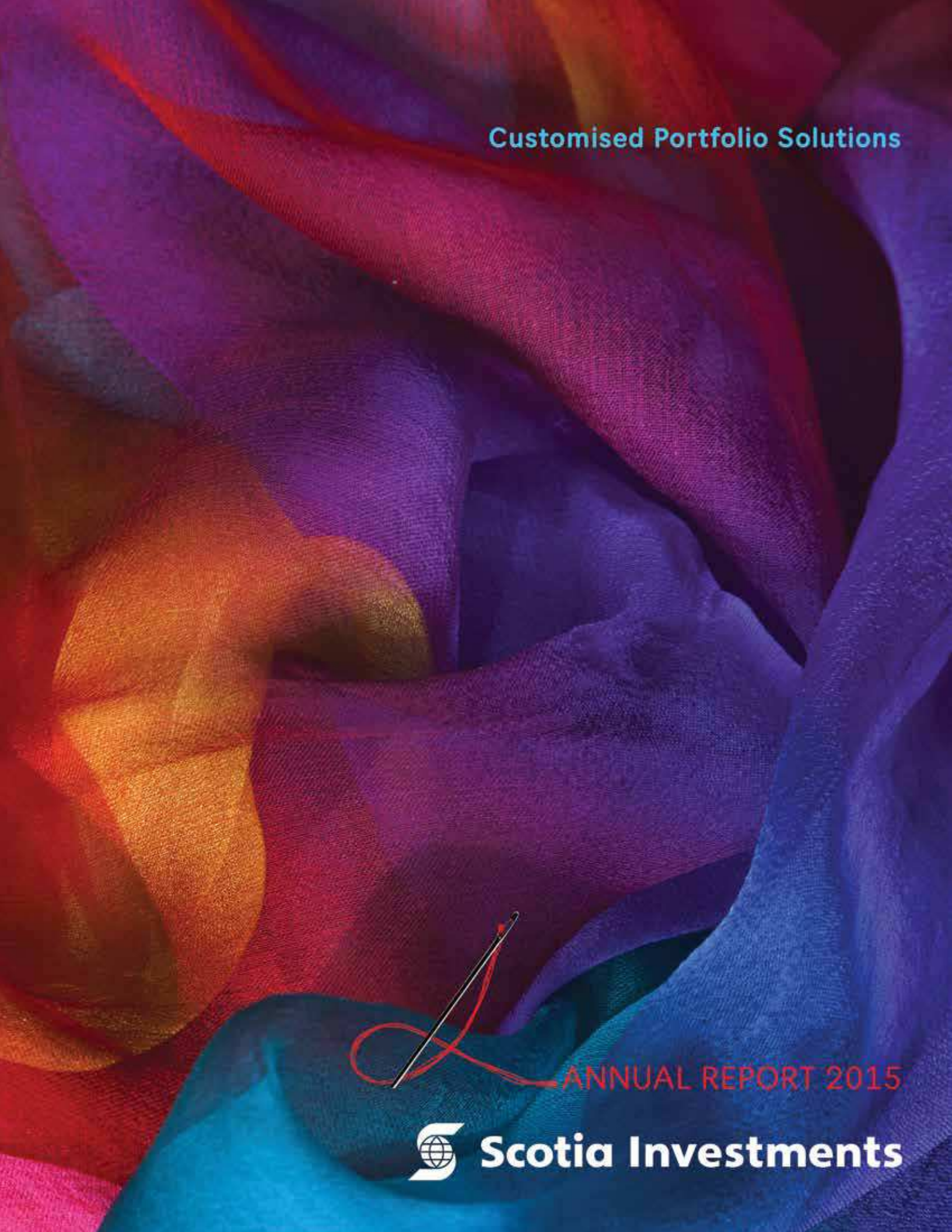
Customised Portfolio Solutions



ANNUAL REPORT 2015

Scotia Investments

CONTENTS

OUR VISION

To be the **leading Wealth Management provider**, delivering **innovative financial solutions** and **superior customer experience** by a highly skilled and dynamic team, while achieving **profitable growth** for all our stakeholders.

Strategic Imperatives

As we look to the future, we remain focused on those areas that will have the greatest impact and drive long-term value creation for all stakeholders. These areas have broadly remained the same:

Client Intimacy:

Remain focused on our clients by putting customer experience at the centre of every decision we make across the organisation.

Sustainable Profit Growth:

Focus on growing non-interest revenues by continuing to develop a diverse suite of fee-based products and services that offer unique client value propositions. This effort is to be supported by an expansion in our proven and trusted portfolio advisory approach to client interaction.

High Performance Culture:

Focus on developing, recruiting and retaining top talent; re-evaluating compensation, rewards and recognition practices; building leadership bench strength and ensuring employees enjoy a good work life balance.

Operational Efficiency:

Optimise our operating model to improve customer experience while reducing structural costs, reducing complexity, and deploying more technology.

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Scotia Investments Jamaica Limited (the "Company") will be held on Friday, the 4th day of March 2016 at 2:00 p.m. at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, Jamaica for the following purposes, namely:-

1. To receive the audited accounts for the twelve (12) months ended October 31, 2015. To consider and (if thought fit) pass the following resolution:

Resolution No. 1

"That the audited accounts for the twelve (12) months ended October 31, 2015 and the reports of the Directors and Auditors thereon 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 45 cents per stock unit of the Company on April 17, 2015, 45 cents per stock unit on July 16, 2015, 45 cents per stock unit on October 15, 2015 and 45 cents per stock unit on January 15, 2016 be and are hereby ratified."

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

"All Directors retire from Office pursuant to Article 100 (b) of the Articles of Incorporation of the Company: Barbara Alexander, Bruce Bowen, Anthony Chang, Angela Fowler, Jeffrey Hall, Lissant Mitchell, Jacqueline Sharp and Cathy Welling."

Resolution No. 3

To approve the 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 Angela Fowler be and is hereby re-elected a Director of the Company."

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

(f) "That retiring Director Lissant Mitchell 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 Cathy Welling be and is hereby re-elected a Director 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 appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.

Resolution No. 5

"That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed as 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."

BY ORDER OF THE BOARD

Julie Thompson-James
Secretary
December 1, 2015

REGISTERED OFFICE
7 Holborn Road
Kingston 10

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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

The Directors submit herewith the Statement of Consolidated Revenue, Expenses, Unappropriated Profits, Assets and Liabilities of Scotia Investments Jamaica Limited (the "Company") for the year ended October 31, 2015.

The Consolidated Statement of Revenue and Expenses shows pre-tax profit for the year of $1,507 million from which there has been provided $483 million for corporate income tax and deferred tax, leaving a balance of $1,024 million.

The appropriation of earnings detailed in the financial statements includes an interim dividend of 45 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 $1.80 per stock unit compared with $1.80 per stock unit for the period ended October 31, 2014.

Dr. Anna Law resigned from the Board of Directors effective October 30, 2015. The Board wishes to express its appreciation to Dr. Law for her invaluable contribution to the Company and wish her well in her future endeavours.

The Auditors, KPMG, Chartered Accountants, 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

Jeffrey Hall
Chairman

December 1, 2015

Lissant Mitchell
Chief Executive Officer

ON BEHALF OF THE BOARD OF DIRECTORS and the exceptional team at Scotia Investments Jamaica Limited (SIJL), I am pleased to share with you the financial results for the year ended October 31, 2015.

Statement to SHAREHOLDERS

On behalf of the Board of Directors and the exceptional team at Scotia Investments Jamaica Limited (SIJL), I am pleased to share with you the financial results for the year ended October 31, 2015. Before getting into the details, I would like to share a few observations about last year. In recent times, the local investment banking and brokerage industry has undergone a number of structural changes, including two debt exchanges, the opening up of the collective investment industry and new regulatory considerations such as the foreign account tax compliance act (FATCA).

Notwithstanding these prior developments, last year represented perhaps the most prominent structural shift for the industry, with the introduction of a trust-based framework to manage repo liabilities in August 2015. This new framework will shift the burden of risk away from financial institutions to the new trust-based framework, and ultimately clients, thus strengthening the financial system by protecting it from systemic risk. The implications of this change will be a fundamental shift in the core business model of the industry, from a large dependence on interest income towards more dependence on non-interest revenues. This shift will also be driven by clients, some of whom will likely find repos as less attractive than market-based alternatives, and thus diversify away from repos to more market-based products. Within this context, your company's off balance sheet strategy, which has been outlined every year for the past five years, is well positioned.

FINANCIAL RESULTS

Net profit for the year was $1,024 million, which represented a decrease of $824 million over the prior year's restated profit of J$1,848 million. Earnings per share came in at $2.42 versus last year's restated performance of $4.37. The Balance Sheet of your company also decreased to $68,848 million from $72,314 million the previous year, a decrease of $3,466 million. This acceleration in the pace of your company's balance sheet reduction should be taken in the context of the new trust-based framework for repos, which reflected our long-held strategy of diversifying away from a balance sheet business model. In this regard, your company saw an 18% increase in its asset management business line, given its long-term strategic objective to focus on fee-and-commission based revenue sources. The asset management business line represents an important thrust for your company and accounted for 65% of non-interest revenues, up from 43% last year and 30% of total revenues, up from 19% last year. This year's results were achieved with a moderate increase of 9% in operating expenses. An increase in asset tax was a large contributor to the higher operating expenses.

TRANSITION PERIOD

Let me digress to reflect on what I wish to refer to as a transition period for your company, which began last financial year. As your company accelerates its transition from a balance sheet business model to focus more on being a market leading asset management and brokerage firm, there is recognition that some key financial metrics will be impacted relative to historical trends. Going forward your company will start evaluating itself against a series of medium-term objectives, as it focuses on enhancing longer term sustainable shareholder value. Our longer term goals over the next 2 to 3 years are three-fold: (1) return to a positive trajectory of return on equity and earnings per share growth (2) achieve a positive operating leverage and (3) maintain strong capital ratios for the remaining balance sheet business.

As part of this transition period, your company began embarking on some structural cost realignment initiatives. During the financial year, the services provided by the Savanna-la-Mar branch were relocated, with clients now being served out of our newly established Montego Bay branch. In addition, some functions within other areas of our operations were consolidated within the wider group. Lastly, your company also embarked on some business line realignment which will contribute to overall cost savings on a go forward basis.

OPERATING ENVIRONMENT

Turning to the operating and competitive environment, several challenges continued in some areas for the investment banking and brokerage industry. Among the challenges was the increase in the asset tax rate from 0.14% to 0.25% for regulated financial institutions in May 2014, with the full effect of this increase being felt last financial year. In addition to the asset tax, the industry, as part of a group of regulated firms, continued to pay the highest corporate tax rate of 33.33%, relative to other non-regulated firms who pay a lower tax rate. The continued higher tax on the industry was compounded by weak underlying growth conditions throughout the year.

The industry continued to face challenges in the domestic fixed income securities market, albeit less than the prior financial year. The key issue remained the illiquid nature of GOJ local currency NDX bonds, especially those with longer tenors, as the market for such securities remained mostly inactive. While the central bank cut interest rates to a record low of 5.25% during the financial year and provided local currency liquidity through a number of mechanisms,

those initiatives had very little effect on local currency NDX securities. In fact, towards the end of the financial year, a new 14-day auction mechanism resulted in a tightening of liquidity conditions, sending short-term interest rates higher. This resulted in a dual challenge for the sector, as on one hand, falling longer term interest rates impacted the margins on the balance sheet business, while rising shorter term rates increased the cost of funding towards year-end.

In addition to these local challenges, the international capital markets experienced significant volatility at various periods throughout the year. The major transmission of volatility arose from swings in commodity prices, concerns about global growth stemming from Chinese weakness, and anticipation of a US Federal Reserve interest rate hike. This heightened volatility affected investor appetite for various international financial products, which affected some business lines.

Despite the challenges highlighted, there were some marked improvements in other key areas. The Government of Jamaica continued to execute its 4-year agreement with the International Monetary Fund (IMF) at a satisfactory level, which saw its sovereign credit ratings upgraded one notch to single B by Standard & Poor's with a stable outlook. This was achieved by successfully meeting all the targets under the IMF agreement every quarter.

Jamaica's ability to successfully implement economic reforms under the IMF programme allowed the country to raise a record US$2 billion on the international capital markets in July 2015, at a record low interest rate of 7.12%. US$1.5 billion of these proceeds were used to buy-back a substantial portion of its US$3.25-billion Petro Caribe debt at a significant discount, thus positively impacting the country's debt ratio by 10 percentage points. This reduction in the debt ratio places Jamaica's debt trajectory on a sustainable path to below 100% by 2020. The significance of this is not lost on the investment banking and brokerage industry, as it reduces Jamaica's risk of default. The record bond issuance also bolstered Jamaica's external financing position, with Net International Reserves of US$2.5 billion or 23 weeks of goods and services imports at the end of October 2015.

When all is considered, your company remains confident that the sacrifice of a tough operating environment continues to be a necessary, though insufficient precondition for creating a more sustainable future for Jamaica. Your company is heartened by the gains that have been made on several fronts under the IMF reform programme and continues to encourage policymakers to execute the key strategic growth initiatives in a timely manner.

Despite the challenges... there were some marked improvements in other key areas.

OUR OPERATIONS

At the end of October 31, 2015 your company's asset management business had 30% of the overall collective investment scheme market in Jamaica, inclusive of mutual funds and unit trusts. Total funds under management for this business line, inclusive of the company's custody book, ended the year at $158 billion up by $20 billion from the previous year.

Under the Asset Management pillar of the business, the Scotia Premium Money Market Fund launched at the end of the 2011/12 financial year, surpassed J$13 billion in

funds under management, up J$2.8 billion or 27% from the previous year. This is the largest cash fund in the market, and is the only fund managed towards a stable net asset value. Meanwhile, the Scotia Caribbean Income Fund, launched in 2009, surpassed US$105 million in funds under management, up US$28 million or 37%. This fund is the largest mutual fund in the market.

The success of these products is testament to their unique value proposition and the investing public's faith in our long product innovation track record. During this transition phase, your company will be bringing other fund and brokerage related products to the market, as it seeks to maintain the strong track record of providing needs-based client solutions.

Under the securities trading and treasury business pillar, the strength of your company's balance sheet ensured that your company maintained adequate levels of liquidity amid an illiquid GOJ NDX securities market. In addition, capital adequacy ratios were more than adequate to meet regulatory and normal business operations. On the securities trading front, your company has grown the volume of non GOJ USD bond trading activity by more than 52% on average over the past four financial years. This remains a key focus of your company to tap the global footprint of Scotiabank expertise to bring the international financial markets to local clients.

The Capital Markets business pillar, which was launched in 2011, has executed close to US$900 million in deal flow since inception. During the year, the unit also collaborated with our international partners at Scotia Capital in New York who executed a large corporate transaction for a Caribbean client, by successfully raising US$325 million. As your company goes through this transition period, the ability of the capital markets unit to access the depth of international expertise within Scotia Capital will help to establish us as one of the premier destinations for innovative capital markets solutions in the region. Looking ahead, I am confident that if domestic liquidity conditions improve, this business line can go from strength to strength. The Retail Brokerage business line, which underpins the overall business, was able to grow US dollar fund sales in a volatile global macro-economic environment. This speaks squarely to the effort and expertise of the sales and non-sales teams, and the confidence and trust clients have in our diversified product suite.

A key objective to be achieved during this transition period is to streamline processes and functions to enhance the client experience and improve efficiency and service delivery. During the year your company implemented online access for clients with unit trust and mutual fund accounts. Clients are now able to view transactions and activities without contacting their relationship officers. This is merely the first phase of a multi-phase approach to provide clients with more delivery channels to access our products and services, which will advance further once our new information technology platform is in place.

Your company's unwavering focus on its employees remains important during this transition phase, particularly on strengthening its talent pool and increasing leadership bench strength. In this regard, a select group of top performers from a wide cross-section of the firm are enrolled in an Emerging Leaders Forum. The objective of this programme is to deepen leadership bench strength and enhance succession planning. Under learning and development, 7% of the employees were promoted last year. We will continue to place great importance on having a diverse and talented group of employees, and on developing our leadership depth and capabilities.

FOCUS PRIORITIES

As we look to the future we remain focused on those areas that will have the greatest impact and drive long-term value creation for all stakeholders. These areas have broadly remained the same:

a. **Client Intimacy:** Remain focused on our clients by putting customer experience at the centre of every decision we make across the organisation.
b. **High Performance Culture:** Focus on developing, recruiting and retaining top talent; re-evaluating compensation, rewards and recognition practices; building leadership bench strength and ensuring employees enjoy a good work life balance.
c. **Operational Efficiency:** Optimise our operating model to improve customer experience while reducing structural costs, reducing complexity, and deploying more technology.
d. **Sustainable Profit Growth:** Focus on growing non-interest revenues by continuing to develop a diverse suite of fee-based products and services that offer unique client value propositions. This effort is to be supported by an expansion in our proven and trusted portfolio advisory approach to client interaction.

LOOKING AHEAD

Your company's strong foundation as a market leading asset management and brokerage firm positions it well to navigate the unfolding change across the industry with the recent move to a trust-based framework for repos. As we go through this new transition period, your company will pivot even more towards a greater diversification of revenues from non-interest income-generating businesses. A key thrust of this strategy remains our commitment to reducing structural costs within the business, underpinned by our strong risk governance culture, focus on client experience and employee development.

The advantage of being able to leverage the full benefits of an international network of expertise for the benefit of clients will also play an important role as we continue executing our business strategy. The diversity, leadership strength, team engagement, and expertise of your company's team at all levels will continue to be an important differentiator for us as we remain focused on executing our initiatives. We are confident that our strategy is sound. By executing our strategy well, and making meaningful progress on our focus priorities, your company will be in a good position to perform within the ranges of our medium-term objectives and create longer term shareholder value.

ACKNOWLEDGEMENTS

I want to thank our valued clients for their continued support and the trust they place in our products and services. It is always a privilege to serve our valued clients, who have remained very loyal to us, during both good times and challenging times. I also want to thank our shareholders and the Board of Directors for your confidence and continued support. Finally, I want to recognise the entire SIJL team for your exceptional effort under challenging circumstances, for your commitment to our clients, your fellow employees and to our communities. Together we will work to create a better future for all stakeholders.

We thank our valued clients for their continued support and the trust they place in our products and services...

Lissant Mitchell
Chief Executive Officer

Board of DIRECTORS

Jeffrey Hall (Chairman)

Mr. Jeffery Hall was appointed to the Board of Directors of Scotia Investments Jamaica Limited on August 28, 2012. Mr. Hall has been a member of the Board of Directors of Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since November 26, 2012. He was appointed Chariman on November 27, 2014.

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, the Institute of Jamaica and Jamaica Promotions Corporation (JAMPRO).

Mr. Hall has practised 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, Boston, USA. He also earned a Bachelor of Arts (BA) degree in Economics from Washington University, USA.

Barbara Alexander

Ms. Barbara Alexander was appointed to the Board of Directors of Scotia Investments Jamaica Limited on December 14, 2006. She is also a member of the Audit & Conduct Review Committee and the Human Resources & Pension Committee of which she is the Chairperson.

Ms. Alexander has been a practising attorney-at-law since 1976 and a Senior Partner in the law firm Myers Fletcher & Gordon. Her experience includes Banking and Finance, Project Finance, Real Estate and Commercial Law.

Ms. Alexander is also a member of the Board of Directors of Scotia Group Jamaica Limited, The Bank of Nova Scotia Jamaica Limited and Scotia Jamaica Building Society. She is the Chairperson of Scotia Asset Management (Jamaica) Limited and also serves on the Boards of 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 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.

Mr. Bowen's 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 Investments Jamaica Limited on January 9, 2009. He also serves on several boards including: The Bank of Nova Scotia Jamaica Limited, Scotiabank Trinidad & Tobago Limited, Scotiabank Bahamas Limited and Maduro Curiels Bank NV.

