MEDIA RELEASE

March 5, 2015

DEEPLY ROOTED

SCOTIA GROUP JAMAICA REPORTS FIRST QUARTER FINANCIAL RESULTS

FINANCIAL PERFORMANCE INCLUDING THE EFFECT OF IFRIC 21, LEVIES

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

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

	For the Three Months Ended					
	Includes IFRIC 21 As reported January 31, 2015	Incremental Effect of IFRIC 21	Excludes IFRIC 21 January 31, 2015	Includes IFRIC 21 Restated January 31, 2014	Incremental Effect of IFRIC 21	Excludes IFRIC 21 As previously reported January 31, 2014
Net Income $'Millions	1,480	972	2,452	2,178	363	2,541
Net Income attributable to common shareholders $'Millions	1,454	947	2,401	2,109	348	2,457
Earnings per share	$0.47	$0.30	$0.77	$0.68	$0.11	$0.79
Return on average equity (annualized)	7.58%	4.99%	12.57%	12.02%	2.04%	14.06%
Return on assets (annualized)	1.41%	0.91%	2.32%	2.16%	0.36%	2.52%
Productivity ratio	73.94%	-10.52%	63.42%	65.78%	-4.41%	61.37%

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

Scotiabank Group

For further information contact: Frederick Williams, Executive Vice President and Chief Financial Officer/Chief Administrative Officer
• Email: frederick.williams@scotiabank.com

Scotia Group reports net income of $1.48 billion for the first quarter ended January 31, 2015. This represents a decrease of $698 million, when compared with the net income of $2.18 billion for the quarter ended January 31, 2014. The reduction was primarily due to the adoption of IFRIC 21,Levies, which requires a change in the accounting treatment for Asset Tax, as well as the increase in the asset tax rates imposed by the Government of Jamaica in May 2014. If the impact of the IFRIC change was excluded, net income would be $2.45 billion, representing a 4 % decline over last year.

The Board of Directors today, approved a first interim dividend of 40 cents per stock unit payable on April 17, 2015, to stockholders on record at March 25, 2015.

Jackie Sharp, President & CEO said, "We recorded solid performance in all our business lines this past quarter. We began the new financial year with strong growth in our retail and commercial loan portfolios, complemented by our insurance and wealth business lines. As we continue to face the challenge of rising operating costs and significantly higher tax burdens in the financial industry, we will continue to pursue efficiency initiatives including optimizing our distribution channels, increased use of automation, and consolidating support functions across the Group. We are confident that we have the right strategy to ensure that that we continue to deliver solid returns and build on our strong legacy."

GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenue for Q1/2015 was $9.0 billion, an increase of $223 million or 2.5% over Q1/2014, and $236 million or 2.7% compared to Q4/2014. The diversified earning stream for the Group provides sustainable revenues from each business line as outlined below:

J$ Million	Q1/2015 Revenue	% Contribution
Treasury	870	10%
Retail Banking	4,149	46%
Corporate Banking	1,663	18%
Investment Management Services	809	9%
Insurance Services	1,097	12%
Other	416	5%
Total revenues	9,004	100%

NET INTEREST INCOME

Net interest income after impairment losses for the period was $5.7 billion, an increase of $34 million when compared with the same period in 2014. Our strong risk management culture has resulted in a reduction in the impairment losses on loans by $173 million, due to enhanced adjudication, monitoring and collection efforts. The Group continues to report strong growth in loan volumes during the year, particularly for our Residential Mortgages, Consumer and Commercial portfolios, however net interest margins have declined slightly due to the competitive market.

OTHER REVENUE

Other revenue for the period amounted to $2.92 billion, an increase of $362 million or 14% compared to Q1 2014, and $397 million or 16% compared to last quarter. The growth is primarily reflected in net fee and commission income which increased by $192 million, due to increased transaction volumes and an increase in market share in our merchant service business. Net gains on foreign currency activities also increased based on the foreign exchange trading activities, as supply in the market improved year over year.

OPERATING EXPENSES AND PRODUCTIVITY

Our productivity ratio - a key measure of cost efficiency - was 73.94% for 2015, compared to 65.78% for the same period as at January 31, 2014. Operating Expenses for the quarter amounted to $6.3 billion, an increase of $1.1 billion or 20% compared to the similar period last year. The significant increase in operating expenses is due primarily to the increase in the Asset Tax resulting from the adoption of IFRIC 21, Levies as well as the increase in the rates from 0.14% to 0.25% for regulated financial institutions, except insurance companies where the increase was from 0.14% to 1.00%. This resulted in Asset Tax of $1.3 billion being recorded in the financial results for Q1 2015, compared to $484 million for Q1/2014, an increase of $812 million. The Group continues to focus on Operational Efficiency, a key strategic priority to manage the increase in operating expenses, despite the increased cost of doing business in the financial services sector.

GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by $23.8 billion or 6.11% to $414 billion as at January 31, 2015. The growth was primarily attributable to a $12.8 billion or 9.6% increase in Loans, after allowance for impairment losses, and $5.2 billion or 6.3% in Cash Resources.

Loans, after allowance for impairment losses amounted to $146.3 billion as at the end of the quarter January 31, 2015. Non-performing loans (NPLs) at January 31, 2015 totaled $4.9 billion, reflecting an increase of $415 million from prior year. Total NPLs now represent 3.34% of total gross loans compared to 3.35 % last year and 3.32% as at October 31, 2014. The Group’s aggregate loan loss provision as at January 31, 2015 was $5.3 billion, representing over 100% coverage of the total non-performing loans.

LIABILITIES

Total customer liabilities represented by deposits, securities sold under repurchase agreements, and policyholders’ funds grew to $311 billion, an increase of $17 billion or 5.9% compared to 2014.

CAPITAL

Total shareholders’ equity grew to $80.3 billion, increasing by $6.5 billion above January 31, 2014. We continue to exceed regulatory capital requirements in all our business lines, and our strong capital position also enables us to take advantage of future growth opportunities.

OUR COMMITMENT TO THE COMMUNITY

Scotiabank continued to demonstrate its commitment to Corporate Social Responsibility through its support of programmes aimed at youth development and through the involvement of the Scotia Volunteers in the communities in which we live and work.

In Student Care, donations totaling $580,000 were disbursed to three ScotiaFoundation Shining Star Scholars to fund tuition at the University of the West Indies and payment for CAPE fees.

In Community Care, the Bank donated $5.4 million to various organizations including Missionaries of the Poor, Mustard Seed and Special Olympics; as well as launched the annual Salvation Army Red Kettle Appeal in Kingston and Montego Bay to raise funds for food packages that were distributed across the island to families in need.

Staff members through our ScotiaVolunteer program focused on youth development and hosted several Christmas treats island wide and also engaged 313 children who created 5 paintings which will be sold to raise funds for the Cornwall Regional Hospital Pediatric Ward.

A new initiative, "Girls Empowered for Motherhood and Success" (GEMS) in partnership with the Women's Center Foundation of Jamaica and Jamaica Junior Achievement was launched. GEMS is aimed at supporting teenage mothers across 10 centers island wide through the donation of needed nursery items and provision of training to the young mothers to prepare them adequately to re-enter the work force.

AWARDS

Scotiabank Jamaica was once again named as the **Bank of the Year** by The Banker magazine for the 2nd consecutive year. This particular award acknowledges the success and overall achievements of the world's top financial institutions. We were also awarded the **Best Consumer Internet Bank**, by Global Finance, for the 4th consecutive year acknowledging the efficacy of our strategy for attracting and servicing online customers and **Best Foreign Exchange Bank** by Global Finance, for the 7th consecutive year.

Scotia Group Jamaica takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in us. Our continued success for over 125 years is as a result of the great execution by our team of skilled and dedicated employees, and we thank them for their professionalism and commitment.

Scotia Group Jamaica Limited
Consolidated Statement of Revenue and Expenses
Period ended January 31, 2015

	For the three months ended		
Unaudited ($ Thousands)	January 2015	Restated October 2014	Restated January 2014
Interest Income	7,628,553	7,844,723	7,683,707
Interest Expense	(1,545,208)	(1,599,599)	(1,461,599)
Net Interest Income	6,083,345	6,245,124	6,222,108
Impairment losses on loans	(344,204)	(226,874)	(517,182)
Net interest income after impairment losses	5,739,141	6,018,250	5,704,926
Net fee and commission income	1,578,994	1,583,705	1,387,090
Insurance revenue	524,689	494,560	516,137
Net gains on foreign currency activities	746,514	233,745	548,038
Net gains on financial assets	70,285	210,233	96,491
Other revenue	862	1,735	11,453
	2,921,344	2,523,978	2,559,209
Total Operating Income	8,660,485	8,542,228	8,264,135
Operating Expenses			
Salaries and staff benefits	2,672,346	2,606,899	2,609,822
Property expenses, including depreciation	493,912	585,793	464,188
Amortisation of intangible assets	25,591	12,634	57,225
Asset tax	1,295,544	-	483,555
Other operating expenses	1,826,180	1,623,237	1,644,491
	6,313,573	4,828,563	5,259,281
Profit before taxation	2,346,912	3,713,665	3,004,854
Taxation	(866,887)	(862,797)	(826,973)
Profit for the period	1,480,025	2,850,868	2,177,881
Attributable to:-			
Equityholders of the Company	1,454,442	2,742,485	2,108,844
Non-Controlling Interest	25,583	108,383	69,037
Earnings per share (cents)	47	88	68
Return on average equity (annualized)	7.58%	14.57%	12.02%
Return on assets (annualized)	1.41%	2.70%	2.16%
Productivity ratio	73.94%	57.65%	65.78%

