans, mortgages, and microfinance;

(b) Corporate and Commercial Banking – this incorporates non-personal direct debit facilities, current accounts, deposits, overdrafts, loans, other credit facilities, and foreign currency activities;

(c) Treasury – this incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency activities;

(d) Investment Management Services — this incorporates investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts;

5. Segmental financial information (continued)

(e) Insurance Services - this incorporates the provision of life and medical insurance, individual pension administration and annuities;

(f) Other operations of the Group – comprising the parent company and non-trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, retirement benefits asset and obligation and borrowings. Eliminations comprise intercompany transactions and balances.

The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas represents less than 10% of the Group's operating revenue and assets.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

5. Segmental financial information (continued)

	The Group 2015							
	Banking							
	Retail	Corporate and Commercial	Treasury	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	17,042,990	6,715,902	3,192,934	3,215,418	5,391,097	943,010	-	36,501,351
Revenue from other segments	(911,971)	991,410	(246,812)	(4,080)	138,320	61,423	(28,290)	-
Total revenues	16,131,019	7,707,312	2,946,122	3,211,338	5,529,417	1,004,433	(28,290)	36,501,351
Total expenses and losses	(12,304,486)	(6,000,734)	(414,263)	(1,703,436)	(1,704,806)	(37,257)	(92,233)	(22,257,215)
Profit before tax	3,826,533	1,706,578	2,531,859	1,507,902	3,824,611	967,176	(120,523)	14,244,136
Taxation								(4,110,131)
Profit for the year								**10,134,005**
Segment assets	98,162,976	72,867,345	116,285,242	68,824,215	55,890,030	22,926,630	(20,512,341)	414,444,097
Unallocated assets								18,487,848
Total assets								**432,931,945**
Segment liabilities	121,933,084	116,918,702	5,568,900	54,673,212	43,655,947	140,685	(11,796,798)	331,093,732
Unallocated liabilities								13,110,658
Total liabilities								**344,204,390**
Other segment items:								
Capital expenditure	325,372	251,691	-	25,149	15,844	-	-	618,056
Impairment losses on loans	1,306,402	58,346	-	(2,874)	-	-	-	1,361,874
Depreciation and amortisation	332,463	165,842	-	110,287	10,355	-	-	618,947

(Expressed in thousands of Jamaican dollars unless otherwise stated)

5. Segmental financial information (continued)

	The Group 2014 (Restated)							
	Banking							
	Retail	Corporate and Commercial	Treasury	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	15,806,392	6,357,492	3,240,169	4,231,670	4,583,861	1,217,174	-	35,436,758
Revenue from other segments	(785,997)	1,160,390	(480,633)	(64,084)	164,980	10,574	(5,230)	-
Total revenues	15,020,395	7,517,882	2,759,536	4,167,586	4,748,841	1,227,748	(5,230)	35,436,758
Total expenses and losses	(11,912,140)*	(5,682,180)*	(253,824)*	(1,561,196)*	(1,428,258)*	(37,025)*	(204,249)*	(21,078,872)*
Profit before tax	3,108,255	1,835,702	2,505,712	2,606,390	3,320,583	1,190,723	(209,479)	14,357,886
Taxation								(3,532,458)
Profit for the year								**10,825,428**
Segment assets	90,019,053	69,792,560	100,479,999	72,314,291	54,035,771	26,453,962	(19,100,285)	393,995,351
Unallocated assets								13,034,911
Total assets								**407,030,262**
Segment liabilities	111,113,876	104,573,035	8,976,846	58,529,023	43,622,700	179,518	(10,485,719)	316,509,279*
Unallocated liabilities								10,627,536*
Total liabilities								**327,136,815**
Other segment items:								
Capital expenditure	592,101	530,753	-	25,828	21,708	-	-	1,170,390
Impairment losses on loans	1,551,628	58,422	-	(6,969)	-	-	-	1,603,081
Depreciation and amortisation	313,469	156,141	-	264,826	9,978	-	-	744,414

* Restated (note 55)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

6. Net interest income

	The Group		The Company	
	2015	2014	2015	2014
Interest income:				
Deposits with banks and other financial institutions	427,556	489,359	40,351	28,573
Investment securities	9,092,512	10,915,979	218,630	531,261
Financial assets at fair value through profit or loss	2,738	7,274	-	-
Reverse repurchase agreements	27,697	12,559	-	-
Loans and advances	20,490,585	19,440,463	8,392	5,556
	30,041,088	30,865,634	267,373	565,390
Interest expense:				
Banks and customers	2,014,677	2,146,586	-	-
Repurchase agreements	1,987,156	2,441,645	-	-
Policyholders' liabilities	1,763,998	1,766,550	-	-
Other	429	521	-	-
	5,766,260	6,355,302	-	-
Net interest income	24,274,828	24,510,332	267,373	565,390

7. Net fee and commission income

	The Group	
	2015	2014
Fee and commission income:		
Retail banking fees	4,145,262	3,788,435
Credit related fees	1,162,437	1,014,946
Commercial and depository fees	4,327,090	3,837,326
Insurance related fees	181,180	154,495
Trust and other fiduciary fees	48,810	44,709
Asset management and related fees	1,028,915	901,371
	10,893,694	9,741,282
Fee and commission expenses	(4,402,849)	(3,884,029)
	6,490,845	5,857,253

8. Net gains on foreign currency activities and financial assets

(a) Net gains on foreign currency activities are comprised primarily of gains and losses arising from foreign currency trading activities.

(b) Net gains on financial assets:

	The Group		The Company	
	2015	2014	2015	2014
Gains on securities held for trading	224,407	230,644	-	-
Gains on available-for-sale, loans and receivable securities	4,119	444,170	2,752	-
Gains on equities	64,889	94,597	-	-
	293,415	769,411	2,752	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

9. Insurance revenue

	The Group	
	2015	2014
Gross premiums		
Individual life	871,398	869,954
Group	1,221,841	1,096,452
	2,093,239	1,966,406
Reinsurance ceded	(953)	(435)
	2,092,286	1,965,971
Changes in actuarial reserves	1,111,646	348,077
	3,203,932	2,314,048

10. Other revenue

	The Group	
	2015	2014
Gain on sale of property, plant and equipment	7,513	1,967
Dividend income	25,364	21,685
	32,877	23,652

11. Salaries, pension contributions and other staff benefits

	The Group	
	2015	2014
Wages and salaries	8,441,067	8,141,519
Statutory payroll contributions	744,833	746,487
Other staff benefits	1,401,708	1,309,397
	10,587,608	10,197,403
Post-employment benefits		
Pension credit on defined benefit plan [note 29(a)(v)]	(515,661)	(413,819)
Pension costs on defined contribution plans	24,339	24,080
Other post-retirement benefits [note 29(b)(ii)]	557,749	533,153
	66,427	143,414
Total (note 12)	10,654,035	10,340,817

(Expressed in thousands of Jamaican dollars unless otherwise stated)

12. Expenses by nature

	The Group		The Company	
	2015	2014	2015	2014
Salaries, pension contributions and other staff benefits (note 11)	10,654,035	10,340,817	-	-
Property expenses, including depreciation	2,049,666	2,151,156	-	-
Amortisation and impairment of intangible assets	102,344	255,626	-	-
Systems related expenses	1,784,753	1,565,587	-	-
Insurance claims and benefits	184,713	223,461	-	-
Transportation and communication	1,107,799	1,058,859	4,241	3,586
Marketing and advertising	577,552	588,007	-	-
Technical and consultancy fees	1,327,224	1,393,812	-	-
Deposit insurance	318,257	295,800	-	-
Stationery	400,489	456,442	859	1,110
Asset tax	1,286,208	483,555*	200	100
Licensing and other regulatory fees	104,327	98,637	-	-
Other operating expenses	997,974	564,032	30,834	29,935
	20,895,341	19,475,791	36,134	34,731

13. Profit before taxation

In arriving at the profit before taxation, the following are among the items that have been charged:

	The Group		The Company	
	2015	2014	2015	2014
Auditors' remuneration	48,847	48,772	4,336	4,494
Depreciation of property, plant and equipment	516,603	488,788	-	-
Amortisation and impairment of intangible assets	102,344	255,626	-	-
Directors' emoluments:				
Fees	26,135	26,545	13,430	14,007
Management remuneration	53,725	53,319	-	-
Operating lease rentals	409,819	377,668	-	-

*Restated (note 55)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

14. Taxation

(a) Taxation charge

Income tax is computed on the profit for the year as adjusted for tax purposes; other taxes are computed at rates and on items shown below:

	The Group		The Company	
	2015	2014	2015	2014
Current income tax:				
Income tax at 33⅓%	2,875,095	2,627,437	-	-
Income tax at 30%	466,696	357,965	-	-
Income tax 25%	829,157	145,040	69,714	140,815
Investment income tax at 15%	-	315,641	-	-
Adjustment for under/(over) provision of prior year's charge	58,974	(7,025)	-	(8,768)
Deferred income tax (note 36)	(119,791)	93,400	(11,899)	(12,525)
	4,110,131	3,532,458	57,815	119,522

(b) Reconciliation of applicable tax charge to effective tax charge:

	The Group		The Company	
	2015	2014 *(restated)*	2015	2014 *(restated)*
Profit before taxation	14,244,136	14,357,886*	1,536,379	4,930,234*
Tax calculated at 25%	-	-	384,095	1,232,559
Tax calculated at 33⅓%	4,748,045	4,785,962*	-	-
Adjusted for the tax effects of:				
Different tax regimes applicable to the life insurance and mortgage financing subsidiaries and non-regulated entities	(810,887)	(848,701)*	-	-
Interest /dividends from tax free investments	(273,447)	(185,947)	(146,651)	(937,004)
Expenses not deductible for tax purposes	246,190	110,974*	65	-
Other charges and allowances	141,256	(322,805)	(179,694)	(167,240)
Prior period under/(over) provision	58,974	(7,025)	-	(8,793)
	4,110,131	3,532,458	57,815	119,522
Effective tax rate	28.85%	24.60%*	3.76%	2.43%

(c) Change in tax rate:

With effect from 1 January 2015 the tax regime of life insurance companies was changed to withdraw the investment income tax at 15% and the 3% tax on gross premiums. The new regime provides for Income Tax at 25% upon all chargeable income, profits or gains, including any reduction in the actuarial reserves but with the exclusion of releases of accumulated actuarial reserves that were made in respect of premium taxes and investment taxes in the accounts of life assurance companies prior to January 1, 2015. In addition, insurance companies may exclude from chargeable income premiums received as (i) contributions to approved superannuation funds or approved retirement schemes; or (ii) payment in respect of annuities purchased from the company by any such fund or scheme; and any amounts or earnings arising from the investment of any funds-derived from the sale of the annuities and deposited in a separate account established solely for that purpose.

*Restated (note 55)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

15. Earnings per stock unit

Basic earnings per stock unit is calculated by dividing the profit for the year attributable to stockholders of the Company by the weighted average number of ordinary stock units in issue during the year.

	2015	2014 *(restated)*
Profit for the year attributable to stockholders of the Company	9,921,429	10,457,709*
Weighted average number of ordinary stock units in issue ('000)	3,111,573	3,111,573
Basic earnings per stock unit (expressed in $ per share)	3.19	3.36*

16. Cash and balances at Bank of Jamaica

	The Group	
	2015	2014
Statutory reserves – interest-bearing	7,807,661	6,306,293
Statutory reserves – non interest bearing	14,969,566	13,713,396
Total statutory reserves (note 19)	22,777,227	20,019,689
Cash in hand and other balances at Bank of Jamaica	8,804,447	12,161,284
	31,581,674	32,180,973

Statutory reserves with the Bank of Jamaica represent the required primary reserve ratios as follows:

Relevant legislation	Entity	Reserve percentage			
		Jamaican		Foreign currency	
		2015	2014	2015	2014
Banking Act, Section 14(i)	BNSJ	12%	12%	9%	9%
Building Society Regulations Section 31	SJBS	1%	1%	1%	1%

These balances are not available for investment, lending or other use by the Group.

17. Due from other banks

	The Group	
	2015	2014
Items in course of collection from other banks	475,529	322,756
Placements with other banks	24,638,527	31,880,753
	25,114,056	32,203,509

18. Accounts with parent and fellow subsidiaries

These represent accounts held with the parent company and fellow subsidiaries in the normal course of business.