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

Anthony Chang

Mr. Anthony Chang was appointed to the Board of Directors of Scotia Investments Jamaica Limited on December 14, 2006. He is the Chairman of the Company's Audit & Conduct Review Committee. He is also a Director of Scotia Group Jamaica Limited, The Bank of Nova Scotia Jamaica Limited, and Chairman of Scotia Jamaica Life Insurance Company Limited. He brings extensive business experience to these boards as he also serves on 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 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.

Angela Fowler

Mrs. Angela Fowler was appointed to the Board of Directors on July 25, 2007. Mrs. Fowler is an attorney-at-law and Senior Partner of the law firm, Livingston, Alexander & Levy established in 1911. She practices in the areas of pensions and commercial law.

Mrs. Fowler is a graduate of the University of the West Indies. She is a member of the Jamaican Bar Association, Private Sector Organisation of Jamaica, the International Pension and Employee Benefits Lawyers' Association and Deputy Chairperson of the Jessie Ripoll Primary School Board.

Anna Law*

Dr. Anna Law was appointed to the Board of Directors of Scotia Investments Jamaica Limited on July 25, 2007. Dr. Law is also a Director of The Scotia Jamaica Building Society and the Managing Director of Align International Limited.

Dr. Law is an orthodontist by profession and is a First Class Honours graduate of Tufts University where she earned her Doctor of Medicine and a Bachelor of Science in Chemistry. She is also a graduate of the University of Washington, where she earned a Certificate in Orthodontics and a Master's in Dentistry. She serves on various professional societies including the Jamaica Dental Association and the American Association of Orthodontists.

** Resigned effective October 30, 2015*

Board of DIRECTORS

continued

Lissant Mitchell

Mr. Lissant Mitchell has over 20 years' experience in the local financial industry. He joined Scotia Investments in October 2007 as Senior Vice President, Treasury & Capital Markets and was promoted to Chief Operating Officer in October 2010. In November 2011, he was promoted to Senior Vice President, Wealth Management for the Scotiabank Group and Chief Executive Officer for Scotia Investments Jamaica Limited.

Mr. Mitchell has served as the President of the Primary Dealers Association and currently sits on the Scotiabank & Scotia Investments Asset & Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a Director of Scotia Asset Management (Jamaica) Limited, Scotia Caribbean Income Fund and the Jamaica Stock Exchange.

Mr. Mitchell holds an MBA from the University of Manchester and a BSc. in Accounting and Economics from the University of the West Indies.

Jacqueline Sharp

Mrs. Jacqueline Sharp was appointed President and CEO of Scotia Group Jamaica Limited and to the Board of Directors of Scotia Investments Jamaica Limited effective September 1, 2013.

Mrs. Sharp joined Scotiabank in December 1997 and over the past 15 years has held progressively senior roles in the areas of Treasury, Finance, Private Banking and Insurance. She held the position as General Manager of Scotia Jamaica Life Insurance Company Ltd. from 2003 to 2009, and in September 2009 she was appointed Chief Financial Officer of the Group. In April 2011, Mrs. Sharp assumed additional responsibilities as Chief Administrative Officer and in April 2013 was appointed Executive Vice President, CFO and CAO.

Mrs. Sharp also serves as a member of the Boards of The Bank of Nova Scotia Jamaica Limited, Scotia Jamaica Building Society and Scotia Jamaica Microfinance Company Limited.

Mrs. Sharp holds a Bachelor of Science (BSc) degree with honours in Accounting from the University of the West Indies, is a CFA Charter Holder and has successfully completed the Certified Public Accountant (CPA) examinations.

Cathy Welling

Ms. Cathy Welling joined the Board of Directors in November 2011 and is the Senior Vice President, Insurance, Pensions & Wealth for the International Banking division at Scotiabank. Ms. Welling's prior roles with Scotiabank include: Managing Director & Head, International Wealth & Pensions; Managing Director & Head of Scotia Private Client Group (Canada); Managing Director Scotia iTrade; Managing Director of Scotia Cassels Investment Counsel. Her current directorships include Bank of Nova Scotia Trust Company (Bahamas), Scotia Investments Jamaica Limited and Scotia Jamaica Life Insurance Company Limited.

Ms. Welling holds a Bachelor of Arts degree from McMaster University. She has completed the Executive Programme at the Richard Ivey School of Business, University of Western Ontario and holds the Partners, Directors and Officers certification.

Corporate GOVERNANCE

INTRODUCTION

Scotia Investments Jamaica Limited and its subsidiaries are committed to maintaining high standards of corporate governance to preserve shareholder value and confidence in the long-term viability and profitability of the Company.

The Corporate Governance Policy outlines the criteria for selection of Board members, standards of business conduct and ethical behaviour, Board oversight and management, risk management, liquidity funding management and disclosure. This Policy is reviewed by the Board on an annual basis and incorporates various elements of the Private Sector Organisation of Jamaica Code on Corporate Governance ("PSOJ Code"). A copy of the Policy is available on our website at **http://www.scotiainvestmentsjm.com**

THE BOARD

As at October 31, 2015 the Board currently consists of eight (8) members and the Company's Articles of Incorporation provide the ability to increase the size of the Board. The current Directors of the Board are Mr. Jeffrey Hall (Chairman), Mr. Bruce Bowen, Ms. Barbara Alexander, Mrs. Angela Fowler, Mr. Anthony Chang, Mr. Jeffrey Hall, Mr. Lissant Mitchell, Mrs. Jacqueline Sharp and Ms. Cathy Welling. During the year, Mr. Marcel Schroder resigned as a member of the Board on January 21, 2015 and Dr. Anna Law resigned on October 30, 2015.

The Board's composition is balanced as there is an equal number of independent Directors to ensure that the Board is managed for the long-term benefit of its stakeholders, shareholders, employees and customers. As at October 31, 2015, four (4) of the eight (8) members of the Board of Directors are non-executive independent Directors.

Under our 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.

BOARD SELECTION

Individuals who are selected to join our Board are considered based on the following criteria:-

- Prominence in business, institutions and professions
- Integrity, honesty and the ability to generate public confidence
- Ability to demonstrate sound and independent business judgement
- Financial literacy
- Knowledge and appreciation of public issues and familiarity with local, national and international affairs
- Knowledge of the business of the Company
- The ability to devote sufficient time to the Board and Committee work

Our Board of Directors has diverse skills sets which range from expertise in finance, banking, audit, legal and strategic management.

The table below highlights Independent/Non-Independent Directors and the respective areas of expertise of the Directors.

Board Member	Independent (I)/ Non-Independent (NI)	General Management	Finance & Audit	Stategic Management	Banking	H.R. & Education	Legal
Barbara Alexander*	I	√	√	√		√	√
Bruce Bowen	NI	√	√	√	√		
Anthony Chang**	I	√	√	√			
Angela Fowler	I	√		√		√	√
Jeffrey Hall	I	√		√			√
Dr. Anna Law***	I	√		√		√	
Lissant Mitchell	NI	√	√	√	√		
Jacqueline Sharp	NI	√	√	√	√		
Cathy Welling	NI	√	√	√	√		

** Chair of the Human Resources and Pension Committee*
***Chairman of the Audit and Conduct Review Committee*
**** Resigned on October 30, 2015*

DUTIES AND RESPONSIBILITIES

The Board has an approved mandate which includes the following key duties and functions, some of which are delegated to sub-committees of the Board:-

- To develop the Company's corporate governance principles and practices.
- To oversee and approve the strategic direction of the Company, its succession planning and organisational structure.
- To monitor and review the financial performance of the Company.
- To identify the principal business risk and review and approve key policies and practices (including credit risks, capital risk management, market risk management, investment management, liquidity and funding management) for the long-term management of the Company.
- To oversee the integrity of the Company's internal controls and management information system.
- To review the performance of executive management.

ASSESSMENT OF DIRECTOR PERFORMANCE

The Board conducts an annual evaluation of the Board's performance during the year. This assessment allows individual Directors to evaluate the performance of other Directors and Chairpersons of the Board, and its Committees, to comment on the operations of the Board and its Committees and on the level of information provided by Management. The results of this evaluation contribute significantly to the refinement of the corporate governance policy year to year.

DIRECTORS' TENURE, RETIREMENT & APPOINTMENT

All Directors automatically retire from the Board at each Annual General Meeting after serving a term of one year. The Board may however recommend to shareholders that a Director be elected or re-elected (as the case may be) at the Annual General Meeting of the Company. The Board may appoint Directors during the year. Directors may be appointed to the Board prior to attaining the age of 70.

DIRECTOR EDUCATION

New Directors are provided with information on the Company and their duties and responsibilities and have the opportunity to meet with senior management, attend seminars and presentations on the Company's business and operations.

STANDARDS OF BUSINESS CONDUCT & ETHICAL BEHAVIOUR

Directors, officers and employees of the Company are expected to adhere to the Company's Guidelines for Business Conduct. These Guidelines outline the rules and expectations regarding proper conduct and ethical behaviour including adhering to the law wherever the Company conducts business, avoiding conflicts of interest, exemplifying honest conduct and integrity and ensuring that the Company's transactions and communications are accurate and confidential.

In addition, Directors, senior management officers and their connected parties are subject to the Company's "Insider Trading Policy" in respect of trading in the securities of the Company which prohibits trading in the Company's securities during particular intervals and require disclosure of all trades in the Company's securities by them or by their connected parties.

All employees and Directors of the Company are required to provide written certification of their compliance with the Company's Guidelines for Business Conduct.

DISCLOSURE

The Company is committed to providing timely, accurate and balanced disclosure of financial results, significant developments and other material information about the Company to shareholders, the Financial Services Commission and the Jamaica Stock Exchange.

BOARD COMMITTEES

The Board has two (2) established Committees; the Audit & Conduct Review Committee and the Human Resources & Pension Committee, each with clearly defined Terms of Reference.

Audit & Conduct Review Committee

Members of the Audit & Conduct Review Committee are appointed by the Board which determines its Terms of Reference. In accordance with its Terms of Reference the Audit & Conduct Review Committee has oversight responsibility for the following areas and is reposed with the duty of critical review and recommendation to the Board, where appropriate:-

- Reviewing the quarterly and consolidated financial statements of the Company to ensure the integrity of the Company's financial reporting, disclosures and system of internal control over financial reporting
- Ensuring the Company's compliance with legal and regulatory requirements
- Monitoring the Company's internal audit and external audits
- Developing and implementing policies to identify and resolve conflicts of interest which may arise from transactions conducted by the Company.

Composition & Frequency of Meetings

The Audit & Conduct Review Committee meets quarterly and consists of four (4) independent members. The Committee members are Mr. Anthony Chang (Chairman), Ms. Barbara Alexander, Mrs. Angela Fowler and Mr. Jeffrey Hall.

BOARD & COMMITTEE MEETING REGISTER

The attendance of the Directors at Board, Committee and Annual General Meetings is reflected in the table below:-

Board Member	Annual General Meeting (SIJL)	Board Meetings	Audit & Conduct Review Committee	Human Resources & Pensions Committee
No. of Meetings	1	6	4	4
Barbara Alexander	1	6	4	4
Bruce Bowen	1	5	-	-
Anthony Chang	1	6	4	-
Angela Fowler	0	4	4	4
Jeffrey Hall	1	6	4	-
Dr. Anna Law	0	4	-	4
Lissant Mitchell	1	6	-	-
Marcel Schroder*	0	1	-	-
Jacqueline Sharp	1	6	-	4
Cathy Welling	0	5	-	-

** Resigned January 21, 2015*

The Human Resources & Pension Committee

Members of the Human Resources & Pension Committee are appointed by the Board which determines its terms of reference. This Committee has oversight for the following areas and is reposed with the responsibility of reviewing and making recommendations to the Board:-

- Compensation to be paid to Senior Executives and other Board-appointed officers of the Company, the general criteria and design of the Company's incentive/bonus schemes and the basis of distribution of incentives;
- Review of the senior level organisational structure and staffing of the Company;
- Approval of the incentive pay awarded to staff under the Company incentive/bonus scheme;

Composition & Frequency of Meetings

The Human Resources & Pension Committee meets quarterly and consists of four (4) members. The Committee members are Ms. Barbara Alexander (Chair), Mrs. Angela Fowler, Dr. Anna Law and Mrs. Jacqueline Sharp. Three (3) of the four (4) members of the Committee are Independent Directors. The attendance record of the members of this Committee is reflected in the table on Page 16.

DIRECTORS' 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.

FEE STRUCTURE

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

		Per Meeting Fee (expressed in JMD)		
Position	Annual Retainer Expressed in JMD	Board	Audit & Conduct Review	Human Resources & Pension
Board Chairman	1,000,000			
Committee Chair (other than Audit Chair)	400,000			
Audit Committee Chair	500,000			
Audit Committee Members	450,000			
Other Directors	350,000			
All Directors		40,000	50,000	40,000

** Directors who are employees are not paid Directors Fees.*

SENIOR MANAGEMENT

Lissant Mitchell, CEO

Lissant Mitchell has over 20 years' experience in the local financial industry. He joined Scotia Investments in October 2007 as Senior Vice President, Treasury & Capital Markets and was promoted to Chief Operating Officer in October 2010. In November 2011, Lissant was promoted to Senior Vice President, Wealth Management for the Scotiabank Group and Chief Executive Officer of Scotia Investments.

Lissant has served as the President of the Primary Dealers Association and currently sits on the Scotiabank Group and Scotia Investments Asset & Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a Director of Scotia Asset Management (Jamaica) Limited, Scotia Caribbean Income Fund, and the Jamaica Stock Exchange.

Lissant holds an MBA from the University of Manchester, and a BSc in Accounting and Economics from the University of the West Indies.

Hugh Miller - SVP, Chief Operating Officer

Hugh Miller has more than 21 years' experience in the local financial services industry. He joined Scotiabank in 1998 and had oversight for Securities Trading & Investments prior to assuming successively senior roles in Pension & Assets Management and Group Treasury Operations.

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 Scotiabank's Pension Plan. He is also a member of SIJL's Asset Liability Committee, and Managed Funds Investment Committee, as well as Scotiabank'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 charterholder.

Courtney Sylvester - SVP, Sales, Service & Client Experience

Courtney Sylvester joined Scotia Investments in October 2013 and is responsible for providing strategic leadership in directing and coordinating all sales and advisory activities of the organisation, covering both our retail and corporate clientele, as well as driving one of our primary strategic imperatives – Client Intimacy. In this capacity he has direct responsibility for our Retail Distribution/Branch Network, Corporate Sales & Client Experience across Scotia Investments.

Courtney is a seasoned finance professional with significant experience in Commercial Banking, Merchant Banking, Credit Risk Management, as well as Retail Sales and Service. He has been in a number of senior roles at Scotiabank including District Vice President – Retail Banking, Branch Manager, Senior Manager - Credit Risk, and Senior Relationship Manager - Corporate Banking.

Courtney holds an MBA, and a BSc in Mechanical Engineering, both from the State University of New York at Buffalo.

Brian Frazer - VP, Asset Management & GM, Scotia Asset Management (Jamaica) Ltd

Brian Frazer, as Vice President, Asset Management, is responsible for developing the strategic direction and focus for the Investment Management, Mutual Funds and Unit Trusts business lines. Brian leads an investment management team that currently manages in excess of US$770 million of assets on behalf of mutual funds, corporate clients and individual investors.

Brian has over 17 years of experience in the financial services industry and has wide-ranging experience in trading, treasury, asset management, risk management, operations and product development.

Brian is a Chartered Financial Analyst (CFA) charterholder, and a member of the CFA Institute and the CFA Society of Trinidad and Tobago. He is also a Director of the Pension Funds Association of Jamaica.

Brian earned his undergraduate degree in Accounting and Economics at The University of the West Indies and has received professional training in accounting, asset/liability and risk management both locally and overseas.

Jason Morris - VP, Business Analytics, Portfolio Advisory & Product Development

Jason Morris joined Scotia Investments in March 2010 as Assistant Vice President, Product Development and was promoted to Vice President, Business Analytics, Portfolio Advisory and Product Development in June 2012. He is a CFA charterholder with over 10 years' experience in developing investment strategies for local and international capital markets.

In his current role, Jason is responsible for developing and managing the firm's strategic plan, executing business strategic initiatives, providing investment strategy advice to internal and external clients, developing and executing new investment product initiatives and overseeing the investment research team.

Jason is a member of the Private Sector Organisation of Jamaica's (PSOJ) Economic Policy Committee and is a past Director of the Statistical Institute of Jamaica (STATIN). Jason serves as a Justice of the Peace for the parish of Kingston.

Yvonne Pandohie - VP and Chief Financial Officer

Yvonne Pandohie was appointed Chief Financial Officer effective October 24, 2011. She joined Scotia Investments following her previous appointment as Chief Auditor at Scotiabank; a post which she held from 2004.

Yvonne has had a long and distinguished career in finance, having worked as an external auditor prior to joining Scotiabank. Yvonne received advanced training in Scotiabank's Toronto offices in both the Corporate and Commercial Banking Business and Audit Departments. She has also worked as Accounts Manager assigned to the Corporate & Commercial Banking Centre.

Yvonne holds an MBA from Manchester Business School, is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Institute of Chartered Accountants of Jamaica.

SENIOR MANAGEMENT continued

Karl McKenzie - VP, Business Support

Karl McKenzie joined Scotia Investments in August 2011 from his prior assignment as Senior Manager of Scotiabank's Business Service Centre, where he led a team of over 52. He is responsible for the Business Support Group which comprises Operations, Central Support and Compliance Units.

Karl is a career banker of 37 years, with extensive experience in operations, electronic banking services, project management and workflow processing.

Karl holds an MBA in Financial Services from the Dalhousie University, Bachelor of Commerce in Financial Services from Nipissing University and is a Fellow of the Institute of Canadian Bankers.

Andrea Tinker - VP, Re-engineering Projects

Andrea Tinker joined Scotia Investments in March 1993 and served as Chief Financial Officer for Scotia Investments for over 6 years. In her current role, she will oversee an important system transition that will enhance the first-class customer service offered at Scotia Investments.

Andrea is also a Director of the Scotia Caribbean Income Fund. She is a member of the Association of Chartered Certified Accountants with over 20 years in the accounting profession.

Dylan Coke - VP, Origination and Capital Markets

Dylan joined Scotia Investments in November 2014 as Vice President of Origination and Capital Markets at Scotia Investments Jamaica Ltd. He has over 17 years of experience in executing complex commercial transactions both as a lawyer and as an investment banker and has particular expertise in the structuring of private placements of debt, syndicated financing, IPOs and various forms of structured finance.

In his current role he is responsible for originating and executing fund-raising transactions in the local and regional capital markets for medium to large corporates via offers of both debt and equity.

Prior to entering investment banking, Dylan practised commercial law and litigation for 9 years. He holds an LLB from the University of the West Indies and an LLM in International Banking and Financial Law from Boston University School of Law.

Subsidiary & Divisional REPORTS 2015

SCOTIA ASSET MANAGEMENT (JAMAICA) LIMITED

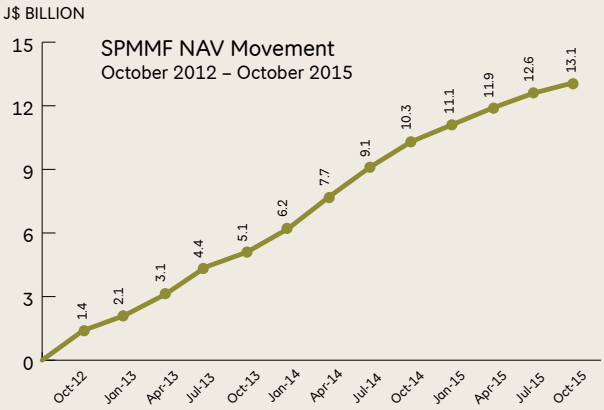
Scotia Asset Management Jamaica ("SAMJ") continues to have a significant share of the local unit trust industry with approximately 21% as at October 31, 2015. Of note, the Scotia Premium Money Market Fund ("PMMF") continued to experience robust growth over the year and achieved a Net Asset Value (NAV) of J$13.08 billion as at October 31, 2015. This represents a growth of approximately 27% from October 2014 to October 2015. Additionally, the Scotia Caribbean Income Fund reached the milestone of having its NAV surpassing US$100 million for the first time during the year while the Scotia Premium Growth Fund ("PGF") reported double-digit returns as the local equities market rebounded over the previous year. With these milestones, SAMJ's Assets Under Management (AUM) increased by 10.51% over the prior year to $29.66 billion. SAMJ contributed $554 million to the revenues of Scotia Investments Jamaica Limited, which represents a 26% increase compared to $440 million the previous year.