Scotia Group Jamaica Limited
Consolidated Statement of Comprehensive Income
Period ended January 31, 2015

	For the three months ended		
Unaudited ($ Thousands)	January 2015	Restated October 2014	Restated January 2014
Profit for the period	1,480,025	2,850,868	2,177,881
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan / obligations	176,449	1,358,177	203,241
Taxation	(58,816)	(452,725)	(67,747)
	117,633	905,452	135,494
Items that may be subsequently reclassified to profit or loss:			
Unrealised gains / (losses) on available for sale assets	173,347	80,623	(180,438)
Realised (gains) / losses on available for sale assets	(20,760)	(55,407)	15,456
Amortisation of fair value reserve on financial instruments reclassified to loans and receivable	6,203	13,312	(16,734)
	158,790	38,528	(181,716)
Taxation	(25,267)	(39,831)	7,009
	133,523	(1,303)	(174,707)
Other comprehensive income, net of tax	251,156	904,149	(39,213)
Total comprehensive income for the period	1,731,181	3,755,017	2,138,668
Attributable to:-			
Equityholders of the Company	1,693,156	3,656,107	2,095,954
Non-Controlling Interest	38,025	98,910	42,714

SCOTIA GROUP JAMAICA LTD
Consolidated Statement of Financial Position
January 31, 2015

Unaudited	January 31, 2015	Restated October 31, 2014	Restated January 31, 2014
($ Thousands)			
ASSETS			
CASH RESOURCES	87,716,040	82,482,561	82,483,364
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	881,333	981,731	1,014,583
INVESTMENT SECURITIES	86,925,181	83,648,910	88,379,563
PLEDGED ASSETS	60,554,381	64,392,080	57,363,486
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	901,727	300,516	-
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	146,250,283	145,732,002	133,441,455
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	7,452,913	7,630,964	6,471,726
Property, plant and equipment	5,446,651	5,286,427	4,742,366
Deferred taxation	2,163	2,520	40,177
Taxation recoverable	2,207,029	2,270,027	2,940,157
Retirement benefit asset	11,984,977	11,679,613	10,326,865
Other assets	1,926,325	1,346,940	1,044,915
Intangible assets	1,254,892	1,275,971	1,444,951
	30,274,950	29,492,462	27,011,157
TOTAL ASSETS	**413,503,895**	**407,030,262**	**389,693,608**
LIABILITIES			
DEPOSITS			
Deposits by the public	197,938,246	190,726,667	184,552,312
Other deposits	15,285,539	10,916,319	11,688,811
	213,223,785	201,642,986	196,241,123
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	7,452,913	7,630,964	6,471,726
Securities sold under repurchase agreements	41,939,267	47,840,197	41,466,187
Capital management and government securities funds	12,579,668	13,003,074	12,979,125
Deferred taxation	3,774,575	3,774,323	3,082,216
Retirement benefit obligation	3,536,160	3,408,465	3,344,384
Other liabilities	7,137,536	6,527,235	9,153,700
	76,420,119	82,184,258	76,497,338
POLICYHOLDERS' LIABILITIES	43,523,782	43,309,571	43,135,831
STOCKHOLDERS' EQUITY			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,248,591	3,248,591	3,248,591
Retained earnings reserve	17,591,770	16,591,770	14,691,770
Capital reserve	9,383	9,383	9,383
Loan loss reserve	3,335,845	3,202,002	2,847,577
Other reserves	12,892	12,892	12,892
Cumulative remeasurement result from available for sale assets	231,138	101,566	(487,335)
Unappropriated profits	45,933,343	46,748,239	43,734,156
	76,932,772	76,484,253	70,626,844
Non-controlling interest	3,403,437	3,409,194	3,192,472
	80,336,209	79,893,447	73,819,316
TOTAL EQUITY AND LIABILITIES	**413,503,895**	**407,030,262**	**389,693,608**