*Restated (note 55)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

19. Cash and cash equivalents

	The Group		The Company	
	2015	2014	2015	2014
Cash resources	79,229,042	82,482,561	12,675,188	11,455,655
Less amounts not considered cash and cash equivalents:				
Statutory reserves (note 16)	(22,777,227)	(20,019,689)	-	-
Other balances at Bank of Jamaica	(1,740,000)	(3,045,000)	-	-
Cheques and other instruments in transit	(2,417,824)	(1,731,046)	-	-
Due from banks greater than ninety days	-	(1,529,389)	-	-
Accounts with parent and fellow subsidiaries greater than ninety days	(18,084,451)	(16,977,120)	(12,105,676)	(11,352,425)
Accrued interest	(38,445)	(56,872)	(6,809)	(3,973)
	34,171,095	39,123,445	562,703	99,257
Add other cash equivalent balances:				
Repurchase agreements less than ninety days	150,000	300,000	-	-
Pledged assets less than ninety days	2,033,503	5,960,583	-	-
	36,354,598	45,384,028	562,703	99,257
Cash and cash equivalents is comprised of:				
Cash and balances with Bank of Jamaica other than statutory reserves	7,064,446	9,116,284	-	-
Government and bank notes other than Jamaican	596,190	710,501	-	-
Amounts due from other banks	25,114,056	30,674,120	-	-
Accounts with parent and fellow subsidiaries	3,852,672	410,457	569,512	103,230
Repurchase agreements	150,000	300,000	-	-
Pledged assets	2,033,503	5,960,584	-	-
Accrued interest	(38,445)	(56,872)	(6,809)	(3,973)
	38,772,422	47,115,074	562,703	99,257
Cheques and other instruments in transit	(2,417,824)	(1,731,046)	-	-
	36,354,598	45,384,028	562,703	99,257

20. Financial assets at fair value through profit or loss

	The Group	
	2015	2014
Government of Jamaica Securities	539,731	459,893
Corporate bonds	-	270,993
Quoted shares	-	12
Unit trusts	304,666	247,800
	844,397	978,698
Interest receivable	-	3,033
	844,397	981,731

(Expressed in thousands of Jamaican dollars unless otherwise stated)

21. Pledged assets

Assets are pledged to regulators, the clearing house and other financial institutions, and as collateral under repurchase agreements with customers and financial institutions. All repurchase agreements mature within twelve months and are conducted under terms that are customary for these transactions.

	The Group	
	2015	2014
Investment securities pledged as collateral for securities sold under repurchase agreements	44,707,784	54,839,346
Capital Management and Government Securities funds	8,620,151	9,018,771
Securities with regulators, clearing houses and other financial institutions	712,853	533,963
	54,040,788	64,392,080

Included in pledged assets are the following categories of assets:

	The Group	
	2015	2014
Deposits with financial institutions	2,392,727	6,669,873
Securities purchased under reverse repurchase agreements	-	225,064
Government and Bank of Jamaica issued securities:		
Fair value through profit or loss	-	193,784
Available-for-sale	36,573,186	48,463,324
Loans and receivables	-	1,929,046
Held-to-maturity	3,778,032	3,866,313
Loans	814,695	826,772
Unitised funds:		
Available-for-sale	1,079,386	29,031
Other:		
Available-for-sale	9,402,762	2,188,873
	54,040,788	64,392,080

Included in pledged assets are the following amounts, which are regarded as cash equivalents for the purposes of the statement of cash flows:

	The Group	
	2015	2014
Debt securities and other investments with an original maturity of less than ninety days	2,033,503	5,960,533

(Expressed in thousands of Jamaican dollars unless otherwise stated)

22. Loans, after allowance for impairment losses

	The Group		The Company	
	2015	2014	2015	2014
Business and Government	64,110,604	63,364,937	155,000	70,000
Personal and credit cards	68,574,645	62,481,833	-	-
Residential mortgages	22,657,740	20,804,704	-	-
Interest receivable	1,059,504	998,175	-	-
	156,402,493	147,649,649	155,000	70,000
Less: Allowance for impairment losses (note 23)	(1,903,120)	(1,917,647)	-	-
	154,499,373	145,732,002	155,000	70,000

(i) The aging of the loans at the reporting date was:

	The Group	
	2015	2014
Neither past due nor impaired	139,525,063	129,945,472
Past due but not impaired		
Past due 1-30 days	7,034,820	6,706,204
Past due 31-60 days	2,795,037	3,902,268
Past due 61-90 days	1,486,009	1,194,748
	11,315,866	11,803,220
Impaired:		
Past due more than 90 days	4,502,060	4,902,782
Interest receivable	1,059,504	998,175
Gross loan portfolio	156,402,493	147,649,649
Less: Allowance for impairment losses	(1,903,120)	(1,917,647)
Loans, after allowance for impairment losses	154,499,373	145,732,002

There are no financial assets other than those listed above that were individually impaired.

(ii) Repossessed collateral

In the normal course of business, the security documentation which governs the collateral charged in favour of the Group to secure a loan, gives the Group express authority to repossess the collateral in the event of default. Repossessed collateral are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collateral is not recognised on the Group's statement of financial position.

The Group had no repossessed collateral at the reporting date (2014: nil).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

23. Impairment losses on loans

	The Group	
	2015	2014
Total impaired loans	4,502,060	4,902,782
Allowance at beginning of year	1,917,647	1,720,694
Provided during the year	2,791,292	2,756,012
Bad debts written off	(2,805,819)	(2,559,087)
Translation difference on foreign currency provision	-	28
Allowance at end of year (note 22)	1,903,120	1,917,647
Provided during the year	2,791,292	2,756,012
Recoveries of bad debts	(1,429,418)	(1,152,931)
Impairment losses reported in profit for the year	1,361,874	1,603,081

A loan is classified as impaired if its book value exceeds the present value of the expected cash flows from interest payments, principal repayments, guarantees, and proceeds of liquidation of collateral. As at October 31, 2015, provisions for credit losses are made on all impaired loans. Uncollected interest not accrued on impaired loans was estimated at $2,031,754 (2014: $2,190,463) for the Group.

The total allowance for loan losses is made up as follows:

	The Group	
	2015	2014
Allowance based on IFRS - [see (a) below]	1,903,120	1,917,647
Additional allowance based on BOJ regulations [see (b) below]	3,204,491	3,202,002
	5,107,611	5,119,649

(a) This is the allowance based on the requirements of IAS 39, *Financial Instruments: Recognition and Measurement*.

(b) This represents the additional allowance to meet the Bank of Jamaica loan loss provisioning requirement. A non-distributable loan loss reserve was established to represent the excess of the provision required by BOJ over the IAS 39 requirements (note 43).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

24. Investment securities

	The Group		The Company	
	2015	2014	2015	2014
Available-for-sale (AFS)				
Quoted shares	102,000	5,610	-	-
Unquoted shares	5,240	5,240	-	-
Government of Jamaica securities	61,204,196	58,992,852	-	4,767,666
Bank of Jamaica securities	208,502	7,840,754	-	-
Treasury bills	265,603	292,403	-	-
Corporate bonds	27,957,563	2,313,157	-	-
Other	3,539,611	2,035,824	-	-
Interest receivable	875,127	1,032,464	-	50,432
	94,157,842	72,518,304	-	4,818,098
Held-to-Maturity (HTM)				
Government of Jamaica securities	11,029,900	10,914,723	-	-
Interest receivable	248,398	215,883	-	-
	11,278,298	11,130,606	-	-
Total investments securities	105,436,140	83,648,910	-	4,818,098

Included in investment securities are Government of Jamaica Benchmark Investment Notes with a book value of $90,000 (2014: $90,000) which have been deposited by one of the Group's subsidiaries, Scotia Jamaica Life Insurance Company Limited, with the insurance regulator, Financial Services Commission, pursuant to Section 8(1)(a) of the Insurance Regulations 2001.

The debt securities include fixed rate and variable rate instruments. The Group has not reclassified any HTM Securities (measured at amortised cost) to AFS securities (measured at fair value), during the year.

25. Government securities purchased under resale agreements

The Group enters into reverse repurchase agreements collateralised by Government of Jamaica securities.

	The Group	
	2015	2014
Reverse repurchase agreements with an original maturity of less than 90 days (note 19)	150,000	300,000
Interest receivable	58	516
	150,058	300,516

The fair value of collateral held pursuant to reverse repurchase agreements is $157,500 (2014: $330,020).

26. Sundry assets

	The Group	
	2015	2014
Accounts receivable and prepayments	250,910	220,673
Deferred charges	1,038,984	872,437
Other	233,674	253,830
	1,523,568	1,346,940

(Expressed in thousands of Jamaican dollars unless otherwise stated)

27. Property, plant and equipment

	The Group				
	Freehold Land and Buildings	Leasehold Improvements	Furniture, Fixtures, Motor vehicles & Equipment	Capital Work- in-Progress	Total
Cost					
October 31, 2013	3,327,410	503,495	5,473,863	179,707	9,484,475
Additions	3,077	1,248	33,035	1,079,961	1,117,321
Disposals	-	-	(251,511)	-	(251,511)
Transfers	58,247	3,230	196,250	(257,727)	-
Write-offs	-	-	-	(17,857)	(17,857)
October 31, 2014	3,388,734	507,973	5,451,637	984,084	10,332,428
Additions	5,300	8,551	51,079	508,236	573,166
Disposals	(21,600)	-	(8,498)	-	(30,098)
Transfers	806,179	2,717	447,466	(1,256,362)	-
Write-offs	-	-	-	(3,494)	(3,494)
October 31, 2015	4,178,613	519,241	5,941,684	232,464	10,872,002
Accumulated depreciation					
October 31, 2013	555,134	385,357	3,864,105	-	4,804,596
Charge for the year	30,753	70,303	387,732	-	488,788
Eliminated on disposals	-	-	(247,383)	-	(247,383)
October 31, 2014	585,887	455,660	4,004,454	-	5,046,001
Charge for the year	86,870	24,857	404,876	-	516,603
Eliminated on disposals	(20,100)	-	(8,498)	-	(28,598)
October 31, 2015	652,657	480,517	4,400,832	-	5,534,006
Net book values					
October 31, 2015	3,525,956	38,724	1,540,852	232,464	5,337,996
October 31, 2014	2,802,847	52,313	1,447,183	984,084	5,286,427
October 31, 2013	2,772,276	118,138	1,609,758	179,707	4,679,879

28. Goodwill and intangible assets

	The Group						
	Customer Relationships	Contract-Based Intangibles	License	Tax Benefits	Goodwill	Computer Software	Total
Cost							
October 31, 2013	1,382,582	348,987	49,470	692,466	136,892	255,859	2,866,256
Additions during the year	-	-	-	-	-	53,069	53,069
Write-offs	-	-	-	-	-	(21,147)	(21,147)
October 31, 2014	1,382,582	348,987	49,470	692,466	136,892	287,781	2,898,178
Additions during the year	-	-	-	-	-	44,890	44,890
Disposals	-	-	-	-	-	(27,949)	(27,949)
October 31, 2015	1,382,582	348,987	49,470	692,466	136,892	304,722	2,915,119

(Expressed in thousands of Jamaican dollars unless otherwise stated)

28. Goodwill and intangible assets (continued)

	The Group						
	Customer Relationships	Contract-Based Intangibles	License	Tax Benefits	Goodwill	Computer Software	Total
Amortisation							
October 31, 2013	583,223	71,574	5,333	521,444	40,229	144,778	1,366,581
Amortisation for the year	88,492	-	-	159,674	-	7,460	255,626
October 31, 2014	671,715	71,574	5,333	681,118	40,229	152,238	1,622,207
Amortisation for the year	88,492	-	-	11,348	-	2,504	102,344
Eliminated on disposals	-	-	-	-	-	(27,949)	(27,949)
October 31, 2015	760,207	71,574	5,333	692,466	40,229	126,793	1,696,602
Net book values							
October 31, 2015	622,375	277,413	44,137	-	96,663	177,929	1,218,517
October 31, 2014	710,867	277,413	44,137	11,348	96,663	135,543	1,275,971
October 31, 2013	799,359	277,413	44,137	171,022	96,663	111,081	1,499,675

29. Retirement benefits asset/obligations

The Group has established a defined benefit pension plan covering all permanent employees of The Bank of Nova Scotia Jamaica Limited and its subsidiaries. The assets of the plan are held independently of the Group's assets in a separate trustee-administered fund. The fund established under the plan is valued by independent actuaries annually using the Projected Unit Credit Method.

In addition to pension benefits, the Bank offers post-employment medical and group life insurance benefits to retirees and their beneficiaries. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension plan.