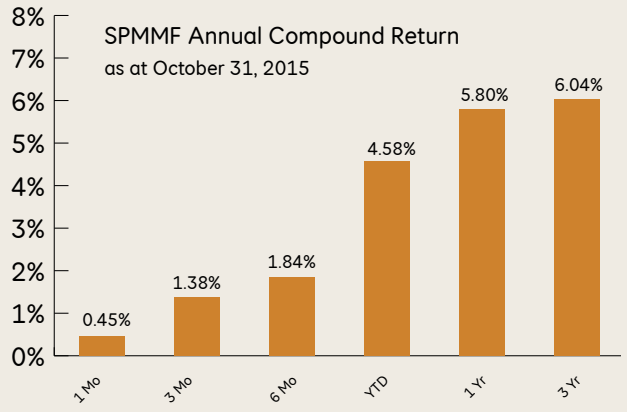
The unit trust market continues to be very competitive as companies drive to protect their bottom line against the phasing out of the retail repurchase agreements business model. To this end, there have been several new products launched in the market this fiscal year.

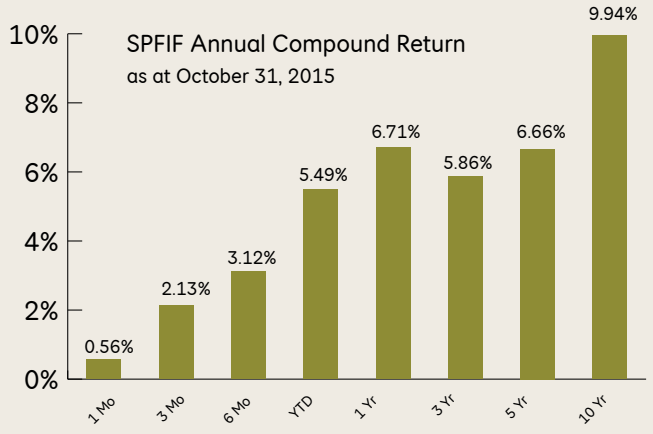
On the regulatory front, the deadline for the transitional period to the new CIS regulation was extended to December 2015 and the Financial Services Commission ("FSC") has also communicated its intention to implement a zero-tolerance approach to breaches of legislation in order to further improve the regulatory environment.

Scotia Premium Money Market Fund (SPMMF)

The PMMF remained an attractive investment option for retail clients, particularly in light of the recent changes to the regulations in relation to retail repos. Consequently, purchases into the Fund primarily contributed to the 27% year-over-year growth with the NAV ending the year at $13.1 billion. Despite the declining interest rate environment and new entrants to the money market segment of the industry, the Fund remained competitive with a 12-month return to October 31, 2015 of 5.8%. This represents the highest return in its peer group.







Scotia Premium Fixed Income Fund (SPFIF)

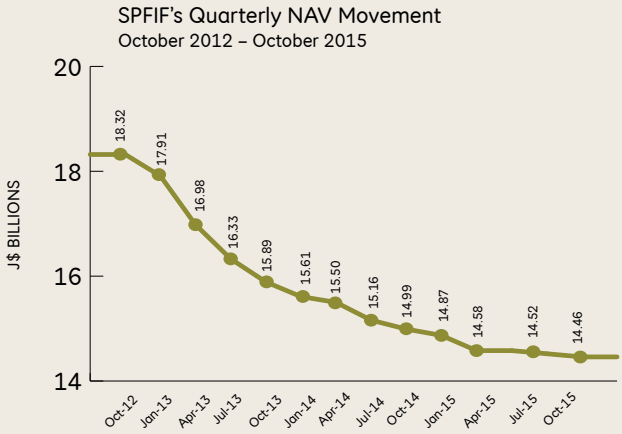
Despite increased competition in the general unit trust market and the fixed income unit trust space, the Scotia Premium Fixed Income Fund remained an attractive investment option, offering competitive yields to unit holders and remains the Fund with the largest AUM amongst its peers. This translates to 49% of the fixed income funds' market share.

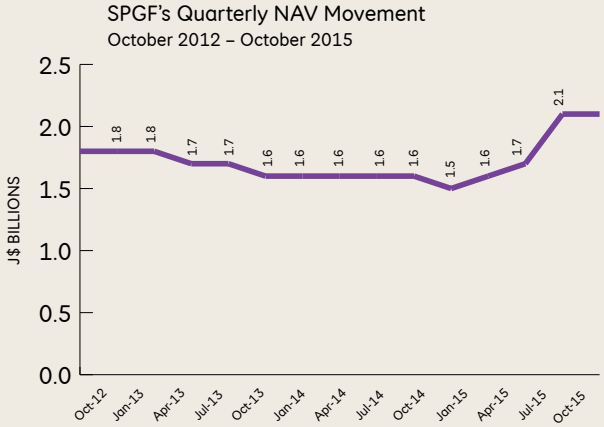
During the year, as the JMD depreciated and local interest rates fell, some unit holders rebalanced their portfolios from the PFIF in pursuit of funds with USD exposure, particularly the Scotia Caribbean Income Fund and our suite of Scotiabank mutual funds. Notwithstanding, the PFIF continued to deliver competitive returns to its investors with a 12-month return of 6.71% and a calendar year-to-date return of 5.70% and positive real return of 4.59% and 2.67% respectively. During the year, the Fund Managers continued to diversify the Fund by increasing its exposure to corporate bonds, fixed rate securities and foreign currency denominated assets which benefited the Fund and contributed to its competitive yield at the end of the year.

Scotia Premium Growth Fund (SPGF)

The Scotia Premium Growth Fund ended the year at $2.11 billion, commanding 16.8% of the equity-based unit trust market.

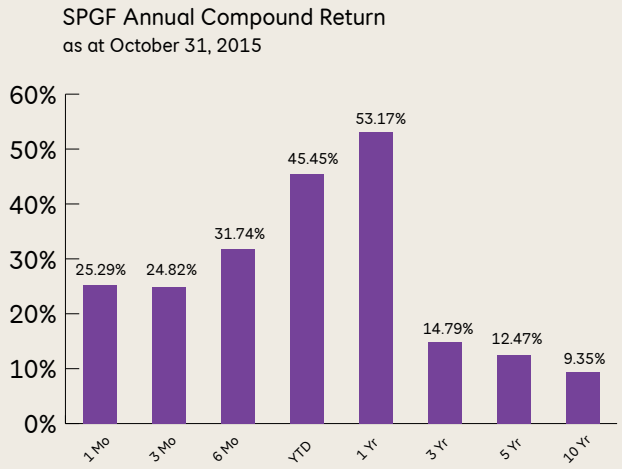
The Fund Managers increased the Fund's exposure to both local and international equities during the 12-month period to October 31st. However, the global equities markets proved to be quite volatile as uncertainty abounded due to investor concerns about the slowdown in growth in China and the US Fed's delay in increasing its benchmark rates. Most of the Fund's growth during the period was therefore based on the significant rally in the local equities market, driven in part by increased investor





confidence from local and international players and the lower interest rate environment.

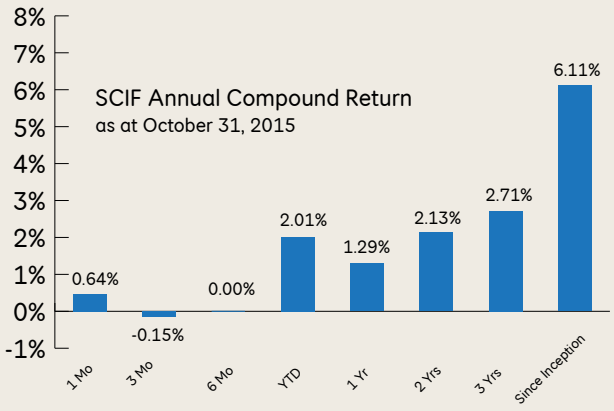
The SPGF's returns were 53.74% for the 12-month period and 45.45% for calendar year-to-date.

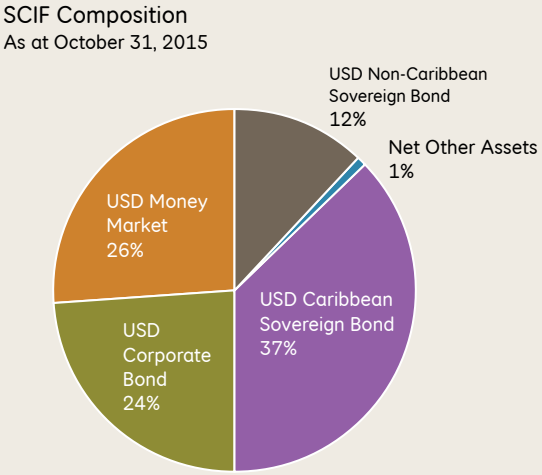


Scotia Caribbean Income Fund

The Scotia Caribbean Income Fund's NAV grew by 37.4% as local investors generally had an increased demand for attractive USD investment options to hedge against currency depreciation. The growth in the Fund was also supported by inflows into the market from the maturity of the GOJ 2015 Global bond.

During the year, US interest rates fluctuated significantly on account of increased concerns regarding the slow-down in China and the potential impact, a shift in the dynamics of oil supply and speculations regarding when the Fed was likely to raise rates. Therefore, larger swings in interest rates were recorded around the dates of the US

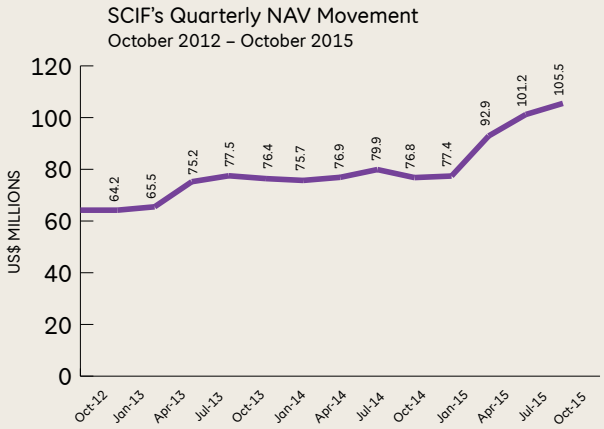




Federal Reserve Open Market Committee Meetings. These fluctuations resulted in overall reduction in bond prices over the period. Nonetheless, the Fund was adequately positioned to anticipate the volatility with a lower duration and increased exposure to sectors that were less impacted by the developments in the US bond markets. Therefore, amid bond price declines, the fund generated positive returns of 1.29%, albeit lower than the return of 5.29% for the previous year.

The Fund continued to distribute 100% of net income earned to its shareholders and this remained a continued prominent feature of interest for current and prospective clients. At the end of the year, the 12-month dividend yield was 2.27%.

The Fund remains adequately diversified across the various asset classes as depicted in the pie chart above. The Fund Managers' immediate strategy is to mitigate the interest rate risk, which is expected to increase over the next three to six months while continuing to provide investors with a consistent and stable tax-free income stream.



SCOTIA INVESTMENTS ASSET MANAGEMENT DIVISION

Investment Management Services

The Asset Management Unit (AMU) had funds under management (FUM) of $62.4 billion as at October 31, 2015, a growth of 12.8% compared to the $55.3 billion under management at the end of the previous year. Pension Funds grew to $61.6 billion and firmly placed Scotia Investments as the second largest Pension Funds manager in the industry. The foundations, personal trust and investment management accounts under our management ended the year at $807.9 million.

The 2014/15 financial year was mixed with a downward trend in local interest rates, continued depreciation of the local currency and a strong uptick in the local equities market. As a result, direct and indirect exposure to foreign currency denominated assets, fixed rate instruments as well as further diversification into attractively priced corporate bonds were the main strategies employed during the year. The decline in local interest rates benefited the Funds under our management with exposure to fixed rate securities whilst the real estate segment continued to beat inflation.

Revenues from investment management as at October 31, 2015 contributed $218.5 million to the overall revenues of SIJL. This represents a 12.4% increase compared to the previous year's revenues. The Unit will continue its focus on growing revenues by expanding its investment management services and exploring additional product offerings to support and/or complement our existing services.

Mutual Funds

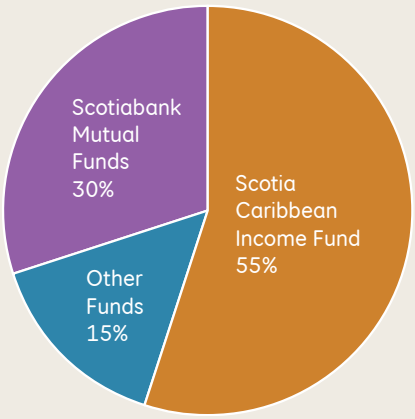
SIJL remains the market leader in the collective investment scheme market with a suite of 55 Mutual Funds offered to investors. These comprise our five Scotiabank Mutual Funds, CI Mutual Funds and our proprietary Scotia Caribbean Income Fund.

Investors have access to the major asset classes: cash, fixed income and equity in their portfolios as well as investment options for global and regional assets, with the ability to effectively diversify their holdings. The Scotiabank Mutual Funds and CI Mutual Funds are denominated in US and Canadian dollars. In addition, clients can enjoy tax-free income in the Scotia Caribbean Income Fund.

As at October 31, 2015, SIJL continues to dominate the mutual fund segment with a market share of 85%. SIJL's total CI and Scotiabank Mutual Funds Asset Under Administration (AUA) was in excess of US$60 million as at October 31, 2015. This total exceeds US$165.45 million, when the Scotia Caribbean Income Fund is included.

The upcoming year brings the expectation of increased sales for our mutual funds, as the retail repo market restructures and experiences attrition as a result of regulatory changes being implemented by the FSC. Investors will therefore seek alternative investment options, while continuing to diversify their portfolios.

Local Mutual Fund Market Share
As at October 31, 2015



BUSINESS ANALYTICS, PORTFOLIO ADVISORY AND PRODUCT DEVELOPMENT

The major responsibilities of the Business Analytics, Portfolio Advisory and Product Development unit include developing, prioritising, managing and executing strategic business initiatives. The unit is also responsible for providing investment strategy, research, insights and recommendations on local, regional and international financial markets. Finally, the unit has responsibility for creating new investment products and services including fund products, brokerage products and advisory services for corporate clients who want exposure to international capital markets.

Over the past year the unit continued to optimise the firm's business strategy in line with the medium-term outlook for the local business environment. This is an ongoing process and we are confident that SIJL has a robust strategic framework and business model that will allow it to respond to changing market dynamics, while exploring new opportunities to achieve its strategic business objectives.

During the financial year the department continued work on a number of product development initiatives which will be rolled out during the upcoming financial year. In addition, the unit developed additional tools and resources to support the sales & service team in delivering investment advice to clients in a more efficient manner. The team also expanded its coverage of Caribbean, Latin America and Central American markets in support of the proprietary funds managed by Scotia Investments.

For the upcoming year, the unit will seek to add value to clients, by increasing the number of delivery channels through which our expertise can be accessed, as we seek to enable clients to make more informed investment decisions.

THE ORIGINATION & CAPITAL MARKETS UNIT

During the year the team focused its efforts on relationship building with the issuer and investor community while working to increase its deal pipeline. The team also worked closely with the Scotia Corporate & Commerical Banking Division team (CCBC) to present comprehensive financing solutions to a range of medium to large corporate clients.

One of the major accomplishments of the team in 2014/15 was its role as local book-runner for a highly successful US$320m bond offer for Sagicor Financial, which was led internationally by Scotia Capital USA and JP Morgan Securities. The team handled the local regulatory filings and book building efforts and was able to raise US$54m by the close of the offer, making it one of the largest capital markets transactions in Jamaica for the year.

SALES & SERVICE UNIT

We launched the financial year under the theme "Service Sells!" to re-emphasise our focus on client relationships as a key strategic imperative to ensure continued business success. During the year this was manifested in the achievement of some significant milestones, such as our Scotia Caribbean Income Fund growing by over 37% to US$105 million and our Scotia Premium Money Market Fund growing by over 27% to over J$13 billion.

We coordinated a number of key training programmes for our senior financial advisors such as "Phuel", which included advanced techniques in determining clients' needs in order to provide appropriate financial advice. We introduced our branch management team to a new sales management framework to guide their routine sales and service management activities; this in addition to workshops for our financial advisors covering features and benefits of our suite of products, investment strategies, economic updates, as well as accreditation to sell our Scotiabank Mutual Funds.

We hosted investment seminars for our clients at all of our branch locations during the year, as well as introduced "Market Pulse", which is our weekly investment newsletter that provides highlights of developments in the financial markets and the investment industry. In addition to this, we launched "My Scotia Investments Online", which gives our clients access to their Mutual Funds and Unit Trust accounts through our website.

During the course of the year we implemented a number of programmes to improve service delivery, including our "Wow" campaign designed to improve service behaviours and "Service Promise Day" to reinforce our service delivery standards. We also realigned some elements of our delivery channels with the relocation of our Montego Bay Branch from Market Street to the new Fairview location, and the consolidation of our Sav-La-Mar Branch into the Bank of Nova Scotia branch location in Sav-La-Mar.

We continued our emphasis on the promotion of our unit trusts, mutual funds and securities trading products in keeping with our business strategy, and recognised and rewarded team members for outstanding performances in these areas, as well as client experience throughout the year; culminating with our annual "Eclipse" awards ceremony where we feted the year's top performers.

MARKETING

The fiscal year 2014-2015 saw the marketing team focused on three major objectives to promote the Scotia Investments brand and build appetite for its products and services. Utilising information arising from a client research conducted at the beginning of the year, we developed a comprehensive and integrated client experience strategy jointly with the sales and service team. We also conceptualised a new brand and products campaign for the company and launched an extensive client investment literacy promotion. These initiatives were all centred on strategies to increase client engagement and intimacy through increased electronic communication, additional client events, loyalty-building initiatives as well as various customer service activities.

Branch Seminars

In our efforts to connect with clients directly and more frequently, we hosted a series of branch seminars in Montego Bay, Kingston and St Catherine. The events featured external experts who addressed various personal finance topics such as Smart Investment Planning, Understanding the Stock Market, Retirement and Estate Planning. These events allowed our clients to get first-hand information about our products and services and how they can use them to protect and grow their wealth.

Additionally, we supported the sales team with a series of smaller and more financially focused Mutual Funds

and Unit Trust client fora in our Kingston locations, where we updated clients on global and local economic developments and upcoming investment opportunities. Each event allowed clients to get first-hand financial analysis of the markets through presentations in local and overseas mutual funds and stock market.

Client Appreciation

The team kicked off the fiscal year with a successful client appreciation cocktail where branch managers and sales staff had the opportunity to mingle with clients, share our appreciation for their business and update them on the company's plans for the new calendar year. Another huge opportunity for networking and appreciation came through our Scotia Group Polo Tournament in Montego Bay where several SIJL clients joined other Scotia Group customers for the ***2015 SPCG Polo Under the Stars*** event held at the Aqueduct , Rose Hall in Montgeo Bay, St James.

Sponsorships & Networking

The marketing team sponsored several marquis financial, cultural and lifestyle events for the year, which provided the brand with excellent visibility and client networking opportunities. The events also provided our sales team with opportunities to interact with prospects. We interacted with medical practitioners of several events throughout the year, including the Annual Caribbean Association of Neurological Surgeons Symposium held at the Montego Bay Conference Centre in St James and the Medical Association of Jamaica's 50th anniversary Annual Symposium Week held for doctors and other persons in the medical fraternity in Kingston. Other key events included the Mandeville Medical Doctors Research Day, as well as the World Family Doctors Day in Kingston. The team also supported several other industry events from the Private Sector Organisation of Jamaica, the Jamaica Manufacturers Association awards, and the American Chamber of Commerce and the Jamaica Chamber of Commerce.