Director

S. A. Chromusba
Director

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Changes in Shareholders' Equity
January 31, 2015

Unaudited ($ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement result from Available for Sale financial assets	Loan Loss Reserve	Other Reserves	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
Balance as at 31 October 2013	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	-	-	-	-	-	-	-	463,646	463,646	19,909	483,555
Balance as at 31 October 2013 (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
Net Profit	-	-	-	-	-	-	-	2,108,844	2,108,844	69,037	2,177,881
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	135,494	135,494	-	135,494
Unrealised losses on available-for-sale securities, net of taxes	-	-	-	-	(123,145)	-	-	-	(123,145)	(16,037)	(139,182)
Realised losses on available-for-sale securities, net of taxes	-	-	-	-	10,089	-	-	-	10,089	261	10,350
reclassified to loans and receivables	-	-	-	-	(35,328)	-	-	-	(35,328)	(10,547)	(45,875)
Total Comprehensive Income	-	-	-	-	(148,384)	-	-	2,244,338	2,095,954	42,714	2,138,668
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	300,000	-	-	-	-	(300,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	66,511	-	(66,511)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	124,102	-	-	(124,102)	-	-	-
Net movement in reserves for non-controlling interests	-	-	-	-	-	-	-	-	-	4,731	4,731
Dividends Paid	-	-	-	-	-	-	-	(1,244,637)	(1,244,637)	(43,782)	(1,288,419)
Balance as at 31 January 2014 (restated)	6,569,810	3,248,591	14,691,770	9,383	(487,335)	2,847,577	12,892	43,734,156	70,626,844	3,192,472	73,819,316
Balance as at 31 October 2014	6,569,810	3,248,591	16,591,770	9,383	101,566	3,202,002	12,892	45,591,093	75,327,107	3,375,956	78,703,063
Effect of IFRIC 21	-	-	-	-	-	-	-	1,157,146	1,157,146	33,238	1,190,384
Balance as at 31 October 2014 (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
Net Profit	-	-	-	-	-	-	-	1,454,442	1,454,442	25,583	1,480,025
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	117,633	117,633	-	117,633
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	129,942	-	-	-	129,942	13,424	143,366
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(12,045)	-	-	-	(12,045)	(1,933)	(13,978)
Amortization of fair value reserves on financial assets											
reclassified to loans and receivables	-	-	-	-	3,184	-	-	-	3,184	951	4,135
Total Comprehensive Income	-	-	-	-	121,081	-	-	1,572,075	1,693,156	38,025	1,731,181
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	1,000,000	-	-	-	-	(1,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	133,843	-	(133,843)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	8,491	-	-	(8,491)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(1,244,637)	(1,244,637)	(43,782)	(1,288,419)
Balance as at 31 January 2015	6,569,810	3,248,591	17,591,770	9,383	231,138	3,335,845	12,892	45,933,343	76,932,772	3,403,437	80,336,209

Scotia Group Jamaica Limited
Condensed Statement of Consolidated Cash Flows
Period ended 31 January 2015

Unaudited *($ Thousands)*	**2015**	**Restated 2014**
Cash flows provided by / (used in) operating activities		
Profit for the year	1,480,025	2,177,881
Items not affecting cash:		
Depreciation	128,897	128,381
Impairment losses on loans	344,204	517,182
Amortisation of intangible assets	25,591	57,225
Taxation	866,887	826,973
Net interest income	(6,083,345)	(6,222,108)
Loss on sale of property	-	5,263
	(3,237,741)	(2,509,203)
Changes in operating assets and liabilities		
Loans	(816,799)	905,427
Deposits	6,751,017	1,123,940
Policyholders reserve	214,211	121,872
Securities sold under repurchase agreement	(5,838,529)	(1,100,752)
Financial Assets at fair value through profit and loss	97,413	(201,545)
Interest received	7,852,872	8,441,167
Interest paid	(1,569,699)	(1,464,505)
Taxation paid	(587,659)	(673,488)
Amounts with parent and fellow subsidiaries	(1,047,512)	7,680,561
Other	195,053	(137,184)
	2,012,627	12,186,290
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	(5,567,804)	8,245,474
Purchase of property, plant, equipment and intangibles	(293,634)	(205,732)
Proceeds on sale of property, plant and equipment	-	7,100
	(5,861,438)	8,046,842
Cash flows used in financing activities		
Dividends paid	(1,288,419)	(1,288,419)
	(1,288,419)	(1,288,419)
Effect of exchange rate on cash and cash equivalents	567,902	587,854
Net change in cash and cash equivalents	(4,569,328)	19,532,567
Cash and cash equivalents at beginning of period	45,384,028	43,106,670
Cash and cash equivalents at end of period	**40,814,700**	**62,639,237**
Represented by :		
Cash resources	87,716,040	82,483,364
Less statutory reserves at Bank of Jamaica	(21,105,799)	(19,782,662)
Less amounts due from other banks greater than ninety days	(25,023,483)	(6,164,554)
Less accrued interest on cash resources	(112,804)	(18,965)
Pledged assets and repurchase agreements assets less than ninety days	900,000	7,638,535
Cheques and other instruments in transit, net	(1,559,254)	(1,516,481)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**40,814,700**	**62,639,237**