Amounts recognised in the statement of financial position:

	The Group	
	2015	2014
Defined benefit pension plan	16,690,244	11,679,613
Other post retirement benefits	(2,735,526)	(3,408,465)
	13,954,718	8,271,148

(a) Defined benefit pension plan

(i) The amounts recognised in the statement of financial position are determined as follows

	The Group	
	2015	2014
Present value of funded obligations	(25,031,046)	(21,557,388)
Fair value of plan assets	45,447,182	40,881,324
	20,416,136	19,323,936
Limitation of economic benefit	(3,725,892)	(7,644,323)
Asset in the statement of financial position	16,690,244	11,679,613

(Expressed in thousands of Jamaican dollars unless otherwise stated)

29. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(ii) Movement in the amounts recognised in the statement of financial position

	The Group	
	2015	2014
Balance at beginning of year	11,679,613	10,020,169
Contributions paid	500	500
Pension income recognised in profit or loss	515,661	413,819
Remeasurement recognised in other comprehensive income	4,494,470	1,245,125
Balance at end of year	16,690,244	11,679,613

(iii) Movement in the present value of obligation

	The Group	
	2015	2014
Balance at beginning of year	(21,557,388)	(19,988,948)
Current service costs	(497,228)	(456,311)
Interest cost	(2,011,014)	(1,864,679)
Employees' contribution	(505,035)	(492,616)
Benefits paid	1,015,266	729,089
Actuarial gains arising from:		
Experience adjustments	440,326	516,077
Changes in financial assumptions	(1,956,846)	-
Changes in demographic assumptions	40,873	-
Balance at end of year	(25,031,046)	(21,557,388)

(iv) Movement in fair value of pension plan assets

	The Group	
	2015	2014
Fair value of plan assets at beginning of year	40,881,324	37,719,728
Contributions	505,535	493,116
Benefits paid	(1,015,266)	(729,089)
Interest income on plan assets	3,866,105	3,564,950
Administrative fees	(111,259)	(109,944)
Remeasurement gain/(loss) on plan assets included in other comprehensive income:	1,320,743	(57,437)
Fair value of plan assets at end of year	45,447,182	40,881,324

(Expressed in thousands of Jamaican dollars unless otherwise stated)

29. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(iv) Movement in fair value of pension plan assets (continued)

Plan assets consist of the following:

	The Group	
	2015	2014
Government stocks and bonds	31,780,306	30,178,763
Quoted equities	6,387,526	3,985,313
Reverse repurchase agreements	2,084,007	2,426,512
Certificate of deposits	921,092	413,221
Real estate	2,810,192	2,534,304
Net current assets	1,464,059	1,343,211
	45,447,182	40,881,324

(v) Components of defined benefit income recognised in profit and loss for the year

	The Group	
	2015	2014
Current service costs	497,228	456,311
Interest cost on obligation	2,011,014	1,864,679
Interest income on plan assets	(3,866,105)	(3,564,950)
Interest on effect of asset ceiling	726,211	732,508
Administrative fees	115,991	97,633
	(515,661)	(413,819)

(vi) Components of defined benefit income recognised in other comprehensive income

	The Group	
	2015	2014
Remeasurement of defined benefit obligations	1,475,647	(516,077)
Remeasurement of plan assets	(1,325,475)	69,748
Change in effect on asset ceiling	(4,644,642)	(798,796)
	(4,494,470)	(1,245,125)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

29. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(vii) Sensitivity analysis on projected benefit obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting date would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some reduction in the medical trend rate.

	The Group			
	2015		2014	
	1 % Decrease	1 % Increase	1 % Decrease	1% Increase
Discount rate	4,404,000	(3,448,000)	3,718,000	(2,921,000)
Future pension increases	2,036,000	2,402,000	(1,707,000)	2,007,000
Future salary increases	(1,177,000)	1,344,000	(1,024,000)	1,171,000

(viii) Liability duration

The average liability duration are as follows

	The Group	
	2015	2014
Active members and all participants (years)	16.2	16.0

(ix) The estimated pension contributions expected to be paid into the defined benefit and contribution plans during the next financial year is $500.

(x) The principal actuarial assumptions used were as follows

	The Group	
	2015	2014
Discount rate	9.00%	9.50%
Future salary increases	6.00%	6.00%
Future pension increases	4.25%	4.25%

(xi) Principal actuarial assumptions

In addition to the assumptions used for the pension plan that are relevant to the group health plan, the estimate assumes a long-term increase in health costs of 5.50% per year (2014: 7%).

(b) Medical and group life obligation recognised in the statement of financial position

	The Group	
	2015	2014
Present value of unfunded obligations	(2,735,526)	(3,408,465)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

29. Retirement benefits asset/obligations (continued)

(b) Medical and group life obligations recognised in the statement of financial position (continued)

(i) Movement in the present value of unfunded obligations

	The Group	
	2015	2014
Balance at beginning of year	(3,408,465)	(3,224,811)
Current service costs	(236,940)	(229,402)
Interest cost	(320,809)	(303,751)
Benefits paid	60,115	59,001
Actuarial gains arising from:		
Experience adjustments	173,776	290,498
Changes in financial assumptions	572,648	-
Changes in demographic assumptions	424,149	-
Balance at end of year	(2,735,526)	(3,408,465)

(ii) Components of benefit costs recognised in the statement of revenue and expenses

	The Group	
	2015	2014
Current service costs	236,940	229,402
Interest on obligation	320,809	303,751
	557,749	533,153

(iii) Credit recognised in other comprehensive income

	The Group	
	2015	2014
Experience adjustments	(173,776)	(290,498)
Changes in financial and demographic assumptions	(996,797)	-
	(1,170,573)	(290,498)

(iv) Sensitivity analysis on projected benefit obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the medical trend rate.

	The Group			
	2015		2014	
	1 % Increase	1 % Decrease	1 % Increase	1 % Decrease
Discount rate	(410,000)	527,000	(552,000)	721,000
Health inflation rate	500,000	(391,000)	676,000	(526,000)
Salary increase rate	11,000	(10,000)	9,000	(8,000)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

30. Deposits by the public

	The Group	
	2015	2014
Personal	112,607,373	102,922,178
Business	96,763,781	87,744,415
Interest payable	90,448	60,074
	209,461,602	190,726,667

Deposits include $291,556 (2014: $140,988) held as collateral for irrevocable commitments under letters of credit.

31. Due to other banks and financial institutions

These represent deposits by other banks and financial institutions, as well as funds for on-lending to eligible customers, in the normal course of business.

32. Due to ultimate parent company

	The Group	
	2015	2014
The Bank of Nova Scotia:		
Facility I	2,573,707	2,905,542
Facility II	3,062,329	3,324,195
	5,636,036	6,229,737
Interest payable	69,056	78,297
	5,705,092	6,308,034
Deposits held with Bank	2,464	8,699
	5,707,556	6,316,733

(i) Facility I is a US$ denominated twelve (12) year non-revolving loan from the ultimate parent company, for on-lending. The repayment of the principal commenced May 2012, after a four year moratorium period, to be completed by August 2020 and is subject to a fixed interest rate of 5.63% per annum.

(ii) Facility II is a US$ denominated fourteen (14) year non-revolving loan from the ultimate parent company, for on-lending. The repayment of the principal commenced May 2012, after a four year moratorium period, to be completed by February 2022 and is subject to a fixed interest rate of 5.95%.

The above loan facilities are insured by the Multilateral Investment Guarantee Agency.

33. Due to fellow subsidiaries

These represent accounts held by fellow subsidiaries in the normal course of business.

34. Capital Management and Government Securities funds

The capital management and government securities funds represent the investment of contributions from third-party clients. Changes in the value of the fund at each valuation date are based on the net accretion in value of the underlying investments.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

35. Other liabilities

	The Group 2015	The Group 2014 (Restated)
Accrued staff benefits	1,548,109	1,566,040
Prepaid letters of credit	291,556	140,988
Provisions	342,098	261,393
Accrued liabilities	3,047,142	2,193,983*
	5,228,905	4,162,404

36. Deferred tax assets and liabilities

Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using applicable tax rates of:

Scotia Group Jamaica Limited at 25%;
The Bank of Nova Scotia Jamaica Limited at 33⅓%;
Scotia Investments Jamaica Limited at 33⅓%;
The Scotia Jamaica Building Society at 30%;
Scotia Jamaica Life Insurance Company Limited at 25% (2014: 15%) and;
Other unregulated subsidiaries at 25%

(a) The movement on the deferred income tax account is as follows:

	The Group 2015	The Group 2014	The Company 2015	The Company 2014
Balance at beginning of year	(3,771,803)	(3,004,190)	(14,121)	(25,378)
Recognised in the profit for the year (note 14)	119,791	(93,400)	11,899	12,525
Recognised in other comprehensive income				
Remeasurement of defined benefits asset/ obligations	(1,890,379)	(511,874)	-	-
Available-for-sale investments				
- fair value remeasurement	30,563	(179,838)	-	498
- transfer to profit	9,941	17,499	520	(1,766)
	(1,849,875)	(674,213)	520	(1,268)
Balances at end of year	(5,501,887)	(3,771,803)	(1,702)	(14,121)

(b) Deferred income tax assets and liabilities are attributable to the following items:

	The Group 2015	The Group 2014	The Company 2015	The Company 2014
Pension benefits	(5,565,446)	(3,893,204)	-	-
Other post retirement benefits	911,842	1,136,155	-	-
Available-for-sale investments	(6,178)	(46,682)	-	(520)
Vacation accrued	114,084	119,986	-	-
Accelerated tax depreciation	(175,925)	(201,439)	-	-
Impairment losses on loans	(565,273)	(614,145)	-	-
Unrealised foreign exchange gains	-	(12,188)	-	-
Interest receivable	(265,018)	(239,691)	(1,702)	(13,601)
Other	50,027	(20,595)	-	-
Net deferred income tax liability	(5,501,887)	(3,771,803)	(1,702)	(14,121)

*Restated (note 55)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

36. Deferred tax assets and liabilities (continued)

(b) Deferred income tax assets and liabilities are attributable to the following items (continued):

	The Group		The Company	
	2015	2014	2015	2014
This is comprised of:-				
Deferred income tax asset	29,125	2,520	-	-
Deferred income tax liability	(5,531,012)	(3,774,323)	(1,702)	(14,121)
	(5,501,887)	(3,771,803)	(1,702)	(14,121)

(c) The deferred tax charge recognised in profit for the year relates to the following temporary differences:

	The Group		The Company	
	2015	2014	2015	2014
Accelerated tax depreciation	(25,683)	25,729	-	-
Pensions and other post retirement benefits	6,176	(19,944)	-	-
Allowance for loan impairment	(48,027)	101,647	-	-
Unrealised foreign currency gains	(12,188)	1,037	-	-
Vacation accrued	5,904	(12,590)	-	-
Interest receivable	25,327	(46,887)	(11,899)	(12,525)
Unrealised foreign exchange gains	(71,300)	44,408	-	-
	(119,791)	93,400	(11,899)	(12,525)

37. Policyholders' liabilities

(a) Composition of policyholders' liabilities

		The Group	
		2015	2014
Policyholders' fund		48,106,599	47,293,055
Benefits and claims payable		197,069	148,338
Unprocessed premiums		19,445	4,999
Annuity fund		199,953	163,864
Insurance risk reserve	- Individual life	(6,225,838)	(5,128,548)
	- Individual accident and sickness	275,106	290,253
	- Group life	577,510	549,015
	- Whole life	(37,565)	(11,405)
		43,112,279	43,309,571

(b) Movement in policyholders' liabilities:

	The Group	
	2015	2014
Policyholders' fund:		
At beginning of year	47,293,055	46,701,215
Gross premium	5,151,521	5,394,108
Disbursements	(6,101,975)	(6,568,818)
Interest credited	1,763,998	1,766,550
At end of year	48,106,599	47,293,055

(Expressed in thousands of Jamaican dollars unless otherwise stated)

37. Policyholders' liabilities (continued)

(b) Movement in policyholders' liabilities (continued):

	The Group 2015	The Group 2014
Benefits and claims payable:		
At beginning of year	148,338	132,291
New claims and benefits made during the year	233,444	232,831
Benefits and claims paid	(184,713)	(216,784)
At end of year	197,069	148,338
Unprocessed premiums:		
At beginning of year	4,999	7,544
Premiums received	7,455,327	7,519,369
Premiums applied	(7,440,881)	(7,521,914)
At end of year	19,445	4,999
Annuity fund:		
At beginning of year	163,864	124,894
Issue of new annuities	39,188	44,105
Payments	(11,943)	(11,811)
Interest credited	8,844	6,676
At end of year	199,953	163,864

	The Group 2015 Individual life	Group life	Total
Insurance risk reserve:			
At beginning of year	(4,849,700)	549,015	(4,300,685)
Changes in assumptions	119,059	1,780	120,839
Changes to tax regime	(1,375,890)	(1,398)	(1,377,288)
Normal changes	118,234	28,113	146,347
At end of year	(5,988,297)	577,510	(5,410,787)

	2014 Individual life	Group life	Total
Insurance risk reserve:			
At beginning of year	(4,484,817)	532,832	(3,951,985)
Changes in assumptions	(436,692)	18,853	(417,839)
Normal changes	71,809	(2,670)	69,139
At end of year	(4,849,700)	549,015	(4,300,685)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. Share capital

	Number of Units ('000)		Carrying value	
	2015	2014	2015	2014
Authorised:				
Ordinary shares of no par value	10,000,000	10,000,000		
Issued and fully paid:				
Ordinary stock units	3,111,573	3,111,573	6,569,810	6,569,810

The holders of the ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

39. Reserve fund

In accordance with the Banking Act 1992, the Bank is required to make transfers of a minimum of 15% of net profit until the amount in the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the reserve fund is equal to the respective paid-up capital.

The Building Society subsidiary is required to make transfers of a minimum of 10% of net profit, until the amount at the credit of the reserve fund is equal to the total of the amount paid up on its capital shares and the amount of its deferred shares.

40. Retained earnings reserve

The Banking Act 1992 permits transfers from the Bank's net profit to retained earnings reserve, which constitutes a part of the capital base. Transfers to the retained earnings reserve are made at the discretion of the Board of Directors. Such transfers must be notified to Bank of Jamaica and any reverse must be approved by Bank of Jamaica.