Golden Cleats Sponsorship

Scotia Investments continues to be one of the main brands supporting the Jamaica Athletics Administrative Association through sponsorship of the male and female annual athletic awards event. For 2015, the company's executives and senior management presented top awards to the male and female athletes of the year, as well as coach of the year. Scholarships were also presented to young, up-and-coming athletes for their academic and track performances.

Social Media

The brand has maintained a healthy presence on social media (Facebook and Instagram) through the period with the promotion of new financial education messages – using the foundation principles of investing early, investing regularly, staying invested and diversifying.

Corporate Social Responsibility

Over 20 staff members turned out to support the 2015 staging of the Scotia Investments flagship philanthropy project, The Trench Town Spelling Bee competition on October 31st. The competition saw 85 students from the community engaged in friendly rivalry for the top places in four age group categories. Parents and residents of the community attended the event and showed strong support for the competition, which is in its 5th year. It continues to teach the children not just the value of academics but also leadership, commitment, handling disappointment, group work and determination.

BUSINESS SUPPORT UNIT (BSU)

The BSU continued to play an integral part in driving the company's key strategic objectives. During the fiscal year 2015, the focus was on supporting the Operational Efficiency and Client Intimacy pillars through the execution of several projects and initiatives.

Operations Support

During the fiscal year, the company continued to focus on executing critical components of the **Proceeds of Crime Act - Retrospective Due Diligence (POCA/ RDD)** project in order to further strengthen our compliance framework and meet regulatory requirements. There was also focus on delivering some key milestones for the **Foreign Account Tax Compliance Act (FATCA)** initiative.

The Financial Services Commission (FSC) has enhanced the regulatory and supervisory framework for the retail repo market in its continuous efforts to fulfil its mandate of protecting users of financial services. In August 2015 we rolled out the new Retail Repo Reform initiative to support the FSC's mandate. We are on track to deliver the agreed milestones with minimal interruption to our clients' experience.

Business Continuity Plan

Scotia Investments continued to place high priority on our Business Continuity Plan (BCP) by ensuring that a robust and effective structure is in place so that the business is able to recover from disasters, pandemics and other disruptions in the shortest time possible, without significant impact to our business operations and customer service. The training of staff is paramount, as well as the continued testing of our BCP throughout the year in the key areas of focus that are given high priority by senior management.

Operational Risk Management

We continued to pay high priority attention to the company's Operational Risk & Control Assessment (RCA) framework. This includes training of staff in identifying, documenting and reporting operational risks, and implementing controls to effectively mitigate our risk exposure.

CORPORATE Profile

In our quest to maintain our status as the leading wealth management company in Jamaica, Scotia Investments Jamaica Limited continues to offer a comprehensive selection of financial products and services to our clients:

- Unit Trust and Mutual Funds (including US and Canadian dollar Mutual Funds)
- Stockbrokerage & Securities Services
- Capital Market Services
- Pension & Asset Management Services
- Money Market Investment Products
- Trust Services
- Cambio Services

Scotia Investments controls 30% of the Collective Investment Scheme Industry. These include our proprietary Unit Trusts (3) and our US-denominated Scotia Caribbean Income Fund. In addition, we offer Scotiabank Mutual Funds to complement our product suite. We dominate the fixed income Unit Trust market with the Scotia Premium Fixed Income Fund and the Scotia Premium Money Market Fund, which has grown to $13b in just 4 years. We made significant strides in our Asset Management Services and are now the 2nd largest Pension Fund Manager in the industry with over $61b in Assets Under Management.

SIJL's Treasury & Trading Unit remains among the top primary dealers in the island as ranked by the Bank of Jamaica Quarterly Performance Index Scores. We provide an extensive suite of offerings, which includes money market offerings, securities trading (fixed income), stockbrokerage/equity trading as well as foreign exchange trading. For the financial year 2015, the unit was ranked number one by value and volume on the Jamaica Stock Exchange (inclusive of block transactions).

Much of our success can be attributed to the tremendous performance of our dedicated team. Our senior management, ably directed by our chief executive officer with the support of our qualified Board of Directors, supplies the vision and strategy required to stay on top of the competition. The talented professionals who interface with our clients proudly represent the Scotia Investments brand, and persistently convey our core values of Trust, Expertise and Focus.

Continuous training is our hallmark of excellence, as our investment advisors are accredited both locally and internationally by the Financial Services Commission and the Canadian Securities Institute respectively. This policy of knowledge sharing and development has reaped rich rewards, as our representatives are among the finest financial experts in the Caribbean.

Outstanding service delivery is another trademark of the Scotia Investments experience. With four main branches and one sub-branch, as well as investment advisors in thirty-two Scotiabank locations across the island, we are confident of providing convenient access to our clients. We also supply first-class service through other delivery channels such as our responsive Wealth Contact Centre and our informative website.

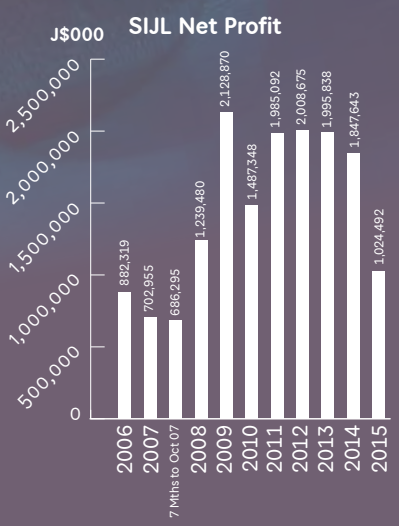
FINANCIAL Highlights 2015

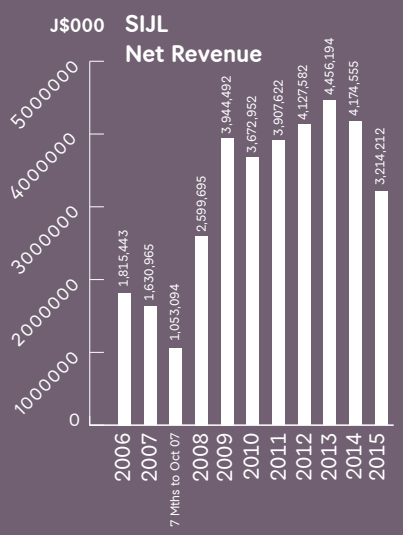
	2006 J$ ('000)	2007 J$ ('000)	7 Mths to Oct-2007 J$ ('000)	2008 J$ ('000)
Profit and Loss Account				
Gross Operating Revenue	4,157,027	4,228,630	3,399,152	7,624,186
Net Interest Revenue	773,844	854,915	724,633	1,960,014
Other Operating Revenues	1,041,599	745,971	340,353	642,217
Other Operating Expenses	929,014	930,863	595,607	1,062,059
Net Profit attributable to members	882,319	702,955	686,295	1,239,480
Balance Sheet				
Total Assets	30,572,360	37,749,263	56,352,603	65,996,518
Total Liabilities	27,009,186	33,341,157	50,402,165	60,224,614
Total Stockholders' Equity	3,563,174	4,408,106	5,950,438	5,771,904
Total Funds Under Management	31,720,431	38,519,109	84,480,969	96,790,241
Number of Stock Units at Year End	303,194,744	309,258,639	374,364,997	423,194,765
Key Financial Ratios				
Earnings per share ($)	2.85	2.27	1.83	2.93
Book Value per share ($)	11.75	14.25	15.89	13.64
Efficiency Ratio	51%	57%	57%	41%
Return on Average Equity	42%	20%	14%	21%
Return on Average Asset	3%	2%	1%	2%
Net Profit Growth (% growth)	10%	-20%	*67%	5%
Asset Growth (% growth)	8%	23%	49%	17%
Equity Growth (% growth)	68%	24%	35%	-3%
Average Equity	2,842,743	3,985,640	5,179,272	5,090,005
Average Assets	29,497,547	34,160,812	47,050,933	51,872,891
Net Revenue	1,815,443	1,630,965	1,053,094	2,599,695

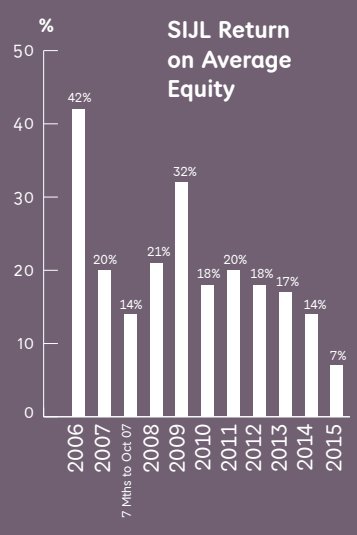
** Based on annualised net profit after tax for 7 months ended Oct 2007*

2009 J$ ('000)	2010 J$ ('000)	2011 J$ ('000)	Restated 2012 J$ ('000)	Restated 2013 J$ ('000)	Restated 2014 J$ ('000)	2015 J$ ('000)
10,797,433	8,044,063	6,527,971	6,493,737	6,401,466	6,397,188	**4,973,394**
3,359,099	3,105,843	2,816,466	2,812,148	2,713,029	2,284,969	**1,753,050**
657,105	701,072	1,065,049	1,294,014	1,645,611	1,882,617	**1,458,287**
1,360,236	1,228,395	1,260,446	1,283,063	1,658,369	1,568,164	**1,706,310**
2,128,870	1,487,348	1,985,092	2,008,675	1,995,838	1,847,643	**1,024,492**
74,010,727	70,974,893	72,854,001	73,871,395	73,746,560	72,314,290	**68,848,222**
66,323,735	62,139,376	62,558,746	62,412,040	61,168,072	58,529,022	**54,697,220**
7,686,992	8,835,517	10,295,255	11,459,355	12,578,488	13,785,268	**14,151,002**
109,433,421	118,884,463	135,213,981	138,302,969	143,679,286	151,579,352	**161,814,073**
423,194,765	423,194,765	423,194,765	423,194,765	423,194,765	423,194,765	**423,194,765**
5.03	3.51	4.69	4.75	4.72	4.37	**2.42**
18.16	20.88	24.33	27.08	29.72	32.57	**33.44**
34%	33%	32%	31%	37%	37%	**53%**
32%	18%	20%	18%	17%	14%	**7%**
3%	2%	3%	3%	3%	3%	**1%**
72%	-30%	33%	1%	-1%	-7%	**-45%**
12%	-4%	3%	1%	0%	-2%	**-5%**
33%	15%	17%	11%	10%	10%	**3%**
6,729,448	8,261,255	9,565,386	10,877,305	12,018,922	13,181,878	**13,968,135**
70,003,623	72,492,810	71,914,447	73,362,698	73,808,978	73,030,425	**70,581,256**
3,944,492	3,672,952	3,907,622	4,127,582	4,456,194	4,174,555	**3,214,212**

FINANCIAL Highlights 2015







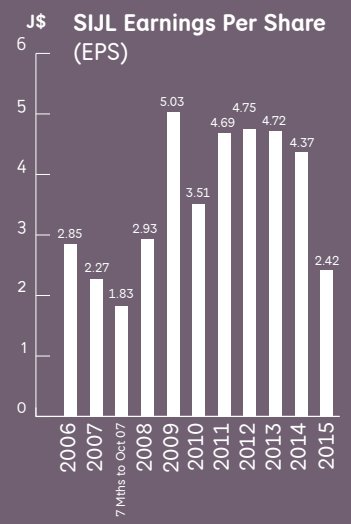
Stockholders' Equity
Stockholders' Equity represents the equity stake currently held on the books by a firm's ordinary shareholders. It is calculated either as a firm's total assets minus its total liabilities or as share capital plus retained earnings minus treasury shares.

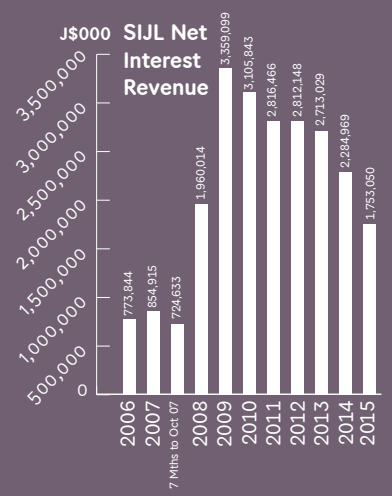
Return on Average Equity
A measure of a company's profitability that indicates the profit per unit of equity invested in the company. Return on Equity is often calculated by dividing net income by average shareholders' equity. Average shareholders' equity is calculated by adding the shareholders' equity for the last four quarters and dividing the result by four.

Return on Assets (ROA)
An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. ROA is calculated by dividing a company's annual earnings by its total assets. ROA tells what earnings were generated from invested capital (assets). The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income.

Net Income (NI)
A company's total earnings (or profit) which is calculated by taking revenues and adjusting for operating costs, depreciation, interest, taxes and other expenses. The number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share. Net Income is often referred to as "the bottom line" since net income is listed at the bottom of the income statement.

Net Revenue
The amount of money that a company actually earns during a specific period, excluding impairment losses.





Gross Operating Revenue
The amount of profit realised from a business' own operations, but excluding operating expenses.

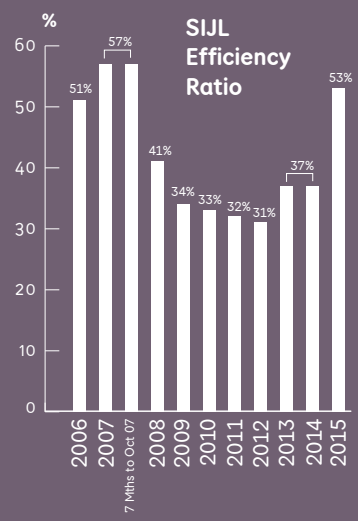
Earnings Per Share (EPS)
The portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. EPS is also a major component of the price-to-earnings valuation ratio.

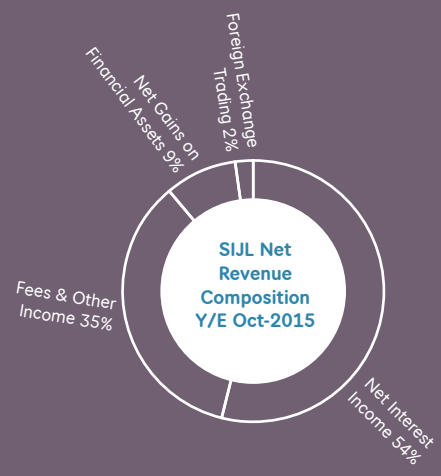
Efficiency Ratio
A ratio used to evaluate the overhead structure of a financial institution. The efficiency ratio gives us a measure of how effectively a company is operating. Efficiency is usually an acceptable measure of profitability as the more efficient companies are those that are able to generate increased revenues while containing increases in operating costs. The efficiency ratio may be calculated in a number of ways, but the most common is non-interest expense divided by total revenue. An increasing efficiency ratio means the company is losing a larger percentage of its income to expenses. If the ratio is getting lower, it is good for the company and its shareholders.

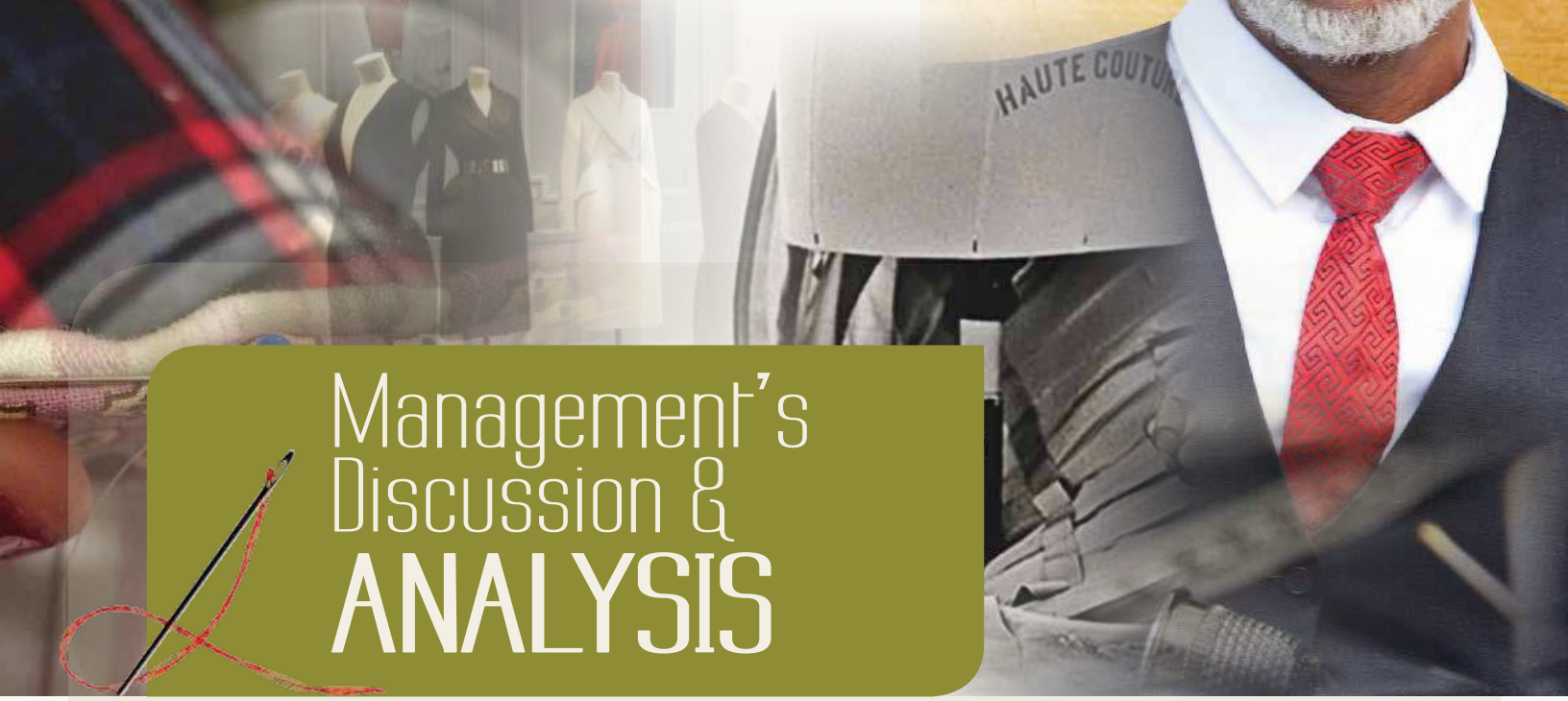
Net Interest Income
Net interest income (NII) is the difference between the interest income earned and the interest payments made to customers.

NII = (Interest earned on assets) - (interest payments on liabilities)

Depending on the firm's specific portfolio of assets and liabilities (fixed or floating rate), the firm's NII can be more or less sensitive to the changes in interest rates.







Management's Discussion & ANALYSIS

INTRODUCTION

Scotia Investments Jamaica Limited (SIJL) continues to provide high quality financial services, supported by a network of 4 branches and 150 employees. We are a 77.01% subsidiary of Scotia Group Jamaica Limited ("Scotia Group") which is incorporated and domiciled in Jamaica with the ultimate parent company, Bank of Nova Scotia, headquartered in Toronto, Canada.

We are a licensed securities dealer, a member of the Jamaica Stock Exchange and have primary dealer status from the Bank of Jamaica. The principal activities of the company comprise investment advisory, brokerage services, portfolio management, fund management, investment management services for pension plans and operating foreign exchange cambios. We deliver investment products to both retail and institutional clients, as well as structured financing arrangements to corporate clients through our Capital Markets unit.

OUR ENVIRONMENT

The investment banking and brokerage industry continued to face a challenging local competitive environment, albeit with an improving Jamaican credit story. Among the challenges faced by the industry as part of a group of regulated firms was a higher tax burden. An increase in the asset tax rate, from 0.14% to 0.25%, for regulated financial institutions in May 2014 took full effect during the course of the last financial year, resulting in a much higher above-the-line tax expense. In addition to the higher asset tax, the industry, continued to pay the highest corporate tax rate of 33 1/3%, relative to other non-regulated firms who pay a lower tax rate. The continued higher tax on the industry was compounded by weak underlying growth in the economy throughout the year of less than 1%.