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

January 31, 2015
Unaudited

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	869,914	4,149,443	1,663,233	809,080	1,096,792	416,227	-	9,004,689
Revenues from other segments	(87,761)	(247,369)	294,829	4,912	35,042	5,381	(5,034)	-
Total Revenues	782,153	3,902,074	1,958,062	813,992	1,131,834	421,608	(5,034)	9,004,689
Expenses	(290,838)	(3,290,321)	(1,629,940)	(561,474)	(856,108)	(5,845)	(23,251)	(6,657,777)
Profit Before Tax	491,315	611,753	328,122	252,518	275,726	415,763	(28,285)	**2,346,912**
Taxation								(866,887)
Profit for the year								**1,480,025**

Consolidated Balance Sheet

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	106,436,641	91,195,560	68,947,991	71,700,808	54,977,637	25,766,970	(19,582,532)	399,443,075
Unallocated assets								14,060,820
Total Assets								413,503,895
Segment liabilities	7,974,894	114,924,074	108,068,410	57,915,622	44,330,666	197,495	(10,967,958)	322,443,203
Unallocated liabilities								10,724,483
Total liabilities								333,167,686
Other Segment items:								
Capital Expenditure	-	176,243	113,609	2,564	1,218	-	-	293,634
Impairment losses on loans	-	311,861	33,388	(1,045)	-	-	-	344,204
Depreciation and amortisation	-	83,131	41,523	27,536	2,298	-	-	154,488

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

January 31, 2014 (Restated)

Unaudited

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	856,897	3,853,179	1,601,752	1,029,226	1,060,139	380,124	-	8,781,317
Revenues from other segments	(171,486)	(170,556)	330,635	(41,054)	49,659	3,548	(746)	-
Total Revenues	685,411	3,682,623	1,932,387	988,172	1,109,798	383,672	(746)	8,781,317
Expenses	(162,349)	(3,254,050)	(1,409,878)	(488,390)	(438,533)	(7,679)	(15,584)	(5,776,463)
Profit Before Tax	523,062	428,573	522,509	499,782	671,265	375,993	(16,330)	3,004,854
Taxation								(826,973)
Profit for the year								2,177,881

Consolidated Balance Sheet

($ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	96,891,537	84,852,511	61,462,879	72,983,300	52,766,050	27,305,766	(18,077,105)	378,184,938
Unallocated assets								11,508,670
Total Assets								389,693,608
Segment liabilities	728,138	105,956,567	102,714,352	60,333,545	43,512,007	599,128	(9,676,298)	304,167,439
Unallocated liabilities								11,706,853
Total liabilities								315,874,292
Other Segment items:								
Capital Expenditure	-	117,290	79,765	-	8,677	-	-	205,732
Impairment losses on loans	-	526,973	(8,873)	(918)	-	-	-	517,182
Depreciation and amortisation	-	82,517	40,709	60,305	2,075	-	-	185,606

1. Identification

Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of The Bank of Nova Scotia, which is incorporated and domiciled in Canada and is the ultimate parent.

The Company is the parent of the Bank of Nova Scotia Jamaica Limited (100%), Scotia Investments Jamaica Limited (77.01%) and Scotia Jamaica Micro Finance Limited (100%).

2. Basis of presentation

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

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

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

Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12- Disclosure of interest in Other Entities and IAS 27- Consolidated and Separate Financial Statements is effective for accounting 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. This standard did not have any effect on the interim financial statements.

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:

- **IFRS 3, Business Combinations** is amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, Financial Instruments: Presentation, rather than to any other IFRS. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss. Consequential amendments are also made to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 9, Financial Instruments to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37, Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3, has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, Joint Arrangements i.e. including joint operations in the financial statements of the joint arrangements themselves.