41. Capital reserve

Capital reserve arose on the liquidation of Scotia Jamaica General Insurance Brokers Limited.

42. Cumulative remeasurement result from available-for-sale securities

This represents the unrealised surplus or deficit on the revaluation of available-for-sale securities.

43. Loan loss reserve

This is a non-distributable loan loss reserve which represents the excess of the regulatory loan loss provision over the amount determined under IFRS requirements (note 23).

44. Other reserves

This represents reserves arising on consolidation of subsidiaries.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

45. Related party transactions and balances

The Group is a 71.78% subsidiary of Scotiabank Caribbean Holdings Limited, which is incorporated and domiciled in Barbados. The Bank of Nova Scotia, which is incorporated and domiciled in Canada is the ultimate parent company. The remaining 28.22% of the stock units are widely held.

Parties are considered to be related if one party has the ability to control or exercise significant influence over, or be controlled and significantly influenced by, the other party or both parties are subject to common control or significant influence. A number of banking transactions are entered into with related parties, including companies connected by virtue of common directorships, in the normal course of business. These include loans, deposits, investment management services and foreign currency transactions.

Related party transactions with the parent company include the payment of dividends, management fees, guarantee fees, centralized computing and other service fees. The related party balance with the parent is the amount due to the parent company as set out in note 32.

No provisions have been recognised in respect of loans made to related parties.

Pursuant to Section 13(1)(d) and (i) of the Banking Act, connected companies include companies that have directors in common with the Company and/or its subsidiaries.

Related party credit facilities in excess of the limits set out in Section 13(1)(d) and (i), subject to the maximum of the limits in Section 13(1)(e) of the Banking Act, are supported by guarantees issued by the parent company.

The amounts of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows:

	The Group					
	Ultimate parent	Fellow subsidiaries	Directors and Key management personnel	Connected companies	Total 2015	Total 2014
Loans						
Balance at October 31	-	-	599,106	497,888	1,096,994	970,285
Interest income earned	-	-	49,090	34,742	83,832	104,513
Deposits						
Balance at October 31	5,638,501	-	281,162	2,477,299	8,396,962	8,089,060
Interest expense on deposits	355,723	-	667	59,936	416,326	413,572
Investments/Repurchase agreements						
Securities sold under repurchase agreements	-	-	(91,660)	(59,150)	(150,810)	(115,379)
Interest paid on repurchase agreements	-	-	(1,487)	(1,233)	(2,720)	(3,254)
Other investments	-	3,554,415	(95,694)	-	3,458,721	3,188,085
Interest earned on other investments	-	124,457	(160)	-	124,297	159,606
Deposits with Banks						
Due from banks and other financial institutions	219,341	24,099,400	-	-	24,318,741	24,021,363
Interest earned from banks and other financial institutions	86	442,073	-	-	442,159	310,763
Other						
Fees and commission earned	-	-	291	15,160	15,451	25,134
Insurance products	-	-	32,810	-	32,810	36,601
Technical fees (paid)/received	(1,240,355)	-	-	-	(1,240,355)	(1,157,720)
Other operating (expense) /income	(722,695)	374,291	-	-	(348,404)	(257,666)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

45. Related party transactions and balances (continued)

	The Group	
	2015	2014
Key management compensation		
Salaries and other short term benefits	763,003	888,045
Post-employment benefits	(335,271)	(309,559)
	427,732	578,486

46. Financial risk management

(a) Overview and risk management framework

The Group's principal business activities result in significant financial instruments, which involves analysis, evaluation and management of some degree of risk or combination of risks. The principal financial risks that arise from transacting financial instruments include credit risk, market risk and liquidity risks. The Group's framework to monitor, evaluate and manage these risks includes the following:

- extensive risk management policies define the Group's risk appetite, set the limits and controls within which the Group operate, and reflect the requirements of regulatory authorities. These policies are approved by the Group's Board of Directors, either directly or through the Executive and Enterprise Risk Committee.

- guidelines are developed to clarify risk limits and conditions under which the Group's risk policies are implemented.

- processes are implemented to identify, evaluate, document, report and control risk.

- compliance with risk policies, limits and guidelines is measured, monitored and reported to ensure consistency against desired goals.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks.

Three key committees for managing and monitoring risks are as follows:

(i) Board Audit Committee

The Board Audit Committee is comprised of independent directors. This committee oversees the integrity of the Group's financial statements, compliance with legal and regulatory requirements, the performance of the Bank's internal audit function and external auditors, as well as the system of internal controls over financial reporting. The Audit Committee reviews the quarterly and annual financial statements, examining significant issues regarding the financial results, accounting principles and policies, as well as management estimates and assumptions, for recommendation to the Board for approval. This committee is assisted in its oversight role by the Internal Audit Department, which undertakes reviews of risk management controls and procedures.

46. Financial risk management (continued)

(a) Overview and risk management framework (continued)

(ii) Executive and Enterprise Risk Committee

The Executive and Enterprise Risk Committee reviews and recommends to the Board for approval, the risk management policies, limits, procedures and standards. This involves review of the quarterly reports on the Group's enterprise-wide risk profile, including credit, market, operational and liquidity risks. This Committee also oversees the corporate strategy and profit plans for the Group, as well as develops and makes recommendations for improvement of the corporate governance policies and procedures.

(iii) Asset and Liability Committee

The Asset and Liability Committee (ALCO), a management committee, has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction. The Committee reviews investment, loan and funding activities, and ensures that the existing policies comprehensively deal with the management and diversification of the Group's investment and loan portfolios and that appropriate limits are being adhered to.

The Investment Advisory Committee performs a similar role to ALCO for Scotia Jamaica Life Insurance, where it provides a specialised focus due to the nature of the insurance business.

The most important types of risk for the Group are credit risk, liquidity risk, market risk, insurance risk and operational risk. Market risk includes currency risk, interest rate risk and other price risk.

(b) Credit risk

(i) Credit Risk Management

At a strategic level, the Group manages the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to any one borrower or groups of borrowers, and industry segments. Credit risk limits are approved by the Board of Directors. The exposure to any one borrower, including banks and brokers, is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Operationally, exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by restructuring loans where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

In addition, the Group will seek additional collateral from the counterparty as soon as impairment indicators are observed for the relevant individual loans.

The Group's policy requires the review of individual financial assets that are above materiality thresholds annually or more regularly when individual circumstances require. Impairment allowances is consistent with the policies outlined in note 2(q).

46. Financial risk management (continued)

(b) Credit risk (continued)

(i) Credit Risk Management (continued)

The Group further manages its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with unfavourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(ii) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to customers as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to issue drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(iii) Credit quality

The Group's credit risk rating systems are designed to support the determination of key credit risk parameter estimates which measures credit and transaction risks.

Commercial loans: In measuring credit risk of commercial loans at the counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class:

Mapping of the Group's internal ratings to external ratings of international rating agency, Standard and Poor's.

The Group's rating	External rating: Standard & Poor's equivalent.
Excellent	AAA to AA+
Very Good	AA to A+
Good	A to A-
Acceptable	BBB+ to BB+
Higher Risk	BB and under

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Retail loans: Retail loans are risk-rated based on an internal scoring system which combines statistical analysis with credit officer judgment, and fall within the following categories:

- Excellent
- Good
- Higher Risk

The following table shows the percentage of the loan portfolio as at the reporting date relating to loans and credit commitments for each of the internal rating categories:

	The Group Loans and credit commitments	
	2015 (%)	2014 (%)
Excellent	26.5	26.0
Very Good	4.8	4.3
Good	24.2	21.2
Acceptable	7.3	7.2
Higher Risk	37.2	41.3
	100.0	100.0

Under the Bank of Jamaica Credit Classification, Provisioning and Non Accrual Requirements, the following classifications are used:

Standard – loans where the financial condition of the borrower is in no way impaired, and appropriate levels of cash flows or income flows are available to meet debt payments.

Special Mention – loans where credit is currently up to date and collateral values protect the Group's exposure. However, there exists evidence to suggest that certain factors could, in future, affect the borrower's ability to service the credit properly or impair the collateral.

Sub-standard – loans with well-defined credit weakness or weakness in the sector of the borrower such that cash flows are insufficient to service debt as arranged.

Doubtful – loans where collection of the debt in full is highly questionable or improbable.

Loss – loans considered uncollectible due to insolvency of the borrower. The borrower's financial position is insufficient to service or retire outstanding debt.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Using these classifications to rate credit quality, the credit profile of the Group's loan portfolio would be as set out in the following table:

	The Group	
	2015	2014
	%	%
Standard	87.2	85.3
Special Mention	9.9	9.5
Sub-Standard	1.3	3.2
Doubtful	0.4	0.4
Loss	1.2	1.6
	100.0	100.0

Debt securities: The following table presents an analysis by rating agency designation of debt and similar securities, other than loans, based on Standard & Poor's ratings or their equivalent:

	The Group		The Company	
	2015	2014	2015	2014
AAA to AA+	4,424,078	858,878	-	-
AA to A+	16,703,133	521,820	-	-
A to A-	12,839,440	1,586,286	-	-
BBB+ to BB+	2,957,300	-	-	-
BB to B-	118,497,114	145,644,698	-	4,818,098
Unrated	1,001,303	1,027,300	-	-
	156,422,368	149,638,982	-	4,818,098

	The Group		The Company	
	2015	2014	2015	2014
Classified as follows:				
Deposits with Bank of Jamaica	5,555,901	9,025,669	-	-
Financial assets at fair value through profit and loss	539,731	733,921	-	-
Investment securities				
Held-to-maturity	11,278,298	11,130,606	-	-
Available-for-sale	93,475,842	72,107,446	-	4,818,098
Pledged assets, Capital Management and Government Securities Funds:				
Loans and receivables	-	1,929,046	-	-
Held-to-maturity	3,778,032	3,866,313	-	-
Available-for-sale	41,794,564	50,652,197	-	-
Held for trading	-	193,784	-	-
-	156,422,368	149,638,982	-	4,818,098

46. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Maximum exposure to credit risk

The maximum exposure to credit risk is the amount before taking account of any collateral held or other credit enhancements. For financial assets, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

Collateral and other credit enhancements held against loans

It is the Group's practice to lend on the basis of the customer's ability to meet their obligations out of their cash flow resources, rather than rely on the value of security offered as collateral. Nevertheless, the collateral is an important mitigant of credit risk. Depending on the customer's standing and the type of product, some facilities are granted on an unsecured basis. For other facilities, a charge over collateral is obtained and considered in determining the credit decision and pricing. In the event of default the Group may utilise the collateral as a source of repayment. In such cases the collateral is used to settle all debt obligations to the Group and excess value is returned to the borrower.

The Group holds collateral against credits to borrowers primarily in the form of cash, motor vehicles, real estate, charges over business assets such as premises, inventory and accounts receivable, and charges over financial instruments such as debt securities and equities. Estimates of collateral value are assessed at the time of borrowing and are generally not updated except when credits to borrowers are individually assessed as impaired.

The estimated value of the collateral with enforceable legal right pursuant to the agreements for outstanding loans and guarantees is $121,302,503 (2014: $111,949,331) for the Group.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(b) Credit risk (continued)

(v) Concentration of exposure to credit risk

(1) Loans and customer liabilities under acceptances, guarantees and letters of credit

The following table summarises credit exposure for loans and customer liabilities under acceptances, guarantees and letters of credit at their carrying amounts, as categorised by the industry sectors. These credit facilities are well diversified across industry sectors, and are primarily extended to customers within Jamaica.

	The Group			
	Loans and leases	Acceptances, guarantees and letters of credit	Total 2015	Total 2014
Agriculture, fishing and mining	1,018,196	38,838	1,057,034	1,737,464
Construction and real estate	3,577,595	396,981	3,974,576	2,486,665
Distribution	13,539,658	490,728	14,030,386	13,524,346
Financial institutions	2,048,800	2,747,122	4,795,922	1,870,785
Government and public entities	17,851,051	411,096	18,262,147	19,424,168
Manufacturing	6,625,436	544,829	7,170,265	5,719,226
Transportation, electricity, water and other	6,056,836	769,983	6,826,819	8,122,410
Personal	91,187,561	3,595,381	94,782,942	86,170,366
Professional and other services	7,931,440	1,570,635	9,502,075	6,313,534
Tourism and entertainment	5,506,416	128,322	5,634,738	8,913,474
Interest receivable	1,059,504	-	1,059,504	998,175
Total	156,402,493	10,693,915	167,096,408	155,280,613
Total impairment allowance (note 23)			(1,903,120)	(1,917,647)
			165,193,288	153,362,966

(2) Debt securities and amounts due from other banks

The following table summarises credit exposure for debt securities and amounts due from other banks at their carrying amounts, categorised by issuer:

	The Group		The Company	
	2015	2014	2015	2014
Government of Jamaica	109,480,259	113,964,316	-	4,818,098
Bank of Jamaica	28,436,296	44,418,212	-	-
Financial institutions	58,694,904	64,602,518	12,675,188	11,455,655
Corporates and other	37,515,765	3,595,791	-	-
	234,127,224	226,580,837	12,675,188	16,273,753

Other than exposure on Government of Jamaica securities, there is no significant concentration of credit risk related to debt securities. For securities purchased under resale agreements, titles to securities are transferred to the Group for the duration of the agreement.

