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Unearthing the Hidden Treasures

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INTRODUCTION

First let me join in welcoming the delegates representing a wide cross section of companies and businesses from different parts of the world to participate in this conference.

I am also pleased to extend congratulations to the entire Jampro Trade and Invest team who have worked so hard to organize this Jamaica Investment Forum (JIF) 2015, here at the Montego Bay Convention Centre.

All indications are that your efforts have been well received and I am looking forward to significant business partnerships being developed and sealed during these meetings.

This is an exciting time to do business in Jamaica and as one of the sponsors of this forum, we at Scotiabank look forward to meaningful discussions aimed at strengthening our partnerships here in Jamaica, as well as forging new linkages across Latin America, the wider Caribbean and beyond.

Now, today I want to speak about Unearthing the Hidden Treasures that can be found in this country. But first let me tell you a little about Scotiabank's history in Jamaica.

In 1889, the Bank of Nova Scotia opened our first office in Kingston. We were a Trade Finance Bank in Halifax, financing trade from the Caribbean to Canada and the United Kingdom. Jamaica

was the largest and most populous county in the British West Indies, and therefore the most productive, having the most resources and as such was the wealthiest island in the region. We saw great opportunities based on the existing salt fish and lumber for rum and sugar trade between Jamaica and Canada.

There were of course other larger territories in the same vicinity, namely Cuba and Hispaniola, with whom we could have developed connections, but language, legal traditions and trade links were different. So we arrived in Jamaica, which proved to be the base for the expansion of our operation into other islands. Only after establishing our roots firmly in Jamaica, after almost 25 years we moved into Cuba, working with their sugar and agriculture sectors, and into Puerto Rico, finding much success through their sugar trade.

Jamaica was the first branch of a Canadian bank to open outside of the United States or United Kingdom, and formed the basis of what would become a thriving network spanning some 21 countries throughout the Caribbean - a footprint that established Scotiabank as the largest bank in the region.

In Jamaica we have grown from our humble beginnings in 1889 to a full service financial institution offering banking, wealth and insurance services to a dedicated team of committed professionals in Jamaica now numbering over 6,000 across the Caribbean serving almost 2 million customers.

Clearly our relatively small investment in Jamaica 125 years ago has proven to be one our most successful investments and today Jamaica continues to be a great place to invest and do business.

So based on our experience let me share with you five areas that we see as Jamaica's advantages and that make it attractive to do business.

1) The People

The most important reason is the people – the key to success in any business. Jamaica is the third largest English speaking population in the Americas. For North Americans it is easy to communicate when in Jamaica, and for those from other regions, Jamaica presents a base of 2.7 million English-speaking people that are culturally aligned with the US, Canada and the UK. Jamaica's human capital is a diverse blend of highly skilled professionals, well-trained and trainable employees. We have a well-educated work force, which based on the 2012/2013 statistics, had an estimated 75% of the school-age cohort enrolled in institutions, 28% of whom were at the tertiary level.

Hardworking

Jamaicans are a hardworking people, and are known across the world for their aptitude and attitude to work. As an organization, we have experienced first-hand the strong work ethic and creativity Jamaicans infuse into their work. We see it through the number of awards that our business in Jamaica has received within Scotiabank globally and externally by international organizations. We also see it based on the number of Jamaicans that are now based in senior positions throughout our international operations. Our teams in Jamaica invariably stand out, producing exceptional results. For example, our contact centre in Jamaica, has won Gold three years in a row for being the Best Mid-Sized Contact Centre in the Americas Region, in the Contact Centre World's Top Ranking Performers series. The facility, which has consistently edged out some 1,500 other companies in the region, services 246 products across 18 countries in the English-speaking Caribbean. Our retail bank in Jamaica has over the past 3 years been recognized as the top performing retail operation in our International Division. Jamaicans are by nature competitive and will raise performance to a world class level when competing against world class competition.

Talent

Our people have demonstrated passion, drive, commitment and creativity that has had a big impact on the global stage. Jamaicans have left an indelible mark in a variety of sectors and activities. These activities range from education, business and sports, through to the performing arts and entertainment, all on a scale that is well beyond the size of the country and its population.

Jamaica has the largest pool of well educated professionals in the region, with degrees from the world's leading universities. We see this in the quality of our leadership team here; one of the strongest in any of our international operations. This Jamaican human capital is an important asset not to be overlooked when exploring investment opportunities.

2) Infrastructure

Jamaica has a world class telecoms network in terms of capacity and reliability. The sector has become highly competitive over the past 10 years, which has allowed for the significant lowering of costs. There is also a high degree of connectivity across the island as most persons own or have access to mobile phones. Internet connectivity has grown significantly in recent years, with approximately 50% of the population, primarily in the urban centres, able to access high speed internet. From a business perspective we are able to get high bandwidth data lines into all 40 of our branches and offices across the country with robust redundancy arrangements.