The industry continued to face challenges in the domestic fixed income securities market, albeit less than the prior financial year. The key issue remained the illiquid nature of GOJ local currency NDX bonds, especially those with longer tenors, as the market for such securities remained mostly inactive.

In addition to these local challenges, the international capital markets experienced significant volatility at various periods throughout the year. The major transmission of volatility arose from swings in commodity prices, concerns about global growth stemming from Chinese weakness, and anticipation of a US Federal Reserve interest rate hike.

Despite the challenges highlighted above, there were some marked improvements in other key areas. The Government of Jamaica continued to execute its 4-Year Agreement with the International Monetary Fund

(IMF) at a satisfactory level, passing all the required targets. The performance of the economic reform programme resulted in Jamaica's sovereign credit ratings being upgraded one notch to B/Stable by rating agency Standard & Poor's. Jamaica also successfully raised a record US$2 billion on the international capital markets in July 2015, part proceeds of which were used to buy-back a substantial portion of its US$3.25-billion Petro Caribe debt at a significant discount. This positively impacted the country's debt ratio by 10 percentage points and allowed the central bank to reduce interest rates twice.

Financial Highlights	2015	2014
	$000's	$000's
Total Assets	68,848,222	72,314,290
Pledged Assets	53,751,562	59,419,866
Investment Securities	7,217,767	5,415,017
Liabilities under Repurchase Agreements	37,612,663	42,022,859
Other Client Obligations	12,714,643	13,003,074
Shareholder's Equity	14,151,002	13,785,268
Net Profit After Tax	1,024,492	1,847,643
Return on Equity	7.34%	13.94%
Earnings per share (cents)	242	437
Dividend per share (cents)	180	180

OVERVIEW OF FINANCIAL RESULTS

Scotia Investments recorded net profit available to common shareholders of $1.02 billion, while our return on equity stood at 7.34%. These results, which translate to earnings per share of $2.42, were delivered as a result of our diversified business model, prudent risk management practices and our team's innate ability to dominate the financial services market with targeted value propositions to our clients.

In a competitive financial services industry, SIJL remains a significant player in the investment management sector, and boasts a 30% market share in the total collective investment schemes. Our success was achieved primarily through the execution of our long-term strategy to grow our unit trusts, mutual funds and asset management businesses. As at October 31, 2015, total funds under management stood at $162 billion, of which $111 billion or 69% represents the off-balance sheet portfolio, compared to 64% last year, and 48% five years ago. This is a demonstration of the trust that our clients have placed in us over the years as they sought stability through diversification of their portfolios.

Our results were achieved within our risk tolerance levels due to strong management and oversight. Our risk management framework incorporates risk principles and risk appetite measures which guide the management of our business lines.

SIJL is committed to maintaining a solid capital base as we continue to exceed the regulatory capital requirement. We have reinvested 25.65% of our profit into the business, growing our capital base by $0.37 billion during the year. This will ensure that we continue to deliver superior service to our valued clients, as well as strategically position the company to take advantage of any future opportunities.

STRATEGIC DIRECTION

We remain committed to the long-term vision of generating revenues in a diversified manner to produce an adequate risk-adjusted return for all our stakeholders. As we continue the evolution of our realigned business model, we will be keenly focused on reducing structural costs. Our long-held strategy of reducing our reliance on net interest income by leveraging the strengths of both the local and international Scotiabank Group will continue. This will entail the ongoing development of a diverse range of products and services with unique value propositions that will strengthen existing client relationships and build new ones.

Our longer term goals over the next 2 to 3 years are three-fold: (1) return to a positive trajectory of return on equity and earnings per share growth (2) achieve a positive operating leverage and (3) maintain strong capital ratios for the remaining balance sheet business.

STRATEGIC IMPERATIVES

We have streamlined our long-term strategic imperatives to more closely align with our business objectives over the next two to three years. The four key strategic imperatives that will continue build on a solid foundation of key strengths are:

1. Client Intimacy

We will remain focused on our clients by putting customer experience at the centre of every decision we make across the organisation.

2. High Performance Culture

Focus on developing, recruiting and retaining top talent; re-evaluating compensation, rewards and recognition practices; building leadership bench strength and ensuring employees enjoy a good work life balance.

3. Operational Efficiency

We will continue to optimise our operating model to improve customer experience while reducing structural costs, reducing complexity, and deploying more technology.

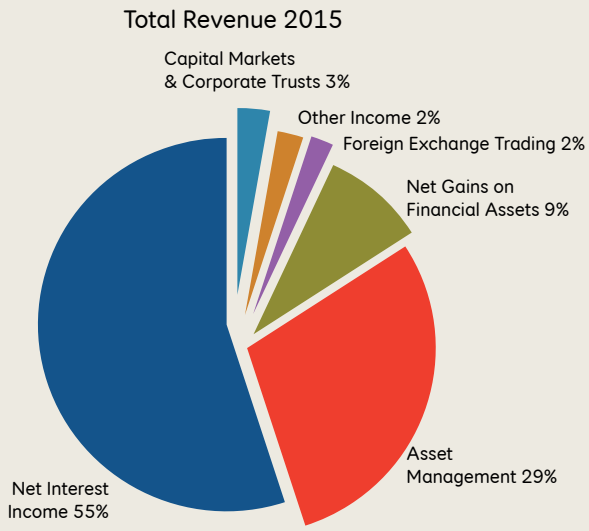
4. Sustainable Profit Growth

Focus on growing non-interest revenues by continuing to develop a diverse suite of fee-based products and services that offer unique client value propositions. This effort is to be supported by an expansion in our proven and trusted portfolio advisory approach to client interaction.

FINANCIAL PERFORMANCE

TOTAL REVENUE

Total revenue for the year was $3.21 billion, $960 million or 23% below last year. Net interest income recorded a decline of 23% due to lower asset yields. Nevertheless, we continue to pursue our strategy to reduce on-balance sheet exposure through the growth of our asset management segment. We expect that this will further reduce our reliance on net interest income while growing our earnings from fee-based products. The contribution of non-interest income to total revenue remained stable at 45% in 2015.



The continuous growth in our funds and asset management business allowed us to record an 18% increase in our asset management revenues.

Net gains on financial assets were down by $493 million or 63% below last year, due to reduced market-making opportunities for assets included in our portfolio.

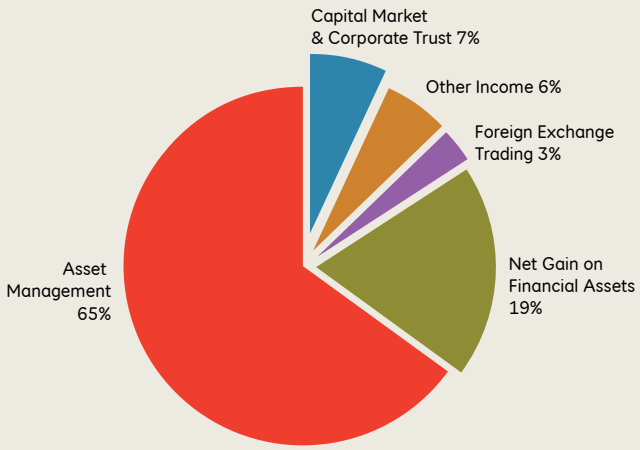
The reduction in foreign exchange trading revenues of $83 million or 63% was partly due to the slower pace of depreciation of the JMD/USD exchange rate compared to the previous year, along with market conditions affecting volumes traded.

Total Revenue	2015	2014	Change	
	$000	$000	$000	%
Net Interest Income	1,753,050	2,284,969	(531,919)	(23)
Asset Management	948,587	848,654	144,642	18
Net Gains on Financial Assets	284,782	777,572	(492,790)	(63)
Foreign Exchange Trading	50,196	134,008	(83,812)	(63)
Capital Markets	96,145	51,566	(130)	(0)
Other Income	81,482	77,786	3,696	5
	3,214,242	**4,174,555**	**(960,313)**	**(23)**

NON-INTEREST INCOME

Other income which represents all non-interest income, comprises of fees and commission income, foreign exchange trading income, net gains on financial assets and other revenue. Other income was $1.46 billion for the year, down $424 million or 23% below last year. The reduction was driven largely by: 63% lower net gains on financial assets of $493 million; $84 million or 63% reduction in foreign exchange trading gains. Notwithstanding the above decreases, there were increased fees from our asset management business of over $145 million or 18%.

2015 Non-Interest Revenue



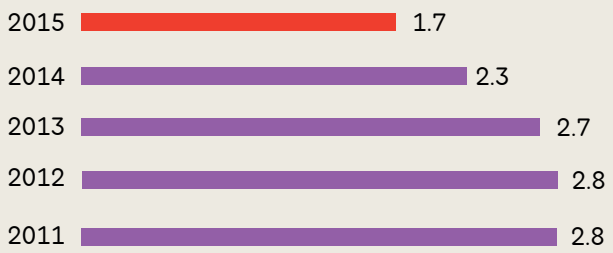
NET INTEREST INCOME

We recorded net interest income of $1.75 billion in 2015, down $532 million from last year. In line with the lower interest rate environment and the market conditions that affected liquidity during the first half of the year, the earning asset yield continued on a downward trend.

The average yields on JMD earning assets decreased relative to prior year by 102 basis points to 6.77%, while the average volumes reduced by $3.3 billion to $39.0 billion. The average yields on our USD earning assets decreased relative to prior year by 164 basis points to 1.82%, and the average volumes decreased by US$20.3 million or 10.1% to US$180.7 million.

Interest expense decreased by $467 million to $1.76 billion as at the year-end. Our net interest margin on JMD earning assets portfolio increased marginally relative to prior year by 14 basis points to 1.25%. The net interest margin on our USD earning assets decreased relative to prior year by 143 basis points to 1.46%.

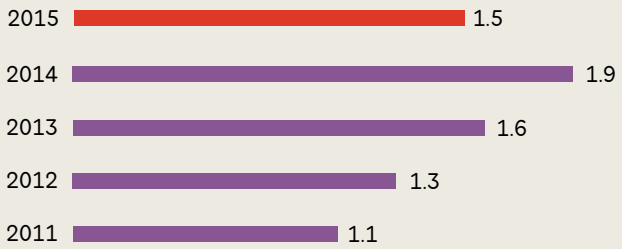
Net Interest Income ($ Billions)



NON-INTEREST EXPENSES

Non-interest expenses for the year totalled $1.71 billion, up $138 million or 9% relative to last year. The increase in the asset tax rate from 0.14% to 0.25% and higher salaries and staff-related costs primarily accounted for the increase. The asset tax expense for the year was $148 million, up $62 million over the prior year. During the year we heightened our focus on proactively managing our expenses to seek gains from operational efficiencies, and mitigate the impact of the increased asset tax.

Non-Interest Income ($ Billions)



Salaries and employee benefits costs, the largest component of our expenses, were $970 million, up $115 million or 13% over last year. These expenses also accounted for 57% of the total operating costs, compared to 55% last year.

Property expenses were down $24 million due to lower rental cost and lower depreciation expense resulting from less furniture and equipment being held.

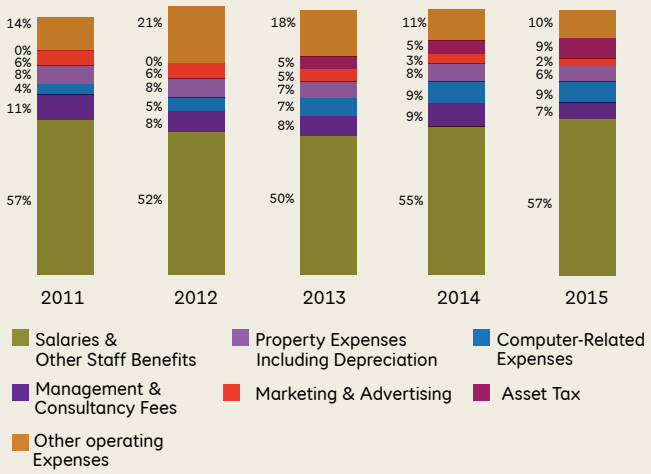
Computer-related expenses were up $13 million over last year due primarily to the devaluation of the Jamaican dollar.

Management and consultancy fees were down $17 million or 13% and marketing and advertising expenses were also down by $9 million or 18%.

The asset tax expense accounted for 9% of the total operating costs, compared to 5% last year.

Our productivity ratio increased to 53%, up from 37% in 2014. The decrease in productivity in 2015 is attributable to the net effect of our reduction in revenues of 23%, combined with an increase in operating costs of 9%.

Non-Interest Expense Allocation



TAXES

In 2015, our income tax expense was $483 million, down 36% or $275 million from last year. The reduction is consistent with lower profitability.

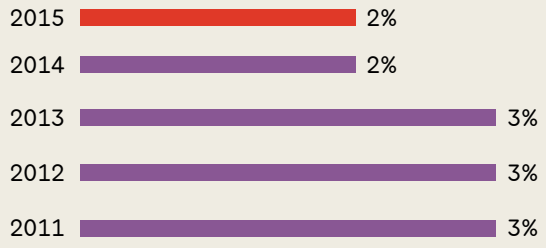
	2015	2014	Change	
	$000	$000	$000	%
Salaries & Staff Benefits	970,181	855,081	(115,100)	-13%
Property Expenses including Depreciation	115,535	139,851	24,316	17%
Computer-related expenses	146,417	133,475	(12,942)	-10%
Management & Consultancy Fees	110,165	127,204	17,039	13%
Marketing & Advertising	39,842	48,766	8,924	18%
Asset Tax	147,791	85,847	(61,944)	-72%
Other Operating Expenses	176,379	177,940	1,561	1%
	1,706,310	**1,568,164**	**(138,146)**	**-9%**

FINANCIAL CONDITION

ASSETS

Total assets of $68.8 billion at year-end were $3.5 billion or 5% below the $72.3 billion reported last year; the decline is in line with our thrust to reduce the balance sheet and focus on our asset management business.

Return on Average Assets



Cash Resources

Our cash resources held to meet our cash outflow obligations and respond effectively to unexpected liquidity events stood at $2.22 billion (2014: $2.92 billion).

Securities

Total investment securities, including pledged assets, decreased by $3.93 billion to $61.4 billion. Pledged assets, mainly relating to securities sold under repurchase agreements and the capital management accounts, declined by $5.67 billion to $53.7 billion and represented 87% (2014: 91%) of total investment securities. We expect to continue seeing a decline in these asset balances as we transition our customers to our off-balance sheet solutions.

	2015		2014	
	$000's	%	$000's	%
Financial assets at fair value through statement of revenue and expenses	459,502	0.75	527,338	0.81
Pledged assets	53,751,562	87.50	59,419,866	90.91
Investment securities: available-for-sale	7,217,767	11.75	5,415,017	8.28
Total securities	**61,428,831**	**100.00**	**65,362,221**	**100.00**

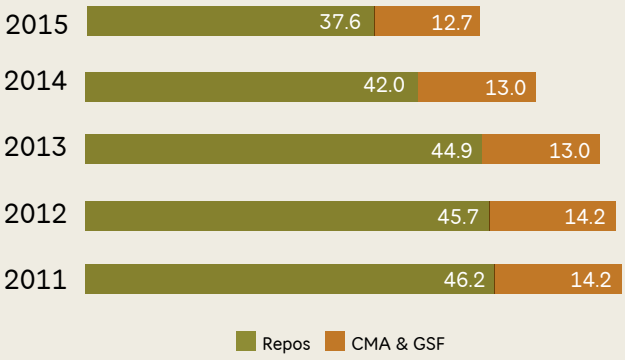
LIABILITIES

Total liabilities were $54.7 billion as at October 31, 2015, a reduction of $3.9 billion or 7% from last year, driven solely by the reduction in our client's holdings in Repurchase Agreements, Capital Management and Government Securities Funds.

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

These represent funds invested by our clients and the total obligations declined by $4.7 billion or 9% during the year as they realigned their portfolios towards wealth creation through mutual fund and unit trust vehicles. Consequently, there was a $15-billion increase in our funds and asset management portfolios.

Repurchase Agreements and
Capital Management Accounts ($' Billions)



FUNDS UNDER MANAGEMENT

Scotia Investments continued to be a significant player in the industry for the provision of investment management services. As at October 31, 2015, the unit trusts, mutual funds and asset management portfolios stood at $111 billion, which represented 69% of the total assets under management. In addition, assets under custodial arrangements totalled $46 billion (2014: $42 billion).

The unit trusts, mutual funds and asset management portfolios are managed on a non-recourse basis on behalf of investors, and the Group has no equitable rights or interest.

The funds managed through the unit trusts and mutual funds total $42 billion (2014: $35 billion), up 19%, and is attributable to both growth in volume and appreciation in value of the funds.

The Scotia Money Market Fund, our flagship money market fund launched three years ago, continues to experience significant inflows, and has achieved a 27% increase over last year to reach the $13-billion mark. The Scotia Caribbean Income Fund attained the milestone of over US$100 million in assets under management. As at October 31, 2015 this Fund stood at an impressive US$105 million, representing a 37% increase in net asset value (NAV) over last year.

Other funds under administration for which the Group provides investment management advisory and trustee services to third parties stood at $69 billion (2014: $61 billion). The 13% increase over last year was influenced primarily by contributions to the funds as well as an appreciation in the value of the assets of the Funds.

SHAREHOLDERS' EQUITY

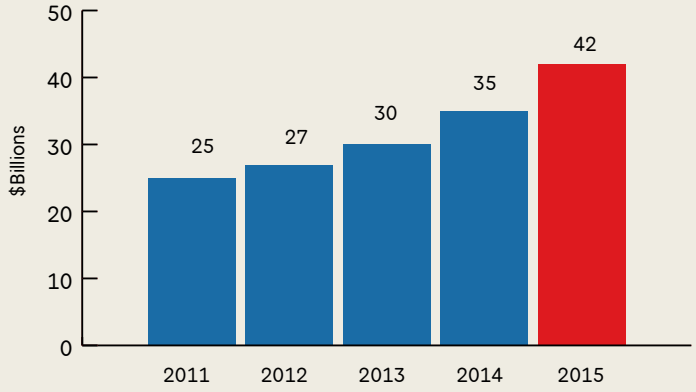
Total shareholders' equity rose to $14.1 billion in 2015, $0.37 billion more than prior year. This represented a 2.65% increase influenced primarily by retained earnings.

SHAREHOLDERS' RETURN

Shareholders continued to receive quarterly dividends, which totalled $1.80 per share for this year. We remain focused on achieving sustainable, long-term earnings growth and stable dividend income streams to our shareholders. The dividend payout ratio for 2015 was 72.35% compared to 41.23% last year.

5-Year movement showing over 68% (2011: $93 billion; 2014: $138 billion)
Year/Year movement of 14% (2014: $138 billion)
Qtr/Qtr movement of 4% (Q3/2015: $152 billion)

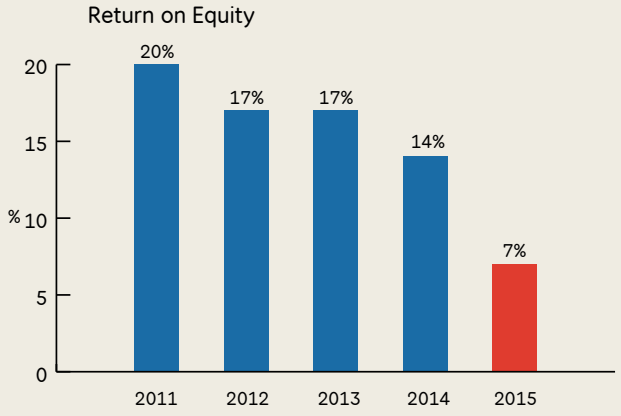
Managed Funds
(Unit Trust & Mutual Funds)



Dividend Per Share

CAPITAL ADEQUACY

Scotia Investments maintains a strong capital base to support the risks associated with its diversified businesses. This base contributes to safety for our customers, and fosters investor confidence, while allowing the company to take advantage of growth opportunities that may arise. Our risk-based capital adequacy ratios, a measure of the Company's overall strength, continues to exceed the regulatory requirements and remain among the highest of its peer group. As at October 31, 2015, the capital adequacy ratio was 47.03% (2014: 50.58%), which was 37.03% (2014: 40.58%) in excess of the regulatory requirement of 10%.