46. Financial risk management (continued)

(c) Market risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices and foreign exchange rates), correlations between them, and their levels of volatility. Market risk is subject to extensive risk management controls, and is managed within the framework of market risk policies and limits approved by the Board. The Executive and Enterprise Risk Committee oversee the application of the framework set by the Board, and monitor the Bank's market risk exposures and the activities that give rise to these exposures.

The Group uses various metrics and models to measure and control market risk exposures. The measurements used are selected based on an assessment of the nature of risks in a particular activity. The principal measurement techniques are Value at Risk (VaR), stress testing, sensitivity analysis and simulation modeling and gap analysis. The Board reviews results from these metrics quarterly.

The management of the individual elements of market risks – interest rate, currency and other price risk – is as follows:

(i) Interest rate risk

Interest rate risk is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; changes in the market price of credit; and the creditworthiness of a particular issuer. The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Group's funding and investment activities is managed in accordance with Board-approved policies and limits, which are designed to control the risk to net interest income and economic value of shareholders' equity. The income limit measures the effect of a specified shift in interest rates on the Group's annual net income over the next twelve months, 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.

Sensitivity analysis assesses the effect of changes in interest rates on current earnings and on the economic value of assets and liabilities. Stress testing scenarios are also important for managing risk in the Group's portfolios.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

The following tables summarise carrying amounts of assets, liabilities and equity in order to arrive at the Group's and the Company's interest rate gap based on the earlier of contractual repricing and maturity dates.

	The Group						
	2015						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	815	38,518,681	18,784,451	-	-	21,925,095	79,229,042
Financial assets at fair value through profit or loss	-	-	-	384,895	-	459,502	844,397
Pledged assets	450,000	34,731,623	2,953,797	14,123,264	297,442	1,484,662	54,040,788
Loans (1)	14,505,048	67,793,075	25,450,954	43,211,419	2,467,167	1,071,710	154,499,373
Investment securities (2)	-	49,045,613	12,494,335	36,541,442	5,569,770	1,784,980	105,436,140
Securities purchased under resale agreements	-	150,000	-	-	-	58	150,058
Other assets	-	-	-	-	-	38,732,147	38,732,147
Total assets	14,955,863	190,238,992	59,683,537	94,261,020	8,334,379	65,458,154	432,931,945
Deposits, due to banks, parent company and fellow subsidiaries(3)	193,308,396	14,792,294	5,590,716	5,834,438	803,460	159,571	220,488,875
Securities sold under repurchase agreements	237,996	35,382,596	4,002,405	-	-	209,455	39,832,452
Capital Management and Government Securities funds	12,713,331	-	-	-	-	1,312	12,714,643
Policyholders' liabilities	33,171,444	3,290,216	11,644,938	-	-	(4,994,319)	43,112,279
Other liabilities	-	-	-	-	-	28,056,141	28,056,141
Stockholders' equity	-	-	-	-	-	88,727,555	88,727,555
Total liabilities and stockholders' equity	239,431,167	53,465,106	21,238,059	5,834,438	803,460	112,159,715	432,931,945
Total interest rate sensitivity gap	(224,475,304)	136,773,886	38,445,478	88,426,582	7,530,919	(46,701,561)	-
Cumulative gap	(224,475,304)	(87,701,418)	(49,255,940)	39,170,642	46,701,561	-	-
	2014						
Total assets	14,663,526	180,805,770	45,396,043	83,720,388	25,049,266	57,395,269	407,030,262
Total liabilities and stockholders' equity	218,675,925	55,696,270	28,234,652	4,833,203	1,742,075	97,848,137	407,030,262
Total interest rate sensitivity gap	(204,012,399)	125,109,500	17,161,391	78,887,185	23,307,191	(40,452,868)	-
Cumulative gap	(204,012,399)	(78,902,899)	(61,741,508)	17,145,677	40,452,868	-	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing and maturity dates:

The Group

2015

	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	1.55	0.63	0.74	-	-	0.58
Securities purchased under repurchase agreements	-	7.00	-	-	-	7.00
Financial assets at fair value through profit or loss	-	-	-	7.25	-	7.25
Loans (1)	14.33	17.13	12.02	14.26	9.45	15.01
Investment securities (2)	-	6.39	5.71	3.44	10.60	5.51
Pledged assets	6.33	6.09	7.28	3.35	10.98	5.45
LIABILITIES						
Deposits (3)	0.75	2.34	2.07	5.26	6.00	1.03
Securities sold under repurchase agreements	1.10	4.82	1.77	-	-	4.48
Capital Management and Government Securities fund	0.15	-	-	-	-	0.15
Policyholders' liabilities	3.56	4.18	4.23	-	-	3.77

2014

	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	1.60	1.10	1.05	-	-	1.08
Securities purchased under repurchase agreements	-	6.50	-	-	-	6.50
Financial assets at fair value through profit or loss	-	-	-	7.27	8.15	7.55
Loans (1)	14.24	17.89	12.70	14.11	9.53	15.33
Investment securities (2)	-	7.50	4.24	6.19	8.85	7.18
Pledged assets	12.75	6.44	5.91	6.65	7.43	6.59
LIABILITIES						
Deposits (3)	0.78	2.30	2.53	5.98	5.91	1.12
Securities sold under repurchase agreements	4.89	4.73	4.84	4.25	-	4.76
Capital Management and Government Securities fund	0.17	-	-	-	-	0.17
Policyholders' liabilities	3.56	4.28	4.32	-	-	3.81

(1) Yields are based on book values, net of allowance for credit losses and contractual interest rates.

(2) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts. Yields on tax-exempt investments have not been computed on a taxable equivalent basis.

(3) Yields are based on contractual interest rates.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

The Company

	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
2015							
Cash resources	562,703	-	12,105,676	-	-	6,809	12,675,188
Loans (1)	-	35,000	120,000	-	-	-	155,000
Investment in subsidiaries	-	-	-	-	-	9,532,408	9,532,408
Other assets	-	-	-	-	-	363,047	363,047
Total assets	562,703	35,000	12,225,676	-	-	9,902,264	22,725,643
Other liabilities	-	-	-	-	-	81,436	81,436
Stockholders' equity	-	-	-	-	-	22,644,207	22,644,207
Total liabilities and stockholders' equity	-	-	-	-	-	22,725,643	22,725,643
Total interest rate sensitivity gap	562,703	35,000	12,225,676	-	-	(12,823,379)	-
Cumulative gap	562,703	597,703	12,823,379	12,823,379	12,823,379	-	-
2014							
Total assets	99,257	-	11,352,425	70,000	4,767,666	9,977,532	26,266,880
Total liabilities and stockholders' equity	-	-	-	-	-	26,266,880	26,266,880
Total interest rate sensitivity gap	99,257	-	11,352,425	70,000	4,767,666	(16,289,348)	-
Cumulative gap	99,257	99,257	11,451,682	11,521,682	16,289,348	-	-

Average effective yields by the earlier of the contractual repricing and maturity dates:

The Company

2015

	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.41	-	0.45	-	-	0.45
Loans (1)	-	9.00	9.00	-	-	9.00

2014

	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.05	-	0.28	-	-	0.28
Loans (1)	-	-	-	9.00	-	9.00
Investment securities (2)	-	-	-	-	7.84	7.84

(1) Yields are based on book values, net of allowance for credit losses and contractual interest rates.

(2) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts. Yields on tax-exempt investments have not been computed on a taxable equivalent basis.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity to interest rate movements

The following shows the sensitivity to interest rate movements using scenarios that are based on recently observed market movements. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis as for 2014.

	The Group	
	2015	2014
	Increase/decrease	Increase/decrease
JMD Interest rates	by 300bps	by 450bps
USD Interest rates	by 50bps	by 250bps

	The Group		The Company	
	2015	2014	2015	2014
Effect on profit or loss	1,127,097	2,184,803	601,421	967,848
Effect on stockholders' equity	404,957	838,575	131,377	260,841

(ii) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The main currencies giving rise to this risk are the USD, CAD, GBP, and EUR. The Group ensures that the net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible.

The tables below summarize the Group's exposure to relevant currencies:

JMD Equivalent

	The Group						
	2015						
	JMD	USD	CAD	GBP	EUR	Other	Total
ASSETS							
Cash resources	23,375,940	46,504,311	2,884,833	5,978,680	435,953	49,325	79,229,042
Financial assets at fair value through profit or loss	844,397	-	-	-	-	-	844,397
Pledged assets	37,110,450	16,631,219	81,163	217,956	-	-	54,040,788
Loans	126,576,678	27,736,570	148,832	2	37,291	-	154,499,373
Investment securities	74,480,723	30,688,887	266,530	-	-	-	105,436,140
Government securities	150,058	-	-	-	-	-	150,058
Other assets	46,299,152	(7,649,541)	17,141	(49,767)	153,388	(38,226)	38,732,147
	308,837,398	113,911,446	3,398,499	6,146,871	626,632	11,099	432,931,945
LIABILITIES							
Deposits	124,913,853	86,564,179	5,518,809	3,032,221	459,407	406	220,488,875
Other liabilities	50,547,638	28,894,679	501,893	479,693	167,487	11,846	80,603,236
Policy holders' liabilities	43,112,279	-	-	-	-	-	43,112,279
	218,573,770	115,458,858	6,020,702	3,511,914	626,894	12,252	344,204,390
NET POSITION	**90,263,628**	**(1,547,412)**	**(2,622,203)**	**2,634,957**	**(262)**	**(1,153)**	**88,727,555**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

JMD Equivalent

	The Group						
	2014						
	JMD	USD	CAD	GBP	EUR	Other	Total
ASSETS							
Cash resources	26,246,401	46,433,414	2,654,760	5,867,518	1,185,951	94,517	82,482,561
Financial assets at fair value through profit or loss	976,215	5,516	-	-	-	-	981,731
Pledged assets	43,198,715	20,914,849	109,176	169,340	-	-	64,392,080
Loans	113,971,941	31,314,945	384,936	-	60,180	-	145,732,002
Investment securities	70,455,380	12,899,377	294,153	-	-	-	83,648,910
Government securities	300,516	-	-	-	-	-	300,516
Other assets	37,815,607	(8,626,470)	33,727	28	269,570	-	29,492,462
	292,964,775	102,941,631	3,476,752	6,036,886	1,515,701	94,517	407,030,262
LIABILITIES							
Deposits	116,143,910	76,730,395	2,846,459	5,648,955	272,901	366	201,642,986
Other liabilities	53,320,224	26,704,912	604,372	269,121	1,269,912	15,717	82,184,258
Policyholders' liabilities	43,309,571	-	-	-	-	-	43,309,571
	212,773,705	103,435,307	3,450,831	5,918,076	1,542,813	16,083	327,136,815
NET POSITION	**80,191,070**	**(493,676)**	**25,921**	**118,810**	**(27,112)**	**78,434**	**79,893,447**

The following significant exchange rates were applied during the period:

	Average Rate for the Period		Reporting Date Spot Rate	
	2015	2014	2015	2014
USD	116.1969	109.9574	119.5755	112.4939
CAD	92.0075	100.3221	89.8687	99.1070
GBP	177.8415	181.9337	182.2461	179.4395
EUR	131.2166	147.5269	131.1022	141.0465

Sensitivity to foreign exchange rate movements

A weakening of the JMD against the currencies indicated above, at October 31, would have increased/(decreased) equity and profit by the amounts shown below. This analysis is performed on the same basis as 2014. The strengthening of the JMD against the same currencies at October 31 would have had an equal but opposite effect on the amounts shown, on the basis that all other variables remain constant.

Sensitivity to foreign exchange:

	The Group	
	2015	2014
	Increase/decrease	Increase/decrease
USD	by 3%	by 4.75%
CAD	by 5.5%	by 11.50%
GBP	by 8%	by 8.50%
EUR	by 8.25%	by 9.75%
	2015	2014
Effect on profit and stockholders' equity	121,034	245,781

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(c) Market risk (continued)

(iii) Equity price risks

Equity price risk arises out of price fluctuations in equity prices. The risk arises from holding positions in either individual stocks (idiosyncratic risk) or in the market as a whole (systemic risk). The goal is to earn dividend income and realise capital gains sufficient to offset the interest foregone in holding such long-term positions.

The Board sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact on the portfolio which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristic of these instruments, the Group limits the amount invested in them.

At the reporting date, Group's equity portfolio was:

	The Group	
	2015	2014
Financial assets at fair value through profit or loss	-	12
Investment securities available-for-sale	102,000	5,610

Sensitivity to equity price movements

Maximum changes observed in running 10-day periods during the financial year for the equity portfolio as at the reporting date would have increased or decreased equity and profit and loss by the amounts shown below:

This analysis is performed on the same basis as 2014. Prices used are the bid prices for the equities. A 10-day period is used to account for the liquidity of the local market equities.