Ease of transportation in the movement of goods and personnel across the country has improved with the growth of the country's infrastructure over the past decade. With the launch of Highway 2000, Jamaica's road network has seen significant improvement. With the upcoming completion of the North-South highway internal logistics will see significant improvement.

3) Access

Jamaica is strategically positioned to facilitate easy travel to and from the US with two international airports - the Norman Manley International Airport located in Kingston and the Sangster International Airport in Montego Bay. Miami is a short flight of an hour and a half or less and most major North American gateways can be reached in under 4 hours.

Ports

Our location at the cross roads of major shipping routes, and proximity to the Panama Canal, has enabled the development of a first class transshipment port at the Port of Kingston. This, in addition to the private port of Kingston Wharves and the port of Montego Bay provide good access for import and export.

4) Political Stability

Of utmost importance is the stability of the country. Unlike some other countries in the wider Latam and Caribbean region, Jamaica has enjoyed a tradition of political stability, with strong democratic traditions and a well-developed institutional and legal framework.

The judicial system, while overburdened and therefore often slow, is improving in efficiency and most importantly, void of political interference. The legal system, based on British Common law, is familiar to North American investors.

5) Commitment to Continued Improvement

Macroeconomic stability is important if investment is to grow. Investors must be confident that financial crises will not prompt sudden policy reversals and that the investment and business climate is predictable. Continued political commitment to prudent fiscal policy and control of inflation is therefore critical to increasing investment and promoting sustainable growth.

While there is still much work to be done to build the economy, the government has demonstrated their commitment to their Medium Term Economic Plan through continuous

attention to the International Monetary Fund (IMF) guidelines. Over the past few years, supported by the International Monetary Fund program, this plan has resulted in significant new legislation and other technical initiatives to improve the ease of doing business. Even those that speak of the changes that still need to be made will acknowledge the significant work done of late and the commitment from most in political directorate to continue with the change.

Over the past year Moody's, Standard & Poors and Fitch rating agencies have upgraded Jamaica's sovereign rating outlook from "Stable" to "Positive". This positive outlook is based on the reduction in external financing risks as reflected in the increase in the country's Net International Reserves, continued achievement of an impressive 7.5% primary balance target and continued stability in financial markets.

So it's against that background that I would point to some specific sectors – hidden treasures if you will, that are ripe for further investments and which have great potential for growth. These areas are:

- (a) Tourism
- (b) Agriculture and Agro-processing
- (c) ICT (Business Process Outsourcing)
- (d) Export and Manufacturing

TOURISM

First, we must take a look at an obvious area for a country like Jamaica - tourism.

As you are all aware, Jamaica has a well-developed, highly sophisticated tourism industry dating back some several decades. Recent investments into the establishment of more exclusive properties are helping to diversify the product as effort is made to tap in to the higher income, ultra luxury market.

Jamaica has long been a jewel in the Caribbean tourism industry crown, but there's far more to discover than just beaches and all-inclusive resorts.

- The attractions sub-sector of the tourism sector is a growing area which adds to our variety as a tourist destination and the overall tourism product. The existing attractions are diverse in nature and range from water based activities such as tubing down the river and climbing Dunn's River Falls; to adventure and nature based activities such as horseback riding or zip lining through the mountains. This sector is expected to continue to grow and diversify, driven by the expected growth in cruise passenger arrivals and stop over arrivals and influenced by an increased promotion of domestic tourism.
- There are major linkages between agriculture and tourism in particular fruits and vegetables. This linkage has significant potential for expansion if local farmers can increase the range, quality and consistency of supply to the tourism sector.
- The entertainment sub-sector is one of the more vibrant within tourism, and represents a major opportunity for income generation and growth.
- One area open for development is medical tourism service. It is estimated that approximately 1.3 million Americans seek medical care outside of the United States. Medical costs in Jamaica are significantly less expensive and we have a large pool of well-educated nurses and doctors, many of whom are exploring more lucrative income earning options outside the country. There are already great examples of medical tourism in the Dominican Republic, and even closer to home in Cayman.

AGRICULTURE

Our agricultural industry has weathered numerous shocks over the years... globalization which heavily impacted the banana and sugar industries; the decline in prices received for export commodities; and natural disasters, have all contributed to the decline of the sector. But we are a country of fertile land, and are known for the quality of coffee, cotton and cocoa that we produce. We have had much success in the area of coffee with Jamaica's Blue Mountain coffee considered one of the best coffees in the world, and known for its distinct flavor, body and aroma. However, notwithstanding its success and brand strength, it is surprising how little Blue

Mountain Coffee is grown and exported. The same holds true for cocoa, ginger and other products. Examples of successful agricultural industries exist in the region – in the Dominican Republic, abolish, Costa Rica and others. Investors bringing proven technology and science, with access to markets and export know how have a lot of opportunity.