	2015	2014	2013	2012	2011
Captial Adequacy Ratio	47.03%	50.58%	41.50%	36.70%	47.80%
Regulatory Requirement	10.00%	10.00%	10.00%	10.00%	10.00%
Excess Over Regulatory Requirement	37.03%	40.58%	31.50%	26.70%	37.80%

BUSINESS OUTLOOK

Looking ahead for fiscal year 2016, we will continue to build on the strong foundation of our off balance sheet business strategy that is now unfolding across the industry with the move to a trust-based framework for repurchase agreements. As we go through this new transition period, we will pivot even more towards a greater diversification of revenues from non-interest income generating business lines. A key thrust of this strategy remains our commitment to reducing our structural costs, underpinned by our strong risk governance culture, focus on client experience and employee development.

With regards to the economic outlook, we are heartened and encouraged by the advances that have been made on several fronts under the IMF reform programme and continue to encourage policymakers to execute the key strategic growth initiatives in a timely manner.

RISK MANAGEMENT REPORT

RISK MANAGEMENT FRAMEWORK

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the company'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 Investments' risk management framework is predicated on the three-lines-of-defence model adopted by Scotia Group. Within this model, functional Business Line staff and management (the first line) incur and own the risks, while Scotia Group's 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. Scotia Group's 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 Company'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 company's employees. The framework is supported by a robust risk management culture perpetuated throughout Scotia Group Jamaica Limited & its affiliates (Scotia Group).

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

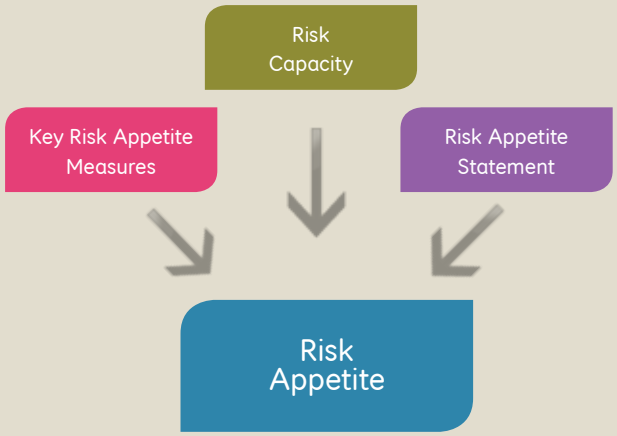
Scotia Investments' risk management framework consists of three key elements:

- Risk Governance
- Risk Appetite
- Risk Management Techniques

Risk governance - The company has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced senior management team and the Scotia Group 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 company's Risk Appetite Framework governs risk-taking activities on an enterprise-wide basis. It 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 company stays within appropriate risk boundaries.

Risk management techniques - Effective risk management includes techniques that are integrated with the company'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 company.



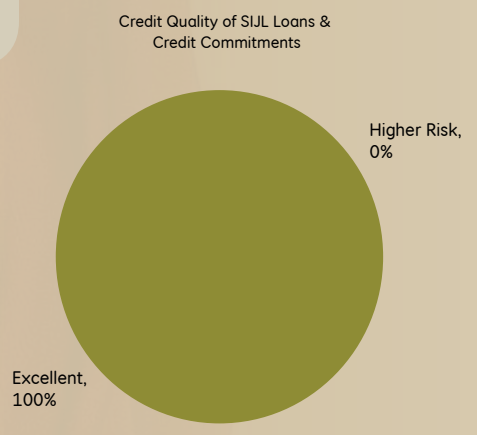
CREDIT RISK

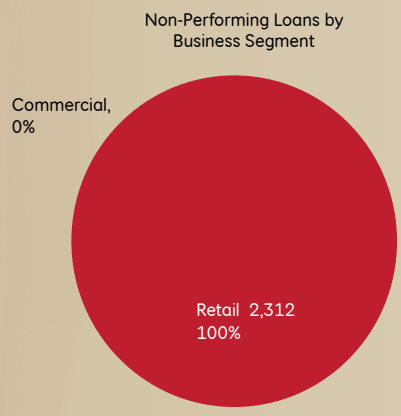
Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour a financial or contractual obligation to the company. Credit risk is created in Scotia Investments' direct lending operations, and in its funding, investment and trading activities where counterparties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

The Credit Risk framework for Scotia Investments seeks to support business outcomes that are consistently within the risk tolerance of the company. Doing this involves ensuring that target markets and product offerings are well defined and understood; risk parameters for new underwritings and for the portfolios as a whole are clearly specified, and consistently complied with; activities, including origination and syndication are managed in a manner to ensure the goals for the overall portfolio are met; and transactions are initiated and monitored within applicable limits.

Scotia Investments' credit risk management revolves around Group credit risk policies, business-specific policies, a defined credit risk strategy and risk appetite, business ownership in managing risks, and centralised Group expertise to assist in identification, guidance, and oversight of credit risk elements, including adjudication of large loans and/or management of exception exposures.

Scotia Investments' credit portfolio includes personal, private sector and sovereign borrowers. Private sector exposure is generally secured by marketable securities. The credit risk approaches applied meet the objectives of client-friendly yet risk-appropriate credit adjudication and lending standards. Scotia Investments periodically reassesses its credit risk policies and methodologies and makes enhancements when necessary.





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 Asset & Liability Committee (ALCO) oversees the application of the framework set by the Board, and monitors the company's market risk exposures and the activities that give rise to these exposures.

Scotia 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 Backoffice support 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.

Areas of Market Risk Exposure

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

INVESTMENT AND FUNDING ACTIVITIES

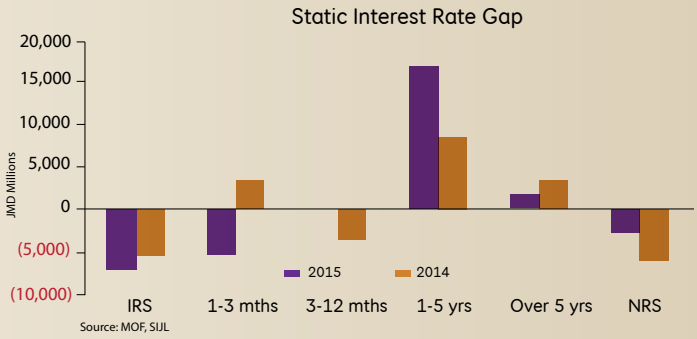
Market risk arising from the company's investment and funding activities is identified, managed and controlled through the company's asset-liability management processes. The ALCO meets monthly to review risks and opportunities, and evaluate performance.

INTEREST RATE RISK

The company 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 company'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 company's net assets. Interest rate exposures in individual currencies are also controlled by gap limits.

Gap analysis, simulation modelling and sensitivity analysis are used to assess exposures and for planning purposes. Interest rate risk exposure is generally based on the earlier contractual re-pricing or maturity of Scotia Investments assets and liabilities. Certain assets and liabilities without a fixed maturity are assigned a maturity profile based on the longevity of the exposure. Common shareholders' equity is assumed to be interest rate sensitive between one and three months.

Further details on the interest rate risk exposure for the Group are summarised in Note 35 (c) (i).



FOREIGN CURRENCY RISK

Foreign currency risk arises from foreign currency operations.

The company 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 manages these positions.

The foreign currency risk exposure for Scotia Investments is summarised in Note 35 (c) (ii).

EQUITY RISK

Equity risk is the risk of loss due to changes in the prices and the volatility of individual equity instruments and equity indices. The Board sets limits on the level of exposure and diversification. This is a key strategy employed to reduce the impact of non-performance of a specific class of assets.

The equity risk exposure for the company is summarised in Note 35 (c) (iii).

TRADING ACTIVITIES

Scotia Investments' 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 company buys and sells currencies in the spot market; and facilitates transactions in equities and bonds for its customers. Gains and losses from transactions in 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 company's VaR is validated by regular backtesting analysis, in which the VaR is compared to theoretical and actual profit and loss results.

LIQUIDITY RISK

Liquidity risk is the risk that the company 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 clients 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 company's liquidity profile.

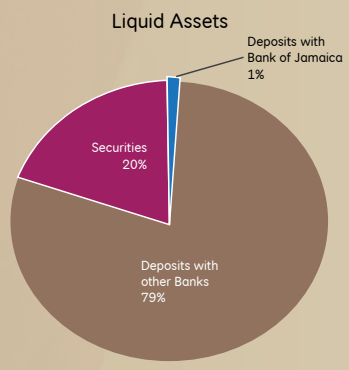
The company actively measures and forecasts cash flows and manages liquidity through a set of limits including:

- the maximum net cash outflow by currency over specified short-term horizons (cash gaps) and
- a minimum level of core liquidity consisting 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.

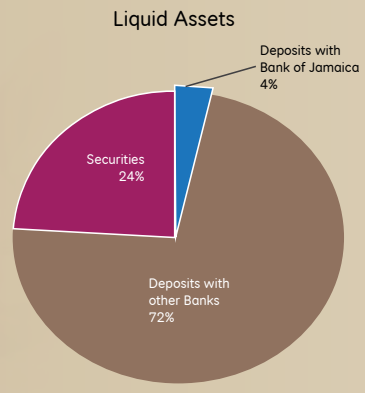
The company has adopted, and is an integral component in, Scotia Group's liquidity contingency plan. The plan specifies an approach for analysing and responding to actual and potential liquidity events. It also outlines the governance structure for the management and monitoring of liquidity events, processes 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 Scotia Group's Board of Directors.

LIQUIDITY PROFILE

The Company maintains large holdings of liquid assets to support its operations. These assets generally can be sold or pledged to meet the Company's obligations. As at October 31, 2015 liquid assets were $9.7 billion or 14% of total assets, compared to $17.1 billion or 24% of total assets as at October 31, 2014. The mix of these assets is as follows:



2015



2014

OPERATIONAL RISK

Operational risk is the risk of loss, whether direct or indirect, to which the company 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 company's reputation.

Scotia Investments has adopted the policies, processes and assessment methodologies utilised by Scotia Group to ensure that operational risk is appropriately identified and managed with effective controls. Scotia Group's Operational Risk Management Policy is approved by its 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 risk and control assessments; and the development and monitoring of key risk indicators to enable proactive management of risk exposures. Risk measurement is primarily done through the active tracking of relevant operational loss data by business line and support function. Meanwhile, the company uses various tools to mitigate operational risk including its Business Continuity Plan, technology development, and security procedures and controls.

REPUTATIONAL RISK

Reputational risk is the risk that negative publicity regarding Scotia Investments' 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 Scotia Investments by codes of conduct, governance practices and risk management programmes, policies, procedures and training. Many relevant checks and balances are executed through the company'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.

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 company.

The execution and evaluation of strategic plans is a fundamental element of the company's risk management framework. All employees are responsible for clearly understanding the company'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 company's strategic plan, and consider what amendments, if any, are required.

Shareholdings
AS AT 31 OCTOBER, 2015

10 Largest Shareholders as at 31 October 2015

Shareholder	No. of Units	Percentage
Scotia Group Jamaica Limited	325,891,065	77.01
Sagicor PIF Equity Fund	14,441,768	3.41
Mayberry West Indies Limited	8,171,416	1.93
Trading A/C - National Insurance Fund	7,021,597	1.66
JCSD Trustee Services Limited - Sigma Optima	3,263,448	0.77
JCSD Trustee Services Ltd A/C #76579-02	2,237,886	0.53
GraceKennedy Limited Pension Scheme	1,984,000	0.47
P.A.M. Limited - Pooled Pension Equity Fund	1,848,251	0.44
Peter Wing Chuan Ayuen	1,701,000	0.40
Guardian Life Limited	1,682,166	0.40
TOTAL	**368,242,597**	**87.02**

Shareholdings of Senior Management & Connected Parties
as at 31 October 2015

SENIOR MANAGEMENT AND CONNECTED PARTIES

Last Name	First Name	Total Shareholding	Direct	Connected Parties
Coke	Dylan	0	0	0
Frazer	Brian	838	0	838
McKenzie	Karl	3,000	0	3,000
Miller	Hugh	10,000	10,000	0
Mitchell	Lissant	2,000	0	4,000
Morris	Jason	0	0	0
Pandohie	Yvonne	0	0	0
Sylvester	Courtney	0	0	0
Tinker	Andrea	216,050	216,050	0

Shareholdings of Directors & Connected Parties as at 31 October 2015

DIRECTORS AND CONNECTED PARTIES

Last Name	First Name	Total Shareholding	Direct	Connected Parties
Alexander	Barbara	623	0	623
Bowen	Bruce	7,590	7,590	0
Chang	Anthony	0	0	0
Fowler	Angela	0	0	0
Hall	Jeffrey	0	0	0
Law	Anna	1,000	1,000	0
Mitchell	Lissant	2,000	0	2,000
Sharp	Jacqueline	0	0	0
Welling	Cathy	0	0	0

Shareholding Mix as at 31 October 2015

SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	HOLDING %
Up to 500	472	131,118	0.03
501 to 2,000	772	982,688	0.23
2,001 to 5,000	558	1,977,959	0.47
5,001 to 10,000	296	2,307,974	0.55
10,001 to 50,000	398	9,676,967	2.29
50,001 to 100,000	84	6,325,323	1.49
100,001 to 250,000	70	11,987,756	2.83
250,001 to 500,000	21	8,106,377	1.92
Over 500,000	26	381,698,603	90.19
TOTAL	**2,697**	**423,194,765**	**100.00**

Ordinary Shareholders as at 31 October 2015

CATEGORY	NUMBER OF SHARE-HOLDERS	NUMBER OF UNITS
Insurance Companies	18	9,340,416
Pension Funds	33	11,888,921
Individual	2,509	31,321,020
Other	137	370,644,408
TOTAL	**2,697**	**423,194,765**

FINANCIAL STATEMENTS

KPMG
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of
SCOTIA INVESTMENTS JAMAICA LIMITED

Report on the Financial Statements

We have audited the financial statements of Scotia Investments Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 53 to 129, which comprise the Group's and the Company's statements of financial position as at October 31, 2015, the Group's and the Company's statements of revenue and expenses, profit or loss and other comprehensive income, changes in 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 from 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 from 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 control 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA INVESTMENTS JAMAICA LIMITED

Report on the Financial Statements (continued)

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 the 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 1, 2015

SCOTIA INVESTMENTS 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			
Interest from loans and deposits with banks		290,652	262,265
Interest from securities		3,224,455	4,252,306
Total interest income	6	3,515,107	4,514,571
Interest expense	6	(1,762,057)	(2,229,602)
Net interest income		1,753,050	2,284,969
Impairment losses on loans, net of recoveries	23	2,875	6,969
Net interest income after impairment losses on loans		1,755,925	2,291,938
Fee and commission income	7	1,097,945	953,479
Net foreign exchange trading income	8	50,196	134,008
Net gains on financial assets	9	284,782	777,572
Other revenue	10	25,364	17,558
		1,458,287	1,882,617
		3,214,212	4,174,555
Expenses			
Salaries, pension contributions and other staff benefits	11	970,181	855,081
Property expenses, including depreciation		115,535	139,851
Amortisation of intangible assets	28	-	84
Asset tax		147,791	85,847*
Other operating expenses		472,803	487,301
	12	1,706,310	1,568,164
Profit before taxation	14	1,507,902	2,606,391
Taxation	15	(483,410)	(758,748)
Profit for the year	16	1,024,492	1,847,643*
EARNINGS PER STOCK UNIT (expressed in $ per share)	17	2.42	4.37

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2015	2014 (Restated)
Profit for the year	16	1,024,492	1,847,643*
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Unrealised net gains on available-for-sale securities		78,522	87,062
Realised (gains)/losses on available-for-sale securities		(17,591)	32,883
Amortisation of fair value reserve on financial instruments reclassified to loans and receivables		15,297	115,912
Other comprehensive income before tax		76,228	235,857
Taxation on other comprehensive income	29(a)	26,765	(135,547)
Other comprehensive income, net of tax		102,993	100,310
Total comprehensive income for the year		1,127,485	1,947,953*
Total comprehensive income for the year attributable to stockholders of the company		1,127,485	1,947,953*

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

SCOTIA INVESTMENTS 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				
Notes and coins of, deposit with, and money at call, at Bank of Jamaica	18	26,167	1,663	1,873
Amounts due from other financial institutions	18	1,101,506	2,056,939	902,062
Accounts with parent and fellow subsidiaries	18, 19	1,096,618	865,882	1,074,930
		2,224,291	2,924,484	1,978,865
Financial assets at fair value through profit or loss	20	459,502	527,338	253,305
Pledged assets	21	53,751,562	59,419,866	62,860,190
Loans, after allowance for impairment losses	22	97,818	110,226	79,997
Investment securities				
Available-for-sale	25	7,217,767	5,415,017	5,180,082
Other assets				
Customers' liabilities under guarantees		3,480,500	2,837,844	2,326,594
Taxation recoverable		1,281,029	752,557	808,992
Sundry assets	26	158,271	212,209	114,562
Property, plant and equipment	27	21,765	30,464	49,480
Goodwill and intangible assets	28	107,605	84,202	60,144
Deferred tax assets	29(b)	48,112	83	34,349
		5,097,282	3,917,359	3,394,121
		68,848,222	72,314,290	73,746,560

The accompanying notes form an integral part of the financial statements

SCOTIA INVESTMENTS JAMAICA LIMITED

Consolidated Statement of Financial Position (Continued)
October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2015	2014 (Restated)	2013 (Restated)
LIABILITIES				
Capital management and government securities funds	21(a), 30	12,714,643	13,003,074	13,018,564
Other liabilities				
Guarantees issued		3,480,500	2,837,844	2,326,594
Securities sold under repurchase agreements	21(a)	37,612,663	42,022,859	44,865,128
Other liabilities	31	680,810	494,539*	463,614*
Taxation payable		184,597	64,614	477,976
Deferred tax liabilities	29(b)	24,007	106,092	719
Assets held in trust on behalf of ESOP participants		-	-	15,477
		41,982,577	45,525,948	48,149,508
STOCKHOLDERS' EQUITY				
Share capital	32	1,911,903	1,911,903	1,911,903
Cumulative remeasurement result from available-for-sale financial assets	33	41,474	(61,519)	(161,829)
Capital reserve	34	22,075	22,075	22,075
Reserve for own shares – ESOP		-	-	(20,578)
Unappropriated profits		12,175,550	11,912,809*	10,826,917*
		14,151,002	13,785,268	12,578,488
		68,848,222	72,314,290	73,746,560

The financial statements on pages 53 to 129 were approved for issue by the Board of Directors on December 1, 2015 and signed on its behalf by:

Jeffrey Hall — Chairman

Anthony Chang — Director

Lissant Mitchell — Director

Julie Thompson-James — Secretary

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

SCOTIA INVESTMENTS JAMAICA LIMITED

Consolidated 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	Capital reserve	Reserve for own shares	Un-appropriated profits	Total
Balances at October 31, 2013							
As previously reported		1,911,903	(161,829)	22,075	(20,578)	10,740,318	12,491,889
Prior year adjustment	43(a)(i)	-	-	-	-	86,599	86,599
As restated		1,911,903	(161,829)	22,075	(20,578)	10,826,917	12,578,488
Total comprehensive income for the year:							
Profit for the year, as previously reported		-	-	-	-	1,789,666	1,789,666
Effect of IFRIC 21	43(a)(ii)	-	-	-	-	57,977	57,977
Profit for the year, as restated	16	-	-	-	-	1,847,643	1,847,643
Other comprehensive income:							
Unrealised gains on available-for-sale investments, net of taxes		-	64,945	-	-	-	64,945
Realised losses on available-for-sale investments, transferred to profit or loss		-	5,117	-	-	-	5,117
Amortisation of fair value reserve on financial Instruments reclassified to loans and receivables		-	30,248	-	-	-	30,248
Total other comprehensive income		-	100,310	-	-	-	100,310
Total comprehensive income for the year		-	100,310	-	-	1,847,643	1,947,953
Transactions with owners of the company:							
Dividends	38	-	-	-	-	(761,751)	(761,751)
Movement in ESOP reserve		-	-	-	20,578	-	20,578
		-	-	-	20,578	(761,751)	(741,173)
Balances at October 31, 2014		1,911,903	(61,519)	22,075	-	11,912,809	13,785,268