	Profit or loss		Equity	
	Maximum increase	Maximum decrease	Maximum increase	Maximum decrease
October 31, 2015	-	-	10,200	(10,200)
October 31, 2014	1	(1)	562	(562)

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows. The Group is exposed to daily calls on its available cash resources from overnight and maturing deposits, loan drawdowns and guarantees. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group maintains large holdings of unencumbered liquid assets to support its operations. These assets generally can also be sold or pledged to meet the Group's obligations.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(d) Liquidity risk (continued)

The Group's liquidity management process includes

(i) Monitoring future cash flows and liquidity on a daily basis
(ii) Maintaining a portfolio of highly marketable assets that can be liquidated quickly as protection against any unforeseen interruption of cash flow
(iii) Monitoring the liquidity ratios of the Group against internal and regulatory requirements
(iv) Managing the concentration and profile of debt maturities, as well as undrawn lending commitments
(v) Liquidity stress testing and contingency planning

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for entities to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and central bank balances; government and corporate bonds; treasury bills; and loans.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

Financial liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities based on contractual repayment obligations. However, the Group expects that many policyholders/depositors/customers will not request repayment on the earliest date the Group could be required to pay.

	The Group						
	2015						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits, due to financial institutions, parent company and fellow subsidiaries	201,784,125	6,913,819	7,085,095	4,828,698	-	220,611,737	220,488,875
Securities sold under repurchase agreements	38,753,714	4,053,062	-	-	-	42,806,776	39,832,452
Capital Management and Government securities fund	12,714,643	-	-	-	-	12,714,643	12,714,643
Other liabilities	9,060,517	2,140,397	726,466	1,184,359	-	13,111,739	13,111,739
Policyholders' liabilities	36,779,314	11,833,286	-	-	-	48,612,600	43,112,279
Total liabilities	299,092,313	24,940,564	7,811,561	6,013,057	-	337,857,495	329,259,988

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(d) Liquidity risk (continued)

	2014						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits, due to financial institutions, parent company and fellow subsidiaries	186,627,086	4,841,157	6,897,194	5,790,822	-	204,156,259	201,642,986
Securities sold under repurchase agreements	38,555,277	12,722,528	15,172	-	-	51,292,977	47,840,197
Capital Management and Government Securities fund	13,003,074	-	-	-	-	13,003,074	13,003,074
Other liabilities	7,561,925	942,527	842,741	14,817	-	9,362,010	9,362,010
Policyholders' liabilities	35,309,383	12,307,726	-	-	-	47,617,109	43,309,571
Total liabilities	281,056,745	30,813,938	7,755,107	5,805,639	-	325,431,429	315,157,838

(e) Insurance risk

The Group issues long term contracts that transfer insurance risk or financial risk or both. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Two key matters affecting insurance risk are discussed below:

(i) Long-term insurance contracts

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract.

The Group has developed its insurance underwriting strategy and reinsurance arrangements to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The Group's underwriting strategy includes the use of a medical questionnaire with benefits limited to reflect the health condition of applications and retention limits on any single life insured.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(e) Insurance risk (continued)

(i) Long-term insurance contracts (continued)

(1) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes such as in eating, smoking and exercise habits resulting in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for all insurance contracts and has the right to alter these charges to a certain extent based on mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual and group life assured. The benefit insured are shown gross and net of reinsurance.

	The Group			
	Total benefits assured			
	Before and After Reinsurance 2015	%	Before and After Reinsurance 2014	%
Individual Life Benefits assured per life				
0 to 250,000	6,077,701	11	6,542,751	13
250,001 to 500,000	2,537,410	5	2,627,724	5
500,001 to 750,000	3,555,278	7	3,879,336	8
750,001 to 1,000,000	3,549,148	7	3,650,420	7
1,000,001 to 1,500,000	10,191,009	19	9,889,217	20
1,500,001 to 2,000,000	6,358,769	12	6,122,011	12
Over 2,000,000	20,540,167	39	17,743,284	35
Total	52,809,482	100	50,454,743	100

	Total benefits assured			
	Before and After Reinsurance 2015	%	Before and After Reinsurance 2014	%
Group Life Benefits assured per life				
0 to 250,000	10,946,669	14	9,365,580	13
250,001 to 500,000	5,678,235	7	5,983,067	8
500,001 to 750,000	6,685,841	9	6,681,254	9
750,001 to 1,000,000	5,554,896	7	5,462,651	7
1,000,001 to 1,500,000	18,096,804	23	14,193,162	20
1,500,001 to 2,000,000	11,921,091	16	8,794,685	12
Over 2,000,000	18,345,229	24	22,470,320	31
Total	77,228,765	100	72,950,719	100

Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums and to terminate the contract completely. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. The Group has factored the impact of policyholders' behaviour into the assumptions used to measure these liabilities.

46. Financial risk management (continued)

(e) Insurance risk (continued)

(i) Long term insurance contracts (continued)

(2) Sources of uncertainty in the estimation of future benefit payments and premiums

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in policyholder behaviour.

Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and international mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience.

(3) Process used in deriving assumptions

The assumptions for long term insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

For long-term contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns, crediting rates, inflation and administration expenses are made and form the assumptions used for calculating the liabilities at the inception of the contract. A margin for risk and uncertainty is added to these assumptions.

New estimates are made each year based on updated Group experience studies and economic forecasts. The valuation assumptions are altered to reflect these revised best estimates. The margins for risk and uncertainty may also be altered if the underlying level of uncertainty in the updated assumptions has changed. The financial impact of revisions to the valuation assumption or the related margins is recognised in the accounting period in which the change is made.

(ii) Reinsurance Risk

Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. To limit its exposure of potential loss on an insurance policy, the Group cedes certain levels of risk to a reinsurer. Reinsurance ceded does not discharge the Group's liability as primary issuer. The Group also limits the probable loss in the event of a single catastrophic occurrence by reinsuring this type of risk with reinsurers. The Group manages reinsurance risk by selecting reinsurers which have established capability to meet their contractual obligations and which generally have favourable credit ratings as determined by a reputable rating agency.

46. Financial risk management (continued)

(e) Insurance risk (continued)

(ii) Reinsurance Risk (continued)

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Group are summarized below:

Type of insurance contract	Retention
Individual, group & creditor life	maximum retention of $420 for a single catastrophe event; treaty limits apply
Group creditor life contracts	maximum retention of $15,000 per insured

(iii) Sensitivity analysis of actuarial liabilities

(1) Sensitivity arising from the valuation of life insurance contracts

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in these assumptions could have a significant effect on the valuation results.

In summary, the valuation of actuarial liabilities of life insurance contracts is sensitive to:

- the economic scenario used in the Policy Premium Method (PPM)
- the investments allocated to back the liabilities
- the underlying assumptions used, and
- the margins for adverse deviations.

Under the Policy Premium Method (PPM) methodology, the Appointed Actuary is required to test the actuarial liability under several economic scenarios. The tests have been done and the results of the valuation provide adequately for liabilities derived from the worst of these different scenarios.

The assumption for future investment yields has a significant impact on actuarial liabilities. The different scenarios tested under PPM reflect the impact of different yields.

The other assumptions which are most sensitive in determining the actuarial liabilities of the Group, are in descending order of impact:

- operating expenses and taxes
- lapse
- mortality and morbidity

(Expressed in thousands of Jamaican dollars unless otherwise stated)

46. Financial risk management (continued)

(e) Insurance risk (continued)

(iii) Sensitivity analysis of actuarial liabilities (continued)

(1) Sensitivity arising from the valuation of life insurance contracts (continued)

The following table presents the sensitivity of the liabilities to a change in assumptions:

	The Group	
	2015	2014
Interest rates decrease by 1%	51,120	149,150
Interest rates increase by 1%	(6,663)	(86,167)
Mortality increases by 10%	406,077	359,162
Mortality decreases by 10%	(419,448)	(370,895)
Expenses increase by 10%	316,667	309,408
Expenses decrease by 10%	(313,369)	(305,349)
Lapses and withdrawals increase by 10%	294,501	218,978
Lapses and withdrawals decrease by 10%	(322,082)	(239,292)

47. Fair value of financial instruments

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The best evidence of fair value for a financial instrument is the quoted price in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Where possible, the Group measures the fair value of an instrument based on quoted prices or observable inputs obtained from active markets.

For financial instruments for which there is no quoted price in an active market, the Group uses internal models that maximize the use of observable inputs to estimate fair value. The chosen valuation technique incorporates all the factors that market participants would take into account.

When using models where observable parameters do not exist, the Group uses greater management judgement for valuation purposes.

47. Fair value of financial instruments (continued)

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 - fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - fair value measured based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the date the event or change in circumstances that caused the transfer occurred. There were no such transfers during the year.

Basis of valuation

The specific inputs and valuation techniques used in determining the fair value of financial instruments are noted below:

(i) financial instruments classified as available-for-sale are measured at fair value by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques which include utilising recent transaction prices or broker quotes.

(ii) financial instruments classified as fair value through profit or loss: fair value is estimated by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows. Fair value is equal to the carrying amount for these investments.

(iii) the fair value of liquid assets and other assets maturing within one year is considered to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities;

(iv) the fair value of demand deposits and savings accounts with no specific maturity is considered to be the amount payable on demand at the reporting date; the fair value of fixed-term interest bearing deposits is based on discounted cash flows using interest rates for new deposits;

(v) the fair value of variable rate financial instruments is considered to approximate their carrying amounts as they are frequently repriced to current market rates; and

(vi) the fair value of fixed rate loans is estimated by comparing actual interest rates on the loans to current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

(vii) the fair values of quoted equity investments are based on quoted market bid prices. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

47. Fair value of financial instruments (continued)

Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	The Group							
	2015							
	Carrying amount				Fair value			
	Loans and receivables	Available-for-sale	Fair value through profit or and loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Quoted shares	-	102,000	-	102,000	102,000	-	-	102,000
Unquoted shares	-	5,240	-	5,240	-	-	5,240	5,240
GOJ securities	-	61,869,384	539,731	62,409,115	-	62,409,115	-	62,409,115
Bank of Jamaica securities	-	209,948	-	209,948	-	209,948	-	209,948
Treasury bills	-	266,529	-	266,529	-	266,529	-	266,529
Corporate bonds	-	28,118,958	-	28,118,958	-	28,118,958	-	28,118,958
Credit linked notes	-	3,010,889	-	3,010,889	-	3,010,889	-	3,010,889
Unitised funds	-	574,894	304,666	879,560	-	879,560	-	879,560
	-	94,157,842	844,397	95,002,239	102,000	94,894,999	5,240	95,002,239
Pledged assets measured at fair value								
GOJ securities	-	36,573,186	-	36,573,186	-	36,573,186	-	36,573,186
Corporate bonds	-	9,402,762	-	9,402,762	-	9,402,762	-	9,402,762
Unitised funds	-	1,079,386	-	1,079,386	-	1,079,386	-	1,079,386
	-	47,055,334	-	47,055,334	-	47,055,334	-	47,055,334
Financial assets not measured at fair value								
Loans and receivables	48,367,947	-	-	48,367,947	-	-	50,535,132	50,535,132

(Expressed in thousands of Jamaican dollars unless otherwise stated)

47. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued):

	The Group							
	2014							
	Carrying amount				Fair value			
	Loans and receivables	Available-for-sale	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Quoted shares	-	5,610	12	5,622	5,622	-	-	5,622
Unquoted shares	-	5,240	-	5,240	-	-	5,240	5,240
GOJ securities	-	59,860,201	459,911	60,320,112	-	60,320,112	-	60,320,112
Bank of Jamaica securities	-	7,948,875	-	7,948,875	-	7,948,875	-	7,948,875
Treasury bills	-	294,153	-	294,153	-	294,153	-	294,153
Corporate bond	-	2,343,377	274,008	2,617,385	-	2,617,385	-	2,617,385
Credit linked notes	-	1,655,233	-	1,655,233	-	1,655,233	-	1,655,233
Unitised funds	-	405,615	247,800	653,415	-	653,415	-	653,415
	-	72,518,304	981,731	73,500,035	5,622	73,489,173	5,240	73,500,035
Pledged assets measured at fair value								
GOJ securities	-	45,800,614	193,784	45,994,398	-	45,994,398	-	45,994,398
Bank of Jamaica securities	-	2,662,710	-	2,662,710	-	2,662,710	-	2,662,710
Corporate bonds	-	1,085,236	-	1,085,236	-	1,085,236	-	1,085,236
Unitised funds	-	29,031	-	29,031	-	29,031	-	29,031
Credit linked notes	-	1,103,637	-	1,103,637	-	1,103,637	-	1,103,637
	-	50,681,228	193,784	50,875,012	-	50,875,012	-	50,875,012
Financial assets not measured at fair value								
Loans and receivables	44,701,787	-	-	44,701,787	-	-	46,446,202	46,446,202

Valuation Technique

All Government of Jamaica securities and international bonds are valued using the bid price from Bloomberg, this price is then applied to estimate the fair value.

48. Capital Risk Management

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of its minimum capital ratios and the possible suspension or loss of its licences.