2. Basis of presentation (continued)

Improvements to IFRS 2010-2012 and 2011-2013 cycles amendments (continued) :

- **IFRS 13, Fair Value Measurement** is 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.

- **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 recognized 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.

The Improvements to IFRS 2010-2012 and 2011-2013 cycles had no material impact on the Group's interim results.

Basis of consolidation

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

3. Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

<u>Financial Assets at Fair Value through Profit and Loss</u>

This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

<u>Held-to-Maturity</u>

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.

<u>Available-for-sale</u>

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale investments and financial assets at fair value through profit and loss are carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of trading securities are included in the statement of revenue and expenses in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in the statement of comprehensive income. Interest calculated using the effective interest method is recognized in the statement of revenue and expenses.

4. Pledged Assets

Assets are pledged to other financial institutions, regulators, the clearing house and as collateral under repurchase agreements with counterparties.

($ Millions)

	2014	2013
Investments pledged as collateral for securities sold under repurchase agreements	39,046	38,697
Capital Management and Government Securities funds	10,185	10,232
Securities with regulators, clearing houses and other financial institutions	11,323	8,434
	60,554	57,363

5. Insurance and investment contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. 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 is at least 10% more than the benefits payable if the insured event did not occur.

6. Loan loss provision

IFRS loan loss provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or last reprice date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the statement of financial position.

7. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation.

8. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than ninety days, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

9. Employee benefits

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, taking into account the recommendations of qualified actuaries.

Defined Benefit Plan:

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.

9. Employee benefits (continued)

Defined Benefit Plan:

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. Re-measurements comprising actuarial gains and losses, return on plan assets 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.

Other post-retirement obligations:

The Group also provides supplementary health care and 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.

Defined contribution plan- contributions to this plan are charged to the statement of revenue and expenses in the period to which they relate.

10. Restatement of Comparative Financial Information

a) Adoption of IFRIC 21, Levies:-

Scotia 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. The Institute of Chartered Accountants of Jamaica has issued an advisory to clarify the accounting treatment of Asset Tax under IFRIC 21, which indicates that the obligating event for Asset Tax under the Taxation Act is the entity being in existence for any part of the Year of Assessment. Therefore the liability for Asset Tax is triggered on the first day of an entity's financial year which forms the basis period for the Year of Assessment. Consequently, the full liability relating to the Asset Tax for the Group has been accounted for on November 1, 2014, the first day of the 2015 financial year, and the prior periods financial statements were restated to show the effect of these changes on the statement of revenue and expenses and statement of financial position as outlined below.

b) Reclassification of premium tax

Tax on insurance premium income represents tax on revenues, rather than profits as required by IAS 12, Income Taxes. Premium income tax was therefore reclassified from taxation to operating expenses on the Statement of Revenue and Expenses.

10. Restatement of Comparative Financial Information (continued)

	For the Three Months Ended						
$'Millions	As previously reported January 31, 2014	Effect of IFRIC 21	Reclassification of Premium Tax	Restated January 31, 2014	As previously reported October 31, 2014	Effect of IFRIC 21	Restated October 31, 2014
Statement of Revenue and Expenses							
Total operating income	8,264	-	-	8,264	8,542	-	8,542
Operating expenses	(4,872)	(363)	(24)	(5,259)	(5,166)	338	(4,828)
Profit before taxation	3,392	(363)	(24)	3,005	3,376	338	3,714
Taxation	(851)	-	24	(827)	(863)	-	(863)
Profit for the period	2,541	(363)	-	2,178	2,513	338	2,851
Statement of Financial Position							
Total assets	389,694	-	-	389,694	407,030	-	407,030
Total liabilities	315,995	(120)		315,875	328,327	(1,190)	327,137
Stockholders' equity	73,699	120		73,819	78,703	1,190	79,893
	389,694	-	-	389,694	407,030	-	407,030

11. Segment reporting

The Group is organized into six main business segments:

- Retail Banking – incorporating personal banking services, personal deposit accounts, credit and debit cards, customer loans and mortgages;
- Corporate and Commercial Banking – incorporating non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities and foreign currency transactions;
- Treasury – incorporating the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading;
- Investment Management Services- incorporating investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts.
- Insurance Services – incorporating the provision of life and medical insurance, individual pension administration and annuities;
- Other operations of the Group comprise the parent company and non trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions. The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas represent less than 10% of the Group's operating revenue and assets.