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

SCOTIA INVESTMENTS JAMAICA LIMITED

Consolidated Statement of Changes in Stockholders' Equity (Continued)
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	Capital reserve	Un-appropriated profits	Total
Balances at October 31, 2014						
As previously reported		1,911,903	(61,519)	22,075	11,768,233	13,640,692
Prior year adjustment	43(a)(i)	-	-	-	144,576	144,576
As restated		1,911,903	(61,519)	22,075	11,912,809	13,785,268
Total comprehensive income for the year:						
Profit for the year	16	-	-	-	1,024,492	1,024,492
Other comprehensive income:						
Unrealised gains on available-for-sale investments, net of taxes		-	104,522	-	-	104,522
Realised gains on available-for-sale investments, transferred to profit or loss		-	(11,727)	-	-	(11,727)
Amortisation of fair value reserve on financial Instruments reclassified to loans and receivables		-	10,198	-	-	10,198
Total other comprehensive income		-	102,993	-	-	102,993
Total comprehensive income for the year		-	102,993	-	1,024,492	1,127,485
Transactions with owners of the company:						
Dividends	38	-	-	-	(761,751)	(761,751)
Balances at October 31, 2015		1,911,903	41,474	22,075	12,175,550	14,151,002

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

SCOTIA INVESTMENTS 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		1,024,492	1,847,643*
Items not affecting cash:			
Interest income	6	(3,515,107)	(4,514,571)
Interest expense	6	1,762,057	2,229,602
Impairment losses on loans, net of recoveries	23	(2,875)	(6,969)
Depreciation	27	10,445	16,575
Amortisation of intangible assets	28	-	84
Income tax charge	15	586,759	754,656
Loss on disposal of property, plant equipment		-	4,128
Deferred taxation	15, 29(c)	(103,349)	4,092
		(237,578)	335,240
Changes in operating assets and liabilities:			
Amount due from other financial institutions		(283,495)	(519,734)
Pledged assets		4,649,702	1,747,475
Loans		15,069	(23,427)
Capital management and government securities funds		(288,570)	(15,501)
Securities sold under repurchase agreements		(4,291,953)	(2,937,178)
Taxation recoverable		(528,472)	56,434
Other assets		(588,718)	(608,896)
Financial assets at fair value through profit or loss		64,804	(271,082)
Other liabilities		828,927	526,700*
		(660,284)	(1,709,969)
Interest received		3,740,690	4,561,493
Income tax paid		(466,776)	(1,167,979)
Interest paid		(1,880,161)	(2,134,683)
Net cash provided/(used) by operating activities (carried forward to page 60)		733,469	(451,138)

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows (Continued)
Year ended October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2015	2014 (Restated)
Net cash provided/(used) by operating activities (brought forward from page 59)		733,469	(451,138)
Cash flows from investing activities			
Investment securities		(1,773,144)	37,238
Shares acquired for ESOP		-	20,578
Purchase of property, plant and equipment	27	(1,746)	(1,687)
Purchase of intangible assets	28	(23,403)	(24,142)
Net cash (used)/provided by investing activities		(1,798,293)	31,987
Cash flows from operating and investing activities		(1,064,824)	(419,151)
Cash flows from financing activity			
Dividends paid to stockholders, being net cash used by financing activity	38	(761,751)	(761,751)
Effect of exchange rate changes on cash and cash equivalents		283,495	519,734
Net decrease in cash and cash equivalents		(1,543,080)	(661,168)
Cash and cash equivalents at beginning of year		8,884,274	9,545,442
Cash and cash equivalents at end of year	18	7,341,194	8,884,274

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

SCOTIA INVESTMENTS JAMAICA LIMITED

Company 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			
Interest from loans and deposits with banks		289,910	261,560
Interest from securities		3,224,455	4,252,306
Total interest income	6	3,514,365	4,513,866
Interest expense	6	(1,770,011)	(2,238,653)
Net interest income		1,744,354	2,275,213
Impairment losses on loans, net of recoveries	23	2,875	6,969
Net interest income after impairment losses on loans		1,747,229	2,282,182
Fee and commission income	7	489,187	449,695
Net foreign exchange trading income	8	27,487	116,294
Net gains on financial assets	9	227,916	764,475
Other revenue	10	621,254	120,852
		1,365,844	1,451,316
		3,113,073	3,733,498
Expenses			
Salaries, pension contributions and other staff benefits	11	970,181	855,081
Property expenses, including depreciation		122,146	144,002
Amortisation of intangible assets	28	-	84
Asset tax		147,053	85,499*
Other operating expenses		413,080	394,650
	12	1,652,460	1,479,316
Profit before taxation	14	1,460,613	2,254,182
Taxation	15	(338,706)	(655,419)
Profit for the year	16	1,121,907	1,598,763*

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2015	2014 (Restated)
Profit for the year	16	1,121,907	1,598,763*
Other comprehensive income:			
Items that may be reclassified to profit			
Unrealised net gains on available-for-sale investments		78,522	87,062
Realised (gains)/losses on available-for-sale investments		(17,591)	32,883
Amortisation of fair value reserve on financial instruments reclassified to loans and receivable		15,297	115,912
Other comprehensive income, before tax		76,228	235,857
Taxation on other comprehensive income	29(a)	26,765	(135,547)
Other comprehensive income, net of tax		102,993	100,310
Total comprehensive income for the year		1,224,900	1,699,073*
Total comprehensive income for the year attributable to stockholders of the company		1,224,900	1,699,073*

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

SCOTIA INVESTMENTS JAMAICA LIMITED

Company 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				
Notes and coins of, deposit with, and money at call, at Bank of Jamaica	18	26,167	1,663	1,873
Amounts due from other financial institutions	18	1,101,506	2,054,233	899,039
Accounts with parent and fellow subsidiaries	18, 19	1,057,727	764,619	953,340
		2,185,400	2,820,515	1,854,252
Financial assets at fair value through profit or loss	20	154,836	279,538	18,603
Pledged assets	21	54,180,793	59,929,469	62,860,190
Loans, after allowance for impairment losses	22	97,818	110,226	79,997
Investment securities				
Available-for-sale	25	6,788,537	4,905,414	5,180,082
Investment in subsidiaries		344,015	443,307	442,526
Other assets				
Customers' liabilities under guarantees		3,480,500	2,837,844	2,326,594
Taxation recoverable		1,276,794	746,465	804,154
Sundry assets	26	85,111	118,643	69,644
Property, plant and equipment	27	19,036	27,156	40,302
Intangible assets	28	86,110	62,707	38,649
Deferred tax assets	29(a)	48,021	-	34,306
		4,995,572	3,792,815	3,313,649
		68,746,971	72,281,284	73,749,299

The accompanying notes form an integral part of the financial statements

Company Statement of Financial Position (Continued)
October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2015	2014 (Restated)	2013 (Restated)
LIABILITIES				
Capital management and government securities funds	21(a), 30	12,714,643	13,003,074	13,020,576
Other liabilities				
Amounts due to subsidiaries		369,604	438,960	473,292
Guarantees issued		3,480,500	2,837,844	2,326,594
Securities sold under repurchase agreements	21(a)	38,019,238	42,493,754	45,040,360
Other liabilities	31	627,704	441,758*	421,434*
Taxation payable		133,170	25,907	465,402
Deferred tax liabilities	29(b)	-	101,024	-
		42,630,216	46,339,247	48,727,082
STOCKHOLDERS' EQUITY				
Share capital	32	1,911,903	1,911,903	1,911,903
Cumulative remeasurement result from available-for-sale financial assets	33	41,474	(61,519)	(161,829)
Capital reserve	34	24,615	24,615	24,615
Unappropriated profits		11,424,120	11,063,964*	10,226,952*
		13,402,112	12,938,963	12,001,641
		68,746,971	72,281,284	73,749,299

The financial statements on pages 53 to 129 were approved for issue by the Board of Directors on December 1, 2015 and signed on its behalf by:

_____ Chairman
Jeffrey Hall

_____ Director
Anthony Chang

_____ Director
Lissant Mitchell

_____ Secretary
Julie Thompson-James

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

SCOTIA INVESTMENTS JAMAICA LIMITED

Company 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	Capital reserve	Unappropriated profits	Total
Balances at October 31, 2013						
As previously reported		1,911,903	(161,829)	24,615	10,140,439	11,915,128
Prior year restatement	43(a)(i)	-	-	-	86,513	86,513
As restated		1,911,903	(161,829)	24,615	10,226,952	12,001,641
Total comprehensive income for the year:						
Profit for the year as previously stated		-	-	-	1,540,874	1,540,874
Effect of IFRIC 21	43(a)(ii)	-	-	-	57,889	57,889
Profit for the year, as restated	16	-	-	-	1,598,763	1,598,763
Other comprehensive income:						
Unrealised gains on available-for-sale investments, net of tax		-	64,945	-	-	64,945
Realised losses on available-for-sale-securities transferred to profit or loss		-	5,117	-	-	5,117
Amortisation of fair value reserve on financial instruments classified to loans and receivable		-	30,248	-	-	30,248
Total other comprehensive income		-	100,310	-	-	100,310
Total comprehensive income for the year		-	100,310	-	1,598,763	1,699,073
Transactions with owners of the company:						
Dividends paid	38	-	-	-	(761,751)	(761,751)
Balances at October 31, 2014		1,911,903	(61,519)	24,615	11,063,964	12,938,963

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

SCOTIA INVESTMENTS JAMAICA LIMITED

Company 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	Capital reserve	Unappropriated profits	Total
Balances at October 31, 2014						
As previously reported		1,911,903	(61,519)	24,615	10,919,562	12,794,561
Prior year restatement	43(a)(i)	-	-	-	144,402	144,402
As restated		1,911,903	(61,519)	24,615	11,063,964	12,938,963
Total comprehensive income for the year:						
Profit for the year	16	-	-	-	1,121,907	1,121,907
Other comprehensive income:						
Unrealised losses on available-for-sale investments, net of tax		-	104,522	-	-	104,522
Realised gains on available-for-sale-securities transferred to profit or loss		-	(11,727)	-	-	(11,727)
Amortisation of fair value reserve on financial instruments classified to loans and receivable		-	10,198	-	-	10,198
Total other comprehensive income		-	102,993	-	-	102,993
Total comprehensive income for the year		-	102,993	-	1,121,907	1,224,900
Transactions with owners of the company:						
Dividends paid	38	-	-	-	(761,751)	(761,751)
Balances at October 31, 2015		1,911,903	41,474	24,615	11,424,120	13,402,112

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

SCOTIA INVESTMENTS JAMAICA LIMITED

Company 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		1,121,907	1,598,763
Items not affecting cash:			
Interest income	6	(3,514,365)	(4,513,866)
Interest expense	6	1,770,011	2,238,653
Impairment losses on loans, net of recoveries	23	(2,875)	(6,969)
Depreciation	27	9,866	13,947
Amortisation of intangible asset	28	-	84
Loss on disposal of property, plant and equipment		-	886
Income tax charge	15	460,986	655,636
Loss on disposal of subsidiary	10, 13(c)	97,684	-
Deferred taxation	15, 29(c)	(122,280)	(217)
		(179,066)	(13,083)
Changes in operating assets and liabilities:			
Amounts due from other financial institutions		(283,336)	(519,481)
Pledged assets		4,725,438	1,245,511
Loans		15,069	(23,427)
Capital management and government securities funds		(288,570)	(17,514)
Securities sold under repurchase agreements		(4,350,323)	(2,647,860)
Taxation recoverable		(530,329)	57,689
Sundry assets		(609,124)	(560,248)
Amounts due to subsidiaries		(69,356)	(34,332)
Financial assets at fair value through profit or loss		121,670	(257,985)
Other liabilities		828,602	531,574*
		(619,325)	(2,239,156)
Interest received		3,739,947	4,560,788
Income tax paid		(353,723)	(1,095,131)
Interest paid		(1,894,065)	(2,137,388)
Net cash provided/(used) by operating activities (carried forward to page 68)		872,834	(910,887)

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

Company Statement of Cash Flows (Continued)
Year ended October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2015	2014 (Restated)
Net cash provided/(used) by operating activities (brought forward from page 67)		872,834	(910,887)
Cash flows from investing activities			
Investment securities		(1,848,880)	539,243
Investment in subsidiaries		(708)	(781)
Proceeds from disposal of subsidiary	13	2,316	-
Purchase of property, plant and equipment	27	(1,746)	(1,687)
Purchase of intangible assets	28	(23,403)	(24,142)
Net cash (used)/provided by investing activities		(1,872,421)	512,633
Cash flows from operating and investing activities		(999,587)	(398,254)
Cash flows from financing activity			
Dividends paid to stockholders, being net cash used by financing activity	38	(761,751)	(761,751)
Effect of exchange rate changes on cash and cash equivalents		283,336	519,481
Net decrease in cash and cash equivalents		(1,478,002)	(640,524)
Cash and cash equivalents at beginning of year		8,780,305	9,420,829
Cash and cash equivalents at end of year	18	7,302,303	8,780,305

* Restated (note 43)
The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements
Year ended October 31, 2015
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

1. Identification, regulation and licence

Scotia Investments Jamaica Limited ("the Company") is incorporated and domiciled in Jamaica. It is a 77.01% subsidiary of Scotia Group Jamaica Limited ("Scotia Group") which is incorporated and domiciled in Jamaica. The Bank of Nova Scotia Limited, which is incorporated and domiciled in Canada, is the ultimate parent company. The registered office of the Company is located at 7 Holborn Road, Kingston 10.

The Company is a licensed securities dealer, a member of the Jamaica Stock Exchange and has primary dealer status from the Bank of Jamaica. The principal activities of the Company comprise investment advisory and brokerage services, portfolio management, fund management, investment management services for pension plans and operating foreign exchange cambios.

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

Subsidiaries	Principal activities	Holding	Country of incorporation
Scotia Asset Management Jamaica Limited	Unit trust and fund management services	100%	Jamaica
Scotia Asset Management (St. Lucia) Inc.	Fund management	100%	St. Lucia
Billy Craig Investments Limited	Non-trading	100%	Jamaica
Scotia Jamaica Investment Management Limited	Non-trading	100%	Jamaica
DB&G Corporate Services Limited	Non-trading	100%	Jamaica

Interlink Investments Limited, a wholly owned non-trading subsidiary of the Company, was wound up on June 30, 2015 (note 13). The process to wind up the other non-trading subsidiaries has commenced and is expected to be completed by January 2016.

The Company has indicated that it will continue to provide the financial support necessary for one of its non-trading subsidiaries to meet its future financial and operating obligations. As at the year-end, that subsidiary had a working capital deficit of $62,880 (2014: $61,766), after taking account of a liability of $63,929 (2014: $63,259) due to the Company.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied by the Group entities for all the periods presented, unless otherwise stated.

2. Summary of significant accounting policies (continued)

(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 the Jamaican Companies Act ("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, viz:

- 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 or loss for the prior year.

  The change in policy is applied retrospectively (see note 43).

- Amendments to IAS 32, *Offsetting of Financial Assets and Financial Liabilities*, 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*, 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*. 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*.

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 became effective during the year (continued)

- 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 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.

  - 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.

  - 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.

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

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

At the date of authorisation of these financial statements the following relevant standards, amendments to existing standards and interpretations have been published but were not yet effective and the Group has not early adopted.

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)

- 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 through 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.

  The Group is assessing the impact that the standard may have on its 2019 financial statements.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. 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 SIC31 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.

  The Group is assessing the impact that the standard may have on its 2019 financial statements

- 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 requirement 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* (continued)

  - specific criteria is now provided for presenting sub-totals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI; and
  - 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 this amendment will have on its 2017 financial statements.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

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

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates and joint ventures.

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

- 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, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

  The Group is assessing the impact these amendments will have on its 2017 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 (continued)

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- 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:

  - 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'.

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* (continued)

  - IFRS 7, *Financial Instruments: Disclosures* (continued)

    IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets* and *Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

  - 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.

  The Group is assessing the impact 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 at fair value of available-for-sale financial assets and financial assets at fair value through profit or loss.

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS and the 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 43).

2. Summary of significant accounting policies (continued)

(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.

(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.

(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 profit or loss.

2. Summary of significant accounting policies (continued)

(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, 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 accrued discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

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 has been assessed as immaterial.

(ii) Fee and commission income

Fees and commission income are recognised on the accrual basis when service has been provided. Origination fees for loans which are probable of being drawn down, are recognised in profit or loss immediately, as they are not considered material for deferral.

Fee and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees are apportioned over the period in which 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.

(iii) Foreign exchange trading income

Income from foreign exchange cambio trading is determined on a trade-date basis.

(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.

2. Summary of significant accounting policies (continued)

(g) 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 directly in other comprehensive income.

(i) Current income tax

Current 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 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 the 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 exist 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.

(h) Financial assets and liabilities

Financial assets comprise cash resources, financial assets at fair value through profit or loss, investment securities, securities purchased under resale agreements, pledged assets, loans and certain other assets. Financial liabilities comprise securities sold under repurchase agreements, capital management and government securities funds and certain other liabilities.

(i) Recognition

The Group initially recognises loans and receivables 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 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)

(h) Financial assets and liabilities (continued)

(ii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have 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(i) 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 amortised 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.

After initial recognition, financial liabilities are measured at amortised cost.

(i) Financial assets

(i) Classification

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

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception by management. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling in the short term or if it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. 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)

(i) Financial assets (continued)

(i) Classification (continued)

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. Loans and receivables are initially recognised at fair value, which is the cash consideration to originate or purchase the loan including any transaction costs.

(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 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 the current and the following 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 equity 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. Unrealised gains and losses arising from changes in fair value 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 reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit and 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. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its costs is objective evidence of impairment.

2. Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(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 and collective level. 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 in an allowance account 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 investment securities are recognised by transferring the cumulative loss that has been recognised directly in other comprehensive income to profit or loss. The cumulative loss that is removed from other comprehensive income 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. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

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.

(j) 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.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss, unless they form part of a qualifying cash flow or net investment hedging relationship.

2. Summary of significant accounting policies (continued)

(k) Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment losses.

(l) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase the assets 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 from the Group's statement of financial position 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.

(m) Loans and allowance for impairment losses

Loans 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 recognised when cash is advanced to borrowers. They are initially recorded at 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. Loans are stated net of unearned income and allowance for impairment.

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 the loans. 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.

A loan is classified as impaired when in management's opinion, there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. As required by statutory regulations, if a payment on a loan is contractually 90 days in arrears, the loan will be classified as impaired, if not already classified as such.

When a loan is classified as impaired, recognition of interest in accordance with the terms of the original loan ceases, and interest is taken into account on the cash basis. Whilst this differs from IFRS, which requires that interest on the impaired asset continue 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.

2. Summary of significant accounting policies (continued)

(n) Guarantees

The Group's potential liability under 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.

(o) Goodwill and intangible assets

(i) Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of the acquisition over the fair value of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary 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.

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

(ii) Computer software

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with 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.

(p) Leases

The leases entered into by the Group are all operating leases, where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments under operating leases are charged to the statement of revenue and expenses on the straight-line basis over the period of the lease.

(q) 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 are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item 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 expenses in the statement of revenue and expenses during the financial period in which it is incurred.

2. Summary of significant accounting policies (continued)

(q) Property, plant and equipment (continued)

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

Building	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 annually 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.