Regulators are primarily interested in protecting the rights of depositors and policyholders and they monitor closely to ensure that the Group is satisfactorily managing its affairs for the benefit of depositors and policyholders. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The Group manages its capital resources according to the following objectives:

- To comply with the capital requirements established by the regulatory authorities responsible for banking, insurance and other financial intermediaries;
- To safeguard its ability to continue as a going concern and meet future obligations to depositors, policyholders and stockholders;
- To provide adequate returns to stockholders by pricing investment, insurance and other contracts commensurate with the level of risk; and

(Expressed in thousands of Jamaican dollars unless otherwise stated)

48. Capital Risk Management (continued)

- To maintain a strong capital base to support the future development of the Group's operations. Capital is managed in accordance with the Board-approved Capital Management Policy.

Individual banking, investment and insurance subsidiaries are directly regulated by their designated regulator, who sets and monitors capital adequacy requirements. Required capital adequacy information is filed with the regulators at least quarterly.

Banking, mortgage lending and investment management

Capital adequacy is reviewed by executive management, the Audit Committee and the Board of Directors. Based on the guidelines developed by Bank of Jamaica and the Financial Services Commission, each regulated entity is required to:

- Hold the minimum level of regulatory capital; and

- Maintain a minimum ratio of total regulatory capital to risk weighted assets.

Regulatory capital is divided into two tiers:

1. Tier 1 capital comprises share capital, reserve fund and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

2. Tier 2 capital comprises qualifying subordinated loan capital, collective impairment allowances and revaluation surplus on fixed assets.

Investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital, the ratios for each subsidiary and identifies the applicable regulator. During the year, the individual entities complied with all externally imposed capital requirements.

	Regulated by the BOJ [1]		Regulated by the FSC [2]	
	2015	2014	2015	2014
Tier 1 Capital	27,612,290	23,681,181	13,336,023	12,831,464
Tier 2 Capital	1,460,177	1,292,720	24,615	24,615
	29,072,467	24,973,901	13,360,638	12,856,079
Less prescribed deductions	(242,093)	(242,093)	(43,726)	(142,326)
Total regulatory capital	28,830,374	24,731,808	13,316,912	12,713,753

(Expressed in thousands of Jamaican dollars unless otherwise stated)

48. Capital Risk Management (continued)

The table below summarises the composition of regulatory capital, the ratios for each subsidiary and identifies the applicable regulator. During the year, the individual entities complied with all externally imposed capital requirements (continued).

	Regulated by the BOJ [1]		Regulated by the FSC [2]	
	2015	2014	2015	2014
Risk weighted assets				
On-balance sheet	196,622,648	160,256,040	27,828,942	24,488,255
Off-balance sheet	26,370,560	19,074,052	-	-
Foreign exchange exposure	2,525,642	1,117,826	483,925	933,211
Total risk weighted assets	225,518,850	180,447,918	28,312,867	25,421,466
Actual regulatory capital to risk weighted assets	12.8%	13.7%	47.0%	50.0%
Regulatory requirement	10.0%	10.0%	10.0%	10.0%

[1] This relates to The Bank of Nova Scotia Jamaica Limited and the Scotia Jamaica Building Society.

[2] This relates to Scotia Investments Jamaica Limited.

Life insurance business

Capital adequacy is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. The Group seeks to maintain internal capital adequacy levels higher than the regulatory requirements. To assist in evaluating the current financial strength, the risk-based assessment measure which has been adopted is the Minimum Continuing Capital and Surplus Requirement (MCCSR) standard as defined by the Financial Services Commission and required by the Insurance Regulations 2001. Under Jamaican regulations, the minimum standard recommended for companies is a MCCSR of 150%. The MCCSR for the insurance subsidiary as of October 31, 2015 and 2014 is set out below:

	2015	2014
Regulatory capital held	9,077,769	7,396,623
Minimum regulatory capital	1,403,924	1,316,889
Minimum Continuing Capital on Surplus Requirements Ratio	647%	562%

49. Commitments

	The Group	
	2015	2014
(a) Capital expenditure		
Authorised and contracted	59,739	132,668
(b) Commitments to extend credit:		
Originated term to maturity of more than one year	21,283,775	16,136,292

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Commitments (continued)

(c) Operating lease commitments:

The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015	2014
Not later than one year	245,559	239,901
Later than one year and not later than five years	593,451	583,987
Later than five years	2,005,655	2,194,249
	2,844,665	3,018,137

50. Reclassification of financial assets

On October 1, 2008, the Group reclassified certain investments that were included in pledged assets from available-for-sale to loans and receivables in accordance with paragraph 50E of IAS 39. The standard requires that such reclassification be made at the fair value of the instruments at the date of reclassification. The prices of GOJ Global Bonds as at September 30, 2008 were used to determine the fair value used for the reclassification.

(a) The remaining loans and receivables matured in June 2015. Fair value gains/(losses) (net of deferred tax liabilities of) $10,198 were recognised in prior year's other comprehensive income in relation to the above investments reclassified in 2008.

(b) Fair value gains of $36,959, net of deferred taxation, would have been included in other comprehensive income for 2014 had the investments not been reclassified. This amount was estimated on the basis of the bid-price of the securities as at period end. This price is not necessarily indicative of the amount that would have been valued if an active market for the securities actually existed at that date.

(c) The weighted average effective interest rate of the investments at the date of reclassification was 8.39%.

51. Fiduciary activities

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 the reporting date, the Group had assets under administration amounting to approximately $157,586,535 (2014: $138,167,368).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

52. Litigation and contingent liabilities

The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both its financial position and financial performance.

53. Dividends

(a) Paid

	The Group		The Company	
	2015	2014	2015	2014
Scotia Group Jamaica Limited				
Paid to stockholders:				
In respect of 2013	-	1,244,637	-	1,244,637
In respect of 2014	1,244,637	3,733,912	1,244,637	3,733,912
In respect of 2015	3,733,912	-	3,733,912	-
	4,978,549	4,978,549	4,978,549	4,978,549
Paid to non-controlling interest in a subsidiary	175,126	175,126	-	-
	5,153,675	5,153,675	4,978,549	4,978,549

(b) Proposed

At the Board of Directors meeting on December 2, 2015, a dividend in respect of 2015 of $0.42 per share (2014: $0.40 per share) amounting to $1,306,869 (2014: $1,244,637) was proposed. Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

54. Employee Share Ownership Plan

The Group has an Employee Share Ownership Plan ("ESOP" or "Plan"), the purpose of which is to encourage eligible employees of the Bank to steadily increase their ownership of the company's shares. Participation in the Plan is voluntary; any employee who has completed at least one year's service with any Group entity is eligible to participate.

The operation of the ESOP is facilitated by a Trust. The employer and employees make contributions to the trust fund and these contributions are used to fund the acquisition of shares for the employees. Employees' contributions are determined by reference to the length of their employment and their annual basic remuneration. The employer contributions, are as prescribed by the formula set out in the rules of the Plan.

The contributions are used by the trustees to acquire the company's shares, at market value. The shares purchased with the employees contributions vest immediately, although they are subject to the restriction that they may not be sold within two years of acquisition. Out of shares purchased with the company's contributions, allocations are made to participating employees, but are held by the trust for a two-year period, at the end of which they vest with the employees; if an employee leaves the employer within the two-year period, the right to these shares is forfeited; such shares then become available to be granted by the employer to other participants in accordance with the formula referred to previously.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

54. Employee Share Ownership Plan (continued)

The amount contributed by the Group to employee share purchase during the year, included in employee compensation, amounted to $30,544 (2014: $31,994).

At the financial year end, the shares acquired with the employer's contributions and held in trust pending allocation to employees and/or vesting were:

	The Group	
	2015	2014
Number of shares	1,729,091	1,827,137
Fair value of shares $'000	46,452	35,127

55. Restatement of comparative financial information

(a) Adoption of IFRIC 21, *Levies*

The Group 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. Management has determined 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 of each financial year reflected in these statements and the prior year's 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.

(i) Effects on statement of financial position

	The Group					
	2014			2013		
	As previously reported	Effect of prior year adjustment	As restated	As previously reported	Effect of prior year adjustment	As restated
Other liabilities	5,352,788	(1,190,384)	4,162,404	4,369,520	(483,555)	3,885,965
Unappropriated profits	45,591,093	1,157,146	46,748,239	42,761,422	463,646	43,225,068
Non-controlling interest	3,375,956	33,238	3,409,194	3,168,900	19,909	3,188,809

(ii) Effects on the statement of revenue and expenses

	The Group			
	2014			
	As previously reported	Effect of prior year adjustment	Reclassified	As restated
Asset tax	-	-	483,555	483,555
Operating expenses	7,435,021	(706,829)	(483,555)	6,244,637
Profit for the year	10,118,599	706,829	-	10,825,428
Total comprehensive income	11,371,226	706,829	-	12,078,055

(Expressed in thousands of Jamaican dollars unless otherwise stated)

55. Restatement of comparative financial information (continued)

(a) Adoption of IFRIC 21, *Levies* (continued)

(i) Effects on statement of financial position

	The Company					
	2014			2013		
	As previously reported	Effect of prior year adjustment	As restated	As previously reported	Effect of prior year adjustment	As restated
Other liabilities	10,172	(200)	9,972	8,210	(100)	8,110
Unappropriated profits	19,574,182	200	19,574,382	19,742,119	100	19,742,219

(ii) Effects on the statement of revenue and expenses

	The Company			
	2014			
	As previously reported	Effect of prior year adjustment	Reclassified	As restated
Asset tax	-	-	100	100
Other expenses	34,831	(100)	(100)	34,631
Profit for the year	4,810,612	100	-	4,810,712

(iii) Other than restatement of comparatives, there was no effect on the statement of cash flows for the year ended October 31, 2014.

Branches & Team Leaders

The Bank of Nova Scotia Jamaica Limited

BLACK RIVER
6 High Street
P. O. Box 27
Black River
St. Elizabeth

Mrs. K. Brown, Manager

BROWN'S TOWN
Main Street
P. O. Box 35
Brown's Town
St. Ann

Ms D. Mortimer, Relief Manager

CHRISTIANA
Main Street
P. O. Box 11
Christiana, Manchester

Mr. R. Hoilett, Manager

CONSTANT SPRING
132-132A Constant Spring Road
Kingston 8

Ms. M. A. Senior
Manager

Mr. A. Harvey
Premium Banking Manager
Constant Spring

CORPORATE & COMMERCIAL BANKING CENTRE

Mr. D. M. Brown
Senior Relationship Manager

Mr. S. Dear
Senior Relationship Manager

Miss S. Cousins
Relationship Manager

Mrs. R. M. Dixon
Senior Manager
Credit Solutions

Mr. H. P. Ebanks
Senior Manager
Credit Solutions

Miss M. A. Flake
Senior Relationship Manager

Miss A. M. Jones
Manager
Portfolio Management

Miss C. Logan*
Vice-President
Credit Solutions

Mrs. S. Lue-Whittingham
Senior Manager
Credit Solutions

Miss C. Lyn
Vice-President - Commercial Banking

Mr. M. S. A. Nelson
Senior Manager
Credit Solutions

Mr. K. E. Reese
Senior Relationship Manager

Miss. C. A. Rochester
Senior Relationship Manager

Mr. H. D. Stephens
Senior Relationship Manager

Mrs. H Walker-Boyd
Relationship Manager

Miss. L. Thomas
Relationship Manager

Mrs. G. Whylie
Senior Manager
Global Transaction Banking

Mr. C. M. Wisdom
Senior Manager
Credit Solutions

*Resigned, October 31, 2015

CROSS ROADS
86 Slipe Road
P. O. Box 2
Kingston 5

Mr. R. W. Bennett
Manager

FALMOUTH
Trelawny Wharf
P. O. Box 27
Falmouth
Trelawny

Mr. K. Butler
Manager

FAIRVIEW FINANCIAL CENTRE
1 Port Avenue, Bogue
#1 P.O. Box 11
Montego Bay, St. James

Mr. M Elliott
Manager

Mrs C. Creary
Manager, Personal Banking

Miss L. Hosang
Asst. Manager
Service & Support

Mr. A Thompson
Assistant Manager
Business Banking

HAGLEY PARK ROAD
128 Hagley Park Road
P. O. Box 5
Kingston 11

Mrs. D. R. Brown
Manager

Mr. V. L. Johnson
Assistant Manager
Business Banking

HALF-WAY-TREE
80 Half-Way-Tree Road
P. O. Box 5
Kingston 10

Mr. J. A. Clarke
Manager

Miss V. J. Williams
Assistant Manager
Business Banking

Mrs F. Humphrey
Assistant Manager
Personal Banking

Mr. D. Black
Assistant Manager
Service & Support

IRONSHORE SERVICE CENTRE
Shops 2 & 3, Golden Triangle
Shopping Centre
Ironshore
Montego Bay