BUSINESS PROCESS OUTSOURCING (BPOS) SECTOR

There can be no doubt that the development of the ICT sector has transformed life in Jamaica in many ways over the past two decades. Jamaica has become key destination for North American Business Process Outsourcing (BPO) companies due to its strategic location. The global BPO Industry was valued at US\$680 billion at the end of 2011, representing one of the fastest growing industries worldwide. Employment in the local BPO Industry has grown from approximately 4,500 persons in 1999 (JAMPRO: 2000) to approximately 14,000 persons in 2013.

Our very own Contact Center is a Scotiabank BPO success story, and it continues to grow and provide a range of services, including Internet, telephone and mobile banking support. We also maintain one of our 3 regional processing hubs in Jamaica, leveraging the quality and efficiency of our workforce, and the tax efficiency of exporting services within the region.

EXPORT and Manufacturing

And lastly, there is opportunity in manufacturing and export. Jamaica is known for its natural resources and grown products such as bauxite, cane sugar, rum, and coffee. Our main export partner is the United States (42 percent of total exports) but we also have partnerships with Canada, the United Kingdom and other countries across Europe.

However, with the JMD regaining a competitive market value vs the USD, combined with lower energy prices and stable domestic financial markets, I believe that there is a growing opportunity for manufacturing in Jamaica. Work is required in terms of trade agreements and

export readiness of the public and private sectors, but for experienced investors in these areas there is a great amount of potential.

The opportunity for increased export can also be attributed to the strength of our Brand Jamaica. As I spoke to earlier we are known across the world for our Jamaican music, people and culture. We have become a brand to contend with on the world market. Indeed, "Brand Jamaica" is a precious jewel all by itself. It is not without significance that manufactured items and food stuff packaged half-way across the globe are sometimes falsely labeled "Made in Jamaica". There is great value in being associated with Jamaica and as a country we need to ensure that we maximize this opportunity with the proper legislation to protect our brand while facilitating investment and production.

SCOTIA GROUP

So how does Scotia Group play a part in this landscape I have just painted?

Scotia Group is one of the largest banking and financial services organizations in Jamaica, with assets of US\$4 billion as at October 31, 2014. Scotiabank offers a diverse range of products and services including personal, commercial and small business banking; wealth management; insurance services and mortgages.

The Group's work has been internationally recognized and it has been named on numerous occasions as the Bank of the Year and Best Bank in Jamaica by international financial publications - the Banker, Latin Finance, Euromoney, and Global Finance magazines.

The strength of our performance also lies in our linkages to our parent bank, being part of Canada's most international bank, operating in more than 55 countries. Today, Scotiabank is the 16th largest bank in the world by market capitalization. The bank's geographic diversity provides us with unique business opportunities and differentiates us from other banking institutions. Our global community of Scotiabank employees, work together across borders to offer the best banking advice, products and services to more than 21 million customers.

This international presence enables teams across the Bank to offer expertise and comprehensive banking solutions to firms who also have a global reach. And here I would mention, as an example, one of the relatively newer players in the Jamaican construction industry - an international contractor with 50 overseas branches and offices in over 80 countries worldwide. We have, through our Scotiabank offices in Jamaica, Toronto and the Asia-Pacific region, worked together with this company to provide comprehensive banking solutions to enable it to carry out major infrastructure initiatives.

For many Jamaican based manufacturers we have leveraged our presence across the region to open doors into export markets and to finance expansion outside Jamaica. Similarly, every day we are assisting foreign investors establish and grow in Jamaica.

Ladies and gentlemen, as the largest English-speaking country in the Caribbean, and the third largest in the Americas, behind the US and Canada, Jamaica enjoys significant advantages and opportunities.

At Scotiabank we are an integral part of not only the Jamaican economy, but that of the wider Caribbean / Latin American region. Here in Jamaica, we have weathered many natural disasters and financial upheavals together over the past 125 years. Our longstanding presence and deep roots in the market has afforded us a reputation of being a strong, safe, reliable, and professional institution.

We do not take this for granted, but continuously strive to maintain high standards of excellence in customer service, innovation and corporate social responsibility. Scotiabank is ready and willing to partner with investors who bring to the table, well-thought out, credible business plans.

Clearly, ladies and gentlemen, this is not the time to procrastinate. Let's get to work.

Thank you and God bless you all. Good afternoon.

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