Mr. R. Clarke
Manager

JUNCTION
Junction P. O.
St. Elizabeth

Mr. M. D. Greg
Manager

KING STREET
35-45 King Street
P. O. Box 511, Kingston

Mr. L. Reynolds,
Manager

Mrs. A. Y. Howard
Assistant Manager
Business Banking

Mrs. D. Jones-Daley
Assistant Manager
Service & Support

LIGUANEA
125-127 Old Hope Road
P. O. Box 45
Kingston 6

Mr. M. O. Lee
Manager

Ms. A. Henriques
Assistant Manager
Personal Banking

LINSTEAD
42 King Street
P. O. Box 19
Linstead
St. Catherine

Mrs. M. G. Lee-Gaynor
Manager

MANDEVILLE
1A Caledonia Road
P. O. Box 106
Mandeville, Manchester

Mr. E. A. Blake
Manager

Mrs. J. D. Billings-Frith
Assistant Manager
Business Banking

Mr. Christopher Samuels
Manager, Personal Banking

Mrs. Sherril Gopal
Assistant Manager
Service & Support

Branches & Team Leaders (cont'd)

The Bank of Nova Scotia Jamaica Limited

MAY PEN
36 Main Street
P. O. Box 32
May Pen
Clarendon

Mr. L. V. Sutherland,
Manager

MONTEGO BAY
6-7 Sam Sharpe Square
P.O. Box 311
Montego Bay
St. James

Mr G. Graham
Manager

MORANT BAY
23 Queen Street
P. O. Box 30
Morant Bay
St. Thomas

Mr. B. Gray
Manager

NEGRIL
Negril Square
Negril P. O.
Westmoreland

Mrs. A. A. Rhule Hudson,
Manager

NEW KINGSTON
2 Knutsford Boulevard
P. O. Box 307
Kingston 5
Miss A. Leonce
Manager

Mrs. E. Kepple
Assistant Manager
Business Banking

Mr. I. Green
Assistant Manager
Personal Banking

Mrs. J. M. Thompson
Assistant Manager
Service & Support

OCHO RIOS
Main Street
P. O. Box 150
Ocho Rios
St. Ann

Mr. P. O. Brown
Manager

Mrs. H. J. John Keith
Assistant Manager
Business Banking

OLD HARBOUR
4 South Street
P. O. Box 43
Old Harbour
St. Catherine

Miss J. D. Thompson
Manager

OXFORD ROAD
6 Oxford Road
P. O. Box 109
Kingston 5

Mr. C. C. Wiggan
Manager

PORT ANTONIO
3 Harbour Street
P. O. Box 79
Port Antonio
Portland

Mr. A. Leach
Manager

PORT MARIA
57 Warner Street
P. O. Box 6
Port Maria
St. Mary

Mr. P. Wallace
Manager

PORTMORE
Lot 2 Cookson Pen
Bushy Park
P.O. Box 14
Greater Portmore
St Catherine

Mr. R. R. Reid
Manager

ST. ANN'S BAY
18 Bravo Street
P. O. Box 2
St. Ann's Bay
St. Ann

Mr. P. G. Mohan
Manager

SANTA CRUZ
77 Main Street
P. O. Box 20
Santa Cruz
St. Elizabeth

Mr. K. Burton
Manager

SAVANNA-LA-MAR
19 Great George's Street
P.O. Box 14
Savanna-La-Mar
Westmoreland

Mr. C. A. Dawes
Manager

Mr. L. Gordon
Assistant Manager
Business Banking

SCOTIABANK CENTRE
Cnr. Duke & Port Royal
Streets
P. O. Box 59
Kingston

Mr. S. Thompson
Manager

Mrs. D. A. Maxwell
Asst. Manager
Business Banking

Mrs. J. M. Badson-Mignott
Manager, Service &
Support

Mr. J. Jarrett
Assistant Manager
Personal Banking

SPANISH TOWN
Shops 25 & 26
Oasis Shopping Plaza
6 March Pen Road
Spanish Town

Mr. C. Wright
Manager

UWI, MONA CAMPUS
Cnr. Ring Road & Shed
Lane
Kingston 7

Mrs. R. Edwards
Manager

SUB-BRANCHES

CLAREMONT
(Sub to St. Ann's Bay)
Claremont P.O.
Claremont
St. Ann

FRANKFIELD
(Sub to Christiana)
Frankfield
Clarendon

PARK CRESCENT
(Sub to Mandeville)
17 Park Crescent
Mandeville
Manchester

Subsidiaries, Board Members & Senior Officers

THE BANK OF NOVA SCOTIA JAMAICA LIMITED

Head Office:
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Board of Directors
Ms. S. D. Chrominska – Chairperson

A. V. Chang
Ms. B. A. Alexander
B. F. Bowen
J. M. Hall
J. M. Matalon, CD
Mrs. J. T. Sharp

Senior Officers
Mrs J. T. Sharp
President & CEO

Mrs. P. Latchman-Atterbury
Executive Vice-President
Retail Banking

Mrs. R. A. Pilliner
Executive Vice-President
Operations & Shared Services

F. A. Williams
Executive Vice-President,
Chief Financial Officer &
Chief Administration Officer

Mrs. M. Scott
Senior Manager,
Finance & Investments

Mrs. L. H. Forbes
Director, Sales & Service

Mrs. M. Williams
Director, Operations

SCOTIA JAMAICA LIFE INSURANCE COMPANY LIMITED (SJLIC)

5th Floor, Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Board of Directors
A. V. Chang – Chairman
N. A. Foster
H. W. Powell
H. A. Reid
Dr. A. E. Samuels-Harris
A. Mijares Ricci*
P. B. Scott
Mrs. J. T. Sharp
O. Zimmerman

*Resigned, June 11, 2015

Senior Officers
H. A. Reid
Senior Vice-President
Scotia Group, President
SJLIC

THE SCOTIA JAMAICA BUILDING SOCIETY

95 Harbour Street
P.O. Box 8463
Kingston, Jamaica

Board of Directors
Ms. B. A. Alexander
Chairperson

Dr. C. D. Archer
Dr. A. N. Law**
H. W. Powell
Mrs. J. T. Sharp
D. Walters
M. Shaw*

*Resigned, October 9, 2015
**Resigned, October 30, 2015

Senior Officers
G. F. Whitelocke
Senior Vice-President
Non-Branch Sales & Service
& General Manager, SJBS

D. Webb
Assistant General Manager,
SJBS Business Development
& Director, Non-Branch
Sales & Service

Ms. L. Fernando
Manager, Financial Reporting

SCOTIA JAMAICA FINANCIAL SERVICES LIMITED

Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Board of Directors
H. W. Powell
Mrs. J. T. Sharp
F. A. Williams

SCOTIA JAMAICA MICRO FINANCE CO. LTD.

12 Duke Street, Kingston,
Jamaica, W.I.

Board of Directors
H. W. Powell - Chairman
B. Callam
Mrs. J. T. Sharp
F. A. Williams
Ms. C. Logan*
Mrs. M. Johnston

*Resigned, October 31, 2015

Senior Officer
Mrs. Y. Anderson
General Manager

SCOTIABANK JAMAICA FOUNDATION

Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Board of Directors
H. W. Powell – Chairman
Mrs. J. A. Griffiths-Irving
M. D. McAnuff-Jones
Dr. R. Moodie
Mrs. R. A. Pilliner
Mrs. J. T. Sharp
Mrs. M. Todd*
Mrs. R. Voordouw
F. A. Williams

*Resigned, October 9, 2015

Senior Officer
Mrs. J. A. Griffiths-Irving
Executive Director

BRIGHTON HOLDINGS LTD.

Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Board of Directors
H. W. Powell
Mrs. J. T. Sharp
F. A. Williams

SCOTIA INVESTMENTS JAMAICA LIMITED

Head Office:
7 Holborn Road
Kingston 10, Jamaica

Board of Directors
J. M. Hall – Chairman
Ms. B. A. Alexander
B. F. Bowen
A. V. Chang
Mrs. A. M. Fowler
Dr. A. N. Law**
L. L. Mitchell
Ms. C. Welling
M. Schroder*
Mrs. J. T. Sharp

*Resigned, January 21, 2015
**Resigned, October 30, 2015

Senior Officers
L. L. Mitchell
Senior Vice-President
Wealth & Chief Executive
Officer, SIJL

Miss Y. M. Pandohie
Chief Financial Officer

H. G. Miller
Chief Operating Officer

SCOTIA ASSET MANAGEMENT (JAMAICA) LIMITED

1B Holborn Road,
Kingston 10, Jamaica

Board of Directors
Ms. B. A. Alexander
Chairperson

Mrs. K. Bilyk-Mitchell
Mrs. A. Fowler
L. L. Mitchell
Ms. A. Richards
F. A. Williams

Senior Officer
B. O. Frazer
Vice-President
Asset Management
& General Manager,
Scotia Asset Management
Limited

SCOTIA JAMAICA INVESTMENT MANAGEMENT LIMITED

Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 627
Kingston, Jamaica

Board of Directors
B. F. Bowen*
H. W. Powell
L. L. Mitchell
H. G. Miller

*Resigned, January 30, 2015

Management Officers

(of the Group and its Subsidiaries)

EXECUTIVE OFFICERS

Mrs. Jacqueline Sharp
President & Chief Executive Officer

Mrs. Patsy Latchman Atterbury
Executive Vice-President, Retail Banking

Mrs. Rosemarie A. Pilliner
Executive Vice-President, Operations & Shared Services

Mr. Frederick. A. Williams
Executive Vice-President
Chief Financial Officer &
Chief Administration Officer

Mr. Ronald Bourdeau
Chief Risk Officer

Mr. Michael D. McAnuff-Jones
Senior Vice-President, Human Resources

Mr. Horace C. Mair
Senior Vice-President
Corporate & Commercial Banking

Mr. Lissant Mitchell
Senior Vice-President, Wealth &
CEO, Scotia Investment Jamaica Limited

Mr. Hugh Reid
Senior Vice-President Scotia Group &
President, Scotia Jamaica Life Insurance
Company Limited

Mr. Gladstone Whitelocke
Senior Vice-President, Non-Branch Sales & Service
& General Manager, SJBS

SENIOR MANAGEMENT OFFICERS

Audit

Mr. James Brown
Chief Auditor

Centralised Retail Collection Unit

Mr. Vincent Harvey
Vice-President, Collections & Recovery

Compliance

Mr. George Roper, Vice-President, Compliance

Contact Centre

Mr. Reuben Canagaratnam, Vice-President

Mrs. Sheila Segree-White, General Manager

Corporate & Commercial Banking

Miss Carol. A. Logan*
Vice-President, Credit Solutions

Miss Carlene Lyn
Vice President, Commercial Banking

*Resigned, October 31, 2015

Corporate Human Resources

Miss Suzanne Donalds, Director
HR Planning, Staffing & Capability Development

Dr. Hopelin Hines
Director, Total Rewards & Evaluations

Corporate & Legal

Mrs. Julie Thompson-James
Vice-President, Senior Legal Counsel
& Company Secretary

Mrs. Shaun Lawson-Laing
Director, Legal Counsel &
Assistant Company Secretary

Credit Risk Management

Mrs. Marcette McLeggon
Vice-President, Credit Risk Management

Mr. Lennox Elvy
Director, Retail Risk

Mr. Joseph Sinclair
Assistant General Manager

Customer Experience

Mrs. Rosemarie Voordouw, Director

SENIOR MANAGEMENT OFFICERS (cont'd)

Finance

Miss Shirley K. Ramsaran
Vice-President, Finance & Comptroller

Dr. Adrian Stokes
Vice-President, Business Analytics, Strategy & Management

Mr. Dane Brodber
Director, Business Intelligence

Government Affairs

Dr. Wayne Henry
Vice-President, Government Affairs

Marketing, Public & Corporate Affairs

Mrs. Yanique Forbes-Patrick
Vice-President, Marketing, Public & Corporate Affairs

Mrs. Simone Walker
Director, Marketing Programmes

Mrs. Joylene A. Griffiths-Irving
Director, Corporate Social Responsibility
& Executive Director, Scotiabank Jamaica Foundation

Retail Banking & SME

Mrs. Debra Lopez-Spence
Vice-President, SME Banking

Mr. Carl Bright
District Vice-President, Metro East

Mr. Steve Distant
District Vice-President, Metro North

Mr. Dudley E. Walters
District Vice-President, Metro West

Mr. Dean Webb
Assistant General Manager, SJBS Business Development
& Non-Branch Sales & Service

Miss Pamela Douglas
Director, Professional Partnerships, SME

Shared Services

Mr. David M. Williams
Vice-President, Operations, Shared Services

Mr. Donovan Hanson
Vice-President, Lending Services

Mrs. Saliann Wright
Vice-President, Processing Support Centre

Mr. Wesley Carr
Senior Manager, Loan Adjudication
Retail Risk Assessment

Mrs. Sharon Colquhoun-Bailey
Director, Business Service Centre

Scotia Private Client Group

Mr. Roger Grant
Centre Director

Systems Support Centre

Mr. Adza Davis
Director
Systems Support Centre

Treasury

Mr. Gary-Vaughn White
Vice-President, Treasury

Mr. Adrian Reynolds
Director, Treasury & Foreign Exchange Trading

Notes

Designed and produced by: Marketing, Public & Corporate Affairs Department
The Bank of Nova Scotia Jamaica Limited

Scotiabank®

Scotia Group Jamaica Limited