(r) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax 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 assets in the unit (group of units) on a pro rata basis.

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.

2. Summary of significant accounting policies (continued)

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

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.

(s) 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-employment 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. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits, termination benefits and equity compensation benefits are accounted for as below. Other long-term benefits are not considered material and are expensed when incurred.

The Company operates a defined-contribution pension scheme, the assets of which are held in a trustee-administered fund. The pension plan is funded by contributions from employees and the Company 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.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(u) Share capital

(i) Classification

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

(ii) 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.

2. Summary of significant accounting policies (continued)

(v) 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.

(w) 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 financial institutions, 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.

3. Critical accounting estimates and judgements 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 in the statement of revenue and expenses, 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 scheduling 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) Impairment of goodwill

Impairment of goodwill is dependent upon management's internal assessment of future cash flows from cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used. Goodwill impairment was assessed as $Nil for 2015 (2014: $Nil).

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

(iii) 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 during 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.

(iv) Valuation of financial instruments

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all 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 judgement 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 external auditors

The shareholders, pursuant to the 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.

5. Segment financial information

The Group's reportable segments are its strategic business units and are based on the Company's management and internal reporting structure. At this time there are no material reportable segments into which the Group's business may be broken down, other than as disclosed in these financial statements.

The Group's operations are located mainly in Jamaica, based on the geographical location of its clients. The subsidiaries located overseas represent less than 10% of the Group's gross external revenue and assets.

6. Net interest income

	The Group		The Company	
	2015	2014	2015	2014
Interest income:				
Investment securities	3,220,485	4,242,700	3,220,485	4,242,700
Deposit with banks and other financial institutions	159,039	181,352	158,297	180,647
Loans	131,613	80,913	131,613	80,913
Financial assets at fair value through profit or loss	2,738	7,274	2,738	7,274
Reverse repurchase agreements	1,232	2,332	1,232	2,332
Interest income (carried forward to page 88)	3,515,107	4,514,571	3,514,365	4,513,866

6. Net interest income (continued)

	The Group		The Company	
	2015	2014	2015	2014
Interest income (brought forward from page 87)	3,515,107	4,514,571	3,514,365	4,513,866
Interest expense:				
Repurchase agreements	1,743,069	2,194,266	1,751,023	2,203,317
Capital management and government securities funds	18,988	35,336	18,988	35,336
	1,762,057	2,229,602	1,770,011	2,238,653
Net interest income	1,753,050	2,284,969	1,744,354	2,275,213

7. Fee and commission income

	The Group		The Company	
	2015	2014	2015	2014
Asset management fees	948,587	803,945	339,829	300,161
Trust fees	48,810	44,709	48,810	44,709
Structured financing fees	47,335	51,566	47,335	51,566
Stock brokerage fees	27,004	18,454	27,004	18,454
Credit-related fees	2,119	2,169	2,119	2,169
Other	24,090	32,636	24,090	32,636
	1,097,945	953,479	489,187	449,695

8. Net foreign exchange trading income

Net foreign exchange trading income is comprised primarily of gains and losses arising from foreign currency trading activities.

9. Net gains on financial assets

	The Group		The Company	
	2015	2014	2015	2014
Equity securities held for trading	64,889	15,488	8,023	2,391
Other equity securities	-	79,149	-	79,149
Debt securities held for trading	224,407	230,951	224,407	230,951
Debt securities available-for-sale	(4,514)	121,587	(4,514)	121,587
Debt securities loans and receivables	-	330,397	-	330,397
	284,782	777,572	227,916	764,475

10. Other revenue

	The Group		The Company	
	2015	2014	2015	2014
Dividend income from subsidiary	-	-	550,289	100,053
Amount due to subsidiary written off on disposal	-	-	145,182	-
Loss on disposal of subsidiary [note 13(c)]	-	-	(97,684)	-
Other	25,364	17,558	23,467	20,799
	25,364	17,558	621,254	120,852

11. Salaries, pension contributions and other staff benefits

	The Group and Company	
	2015	2014
Wages and salaries	805,880	694,593
Payroll taxes	51,291	49,814
Pension contributions	22,923	22,638
Other staff benefits	90,087	88,036
	970,181	855,081

12. Expenses by nature

	The Group		The Company	
	2015	2014 (Restated)	2015	2014 (Restated)
Salaries, pension contributions and other staff benefits (note 11)	970,181	855,081	970,181	855,081
Asset tax	147,791	85,847*	147,053	85,499*
Computer-related expenses	146,417	133,475	146,417	132,918
Property expenses, including depreciation	115,535	139,851	122,146	144,002
Management and consultancy fees	110,165	127,204	89,133	86,220
Transportation and communication	41,956	46,353	41,716	46,353
Marketing and advertising	39,842	48,766	39,494	45,530
Regulatory fees	23,724	22,545	17,828	17,238
Stationery	11,007	10,231	11,007	10,231
Amortisation of intangible asset	-	84	-	84
Other operating expenses	99,692	98,727	67,485	56,160
	1,706,310	1,568,164	1,652,460	1,479,316

13. Winding up of subsidiary

Interlink Investments Limited (Interlink), a wholly-owned subsidiary, was wound up on June 30, 2015. Interlink has contributed loss before tax of $739,760 (excluding inter-company transactions) to the Group for the period November 1, 2014 to June 1, 2015.

(a) Analysis of assets and liabilities disposed of:

	2015
Cash and cash equivalents, being net assets disposed of	2,316

(b) Net cash inflow on winding up subsidiary:

	2015
Proceeds from winding up	2,316
Less: cash and cash equivalent in subsidiary	(2,316)
Net cash inflow	-

13. Winding up of subsidiary (continued)

(c) Loss on winding up of subsidiary

	Group 2015	Company 2015
Consideration received	2,316	2,316
Net assets on winding up	(2,316)	-
Investment in subsidiary	-	(100,000)
Loss on winding up (note 10)	-	(97,684)

14. 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
Operating lease rentals	75,444	84,760	75,444	84,760
Directors' emoluments				
- Fees	5,820	5,646	4,390	4,216
- Other	23,959	20,378	23,959	20,378
Auditors' remuneration				
Current year	11,710	12,002	9,309	9,309
Depreciation	10,445	16,575	9,866	13,947
Loss on disposal of property, plant and equipment	-	4,128	-	886
Amortisation of intangible assets	-	84	-	84

15. Taxation

(a) Taxation charge

Income tax is computed on the profit for the year as adjusted for tax purposes and is as follows:

	The Group		The Company	
	2015	2014	2015	2014
Current income tax:				
Income tax at 33⅓% and 25%	586,759	754,656	460,986	655,636
Deferred income tax:				
Origination and reversal of temporary differences [note 29(c)]	(103,349)	4,092	(122,280)	(217)
	483,410	758,748	338,706	655,419

(b) Taxation losses, subject to agreement by the Commissioner, Tax Administration Jamaica, available for set-off against future taxable profits, amounted to $18,868 (2014: $17,135) for the Group.

15. Taxation (continued)

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

	The Group		The Company	
	2015	2014	2015	2014
Profit before taxation	1,507,902	2,606,391	1,460,613	2,254,182
Taxation at 33⅓% and 25%	689,836	904,172	486,871	751,394
Adjusted for the effects of:				
Income not subject to tax				
- Tax free investments	(197,182)	(126,094)	(197,182)	(126,094)
- Exempt revenue	(43,902)	(22,899)	(1,661)	(229)
Expenses not deductible for tax purposes	54,331	11,017	54,027	10,704
Other charges and allowances	15,895	26,061	(3,349)	19,644
Different tax rates of subsidiaries operating in other jurisdictions	(35,568)	(33,509)	-	-
Taxation expense	483,410	758,748	338,706	655,419

16. Profit for the year and unappropriated profits attributable to stockholders

(a) Profit for the year is dealt with in the financial statements of Group entities as follows:

	2015	2014 (Restated)
The Company	1,121,907	1,598,763*
The Subsidiaries	(97,415)	248,880
	1,024,492	1,847,643*

(b) Unappropriated profits are dealt with in the financial statements of Group entities as follows:

	2015	2014 (Restated)
The Company	11,424,120	11,063,964*
The Subsidiaries	751,430	848,845
	12,175,550	11,912,809

17. Earnings per stock unit

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

	2015	2014 (Restated)
Net profit attributable to stockholders	1,024,492	1,847,643*
Weighted average number of ordinary stock units in issue ('000)	423,195	423,195
Basic earnings per stock unit (expressed in $ per share)	2.42	4.37

* Restated (note 43)

18. Cash and cash equivalents

	The Group		The Company	
	2015	2014	2015	2014
Cash resources	2,224,291	2,924,484	2,185,400	2,820,515
Less: amounts not considered cash and cash equivalents:				
Accrued interest	(813)	(793)	(813)	(793)
	2,223,478	2,923,691	2,184,587	2,819,722
Add other cash equivalent balances:				
Pledged assets with original maturity less than ninety days	5,117,716	5,960,583	5,117,716	5,960,583
	7,341,194	8,884,274	7,302,303	8,780,305
Cash and balances with central bank	26,167	1,663	26,167	1,663
Amounts due from other financial institutions	1,101,506	2,056,939	1,101,506	2,054,233
Accounts with parent and fellow subsidiaries	1,096,618	865,882	1,057,727	764,619
Pledged assets [note 21(c)]	5,117,716	5,960,583	5,117,716	5,960,583
Accrued interest	(813)	(793)	(813)	(793)
	7,341,194	8,884,274	7,302,303	8,780,305

19. Accounts with parent and fellow subsidiaries

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

20. Financial assets at fair value through profit or loss

	The Group		The Company	
	2015	2014	2015	2014
Government of Jamaica securities	154,836	5,517	154,836	5,517
Corporate bonds	-	274,009	-	274,009
Quoted shares	-	12	-	12
Units held in unit trusts	304,666	247,800	-	-
	459,502	527,338	154,836	279,538

21. Pledged assets (continued)

(a) Assets are pledged to other financial institutions and as collateral under repurchase agreements with counterparties. All repurchase agreements mature within twelve months.

	The Group			
	Asset		Related liability	
	2015	2014	2015	2014
Investment securities and securities purchased under resale agreements:				
Clients	30,315,223	32,319,158	27,514,739	28,567,997
Other financial institutions	10,634,804	14,092,366	10,097,924	13,454,862
	40,950,027	46,411,524	37,612,663	42,022,859
Capital management & government securities funds	12,801,535	13,008,342	12,714,643	13,003,074
	53,751,562	59,419,866	50,327,306	55,025,933

	The Company			
	Asset		Related liability	
	2015	2014	2015	2014
Investment securities and securities purchased under resale agreements:				
Clients	30,315,223	32,319,158	27,514,739	28,567,997
Other financial institutions	11,064,035	14,601,969	10,504,499	13,925,757
	41,379,258	46,921,127	38,019,238	42,493,754
Capital management & government securities funds	12,801,535	13,008,342	12,714,643	13,003,074
	54,180,793	59,929,469	50,733,881	55,496,828

(b) Included in pledged assets are the following categories of assets:

	The Group		The Company	
	2015	2014	2015	2014
Deposits with financial institutions	6,574,111	10,659,444	6,574,111	10,659,444
Securities purchased under resale agreements	-	225,064	-	225,064
Loans	814,695	826,772	814,695	826,772
Government issued securities:				
Fair value through profit or loss	-	193,784	-	193,784
Available-for-sale	30,170,744	37,716,216	30,232,719	38,225,819
Loans and receivables	-	1,929,046	-	1,929,046
Held-to-maturity	5,709,864	5,651,636	5,709,864	5,651,636
Unitised funds:				
Available-for-sale	1,079,386	29,031	1,079,386	29,031
Other:				
Available-for-sale				
Corporate bonds	9,402,762	1,085,236	9,770,018	1,085,236
Credit linked note	-	1,103,637	-	1,103,637
	53,751,562	59,419,866	54,180,793	59,929,469

21. Pledged assets (continued)

(c) 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 and Company	
	2015	2014
Debt securities and other investments with an original maturity of less than 90 days (note 18)	5,117,716	5,960,583

22. Loans, after allowance for impairment losses

	The Group and Company	
	2015	2014
Business and Government	-	19,519
Personal	100,074	91,806
Interest receivable	56	270
Total	100,130	111,595
Less: allowance for impairment losses [notes 22(b) and 23]	(2,312)	(1,369)
	97,818	110,226

(a) Loans on which interest is suspended amounted to $2,312 (2014: $1,369) for the Company and the Group.

(b) The ageing of the loans at the reporting date was:

	The Group and Company	
	2015	2014
Neither past due nor impaired	97,762	109,956
Impaired loans more than 90 days	2,312	1,369
Interest receivable	56	270
Gross loan portfolio	100,130	111,595
Less: allowance for impairment losses	(2,312)	(1,369)
	97,818	110,226

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of loans less than 90 days past due.

(c) Renegotiated loans

Restructuring activities include extended payment arrangements, modification and deferral of payments.

Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review.

22. Loans, after allowance for impairment losses (continued)

(c) Renegotiated loans (continued)

During the year, there were no renegotiated loans.

(d) Repossessed collateral

In the normal course of business, the security documentation which governs the collateral charged in favour of the Group to secure the debt, gives the Group express authority to repossess the collateral in the event of default. Repossessed collateral is sold as soon as practicable, with the proceeds used to reduce 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).

23. Impairment losses on loans

	The Group and Company	
	2015	2014
Total impaired loans	2,312	1,369
Provision at beginning of year	1,369	1,510
Provided/(credited) during the year	943	(169)
Translation differences on foreign currency provisions	-	28
Allowance at end of year [note 22(b)]	2,312	1,369
Provided/(credited) during the year	943	(169)
Recoveries of bad debts	(3,818)	(6,800)
	(2,875)	(6,969)

Allowance for impairment losses:

A loan is classified as impaired if its carrying value exceeds the present value of the cash flows expected in future periods from interest repayments, principal repayments and proceeds of liquidation of collateral. Allowances for credit losses are made on all impaired loans. Uncollected interest not accrued in these financial statements on impaired loans was estimated at $1,183 as at October 31, 2015 (2014: $953) for the Group and the Company.

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

	The Group and Company	
	2015	2014
Allowance based on accounting standard - IAS 39	2,312	1,369

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

24. Reclassification of financial assets

On October 1, 2008, the Company reclassified Government of Jamaica (GOJ) Global Bonds that were included in pledged assets from available-for-sale to loans and receivables in accordance with paragraph 50E of IAS 39. The standard required that such reclassification be made at the fair value of the instruments at the date of reclassification.

The carrying and fair value of these securities were as follows:

	The Group and Company			
	2015		2014	
	Carrying value	Fair value	Carrying value	Fair value
Debt Securities:				
US$ denominated GOJ Global Bonds	-	-	1,859,199	1,914,638

(a) The remaining loans and receivables securities 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 the reporting date.

(c) The weighted average effective interest rate of the investments at the date of reclassification was 8.39%.

25. Investment securities

	The Group		The Company	
	2015	2014	2015	2014
Available-for-sale				
Government of Jamaica securities	2,418,748	5,115,254	2,356,773	4,605,651
Corporate bonds	3,225,801	-	2,858,546	-
Quoted shares	102,000	5,610	102,000	5,610
Credit linked note	1,204,689	-	1,204,689	-
Treasury bills	266,529	294,153	266,529	294,153
	7,217,767	5,415,017	6,788,537	4,905,414

The Group has not reclassified any financial asset measured at amortised cost to securities carried at fair value during the year.

26. Sundry assets

	The Group		The Company	
	2015	2014	2015	2014
Accounts receivable and prepayments	150,720	204,686	77,560	111,120
Other	7,551	7,523	7,551	7,523
	158,271	212,209	85,111	118,643

27. Property, plant and equipment

	The Group			
	Land & building	Leasehold improvements	Furniture, fixtures, motor vehicles & equipment	Total
Cost:				
October 31, 2013	3,146	89,535	316,079	408,760
Additions	-	322	1,365	1,687
Disposals	-	-	(231,865)	(231,865)
October 31, 2014	3,146	89,857	85,579	178,582
Additions	-	-	1,746	1,746
October 31, 2015	3,146	89,857	87,325	180,328
Accumulated depreciation:				
October 31, 2013	1,457	86,255	271,568	359,280
Charge for the year	75	3,293	13,207	16,575
Eliminated on disposals	-	-	(227,737)	(227,737)
October 31, 2014	1,532	89,548	57,038	148,118
Charge for the year	74	72	10,299	10,445
October 31, 2015	1,606	89,620	67,337	158,563
Net book values:				
October 31, 2015	1,540	237	19,988	21,765
October 31, 2014	1,614	309	28,541	30,464
October 31, 2013	1,689	3,280	44,511	49,480

	The Company		
	Leasehold improvements	Furniture, fixtures motor vehicles & equipment	Total
Cost:			
October 31, 2013	54,265	199,810	254,075
Additions	322	1,365	1,687
Disposals	-	(140,731)	(140,731)
October 31, 2014	54,587	60,444	115,031
Additions	-	1,746	1,746
October 31, 2015	54,587	62,190	116,777
Accumulated depreciation:			
October 31, 2013	50,985	162,788	213,773
Charge for the year	3,293	10,654	13,947
Eliminated on disposals	-	(139,845)	(139,845)
October 31, 2014	54,278	33,597	87,875
Charge for the year	72	9,794	9,866
October 31, 2015	54,350	43,391	97,741
Net book values:			
October 31, 2015	237	18,799	19,036
October 31, 2014	309	26,847	27,156
October 31, 2013	3,280	37,022	40,302

28. Intangible assets

	The Group			The Company
	Goodwill	Computer software	Total	Computer software
Cost:				
October 31, 2013	26,113	164,166	190,279	149,866
Additions	-	24,142	24,142	24,142
Disposals	-	(27,950)	(27,950)	(13,647)
October 31, 2014	26,113	160,358	186,471	160,361
Additions	-	23,403	23,403	23,403
October 31, 2015	26,113	183,761	209,874	183,764
Accumulated amortisation and impairment losses:				
October 31, 2013	4,618	125,517	130,135	111,217
Amortisation	-	84	84	84
Eliminated on disposals	-	(27,950)	(27,950)	(13,647)
October 31, 2014 and 2015	4,618	97,651	102,269	97,654
Net book values:				
October 31, 2015	21,495	86,110	107,605	86,110
October 31, 2014	21,495	62,707	84,202	62,707
October 31, 2013	21,495	38,649	60,144	38,649

29. 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 an effective tax rate of 33⅓% and 25%.

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

	The Group		The Company	
	2015	2014	2015	2014
Balance at the beginning of the year	(106,009)	33,630	(101,024)	34,306
Recognised in the statement of revenue and expenses [note 15(a)]	103,349	(4,092)	122,280	217
Recognised in other comprehensive income:				
Available-for-sale investments fair value re-measurement	26,765	(135,547)	26,765	(135,547)
Balance at the end of the year	24,105	(106,009)	48,021	(101,024)

29. Deferred tax assets and liabilities (continued)

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

	The Group		The Company	
	2015	2014	2015	2014
Deferred income tax assets:				
Vacation leave accrued	11,094	11,682	11,094	11,682
Accelerated tax depreciation	6,084	6,244	5,993	6,161
Available-for-sale investments	33,808	7,044	33,808	7,045
Unrealised premium/discount on available-for-sale securities	53,602	-	53,602	-
Other	20,426	-	20,426	-
Deferred income tax liabilities:				
Interest receivable and interest payable, net	(76,902)	(110,287)	(76,902)	(110,287)
Accelerated tax depreciation	(7)	(23)	-	-
Other	(24,000)	(20,669)	-	(15,625)
Net deferred tax assets/(liabilities)	24,105	(106,009)	48,021	(101,024)
This comprises:				
Net deferred tax assets	48,112	83	48,021	-
Net deferred tax liabilities	(24,007)	(106,092)	-	(101,024)
	24,105	(106,009)	48,021	(101,024)

(c) The deferred tax charge recognised in profit for the year comprises the following temporary differences and related tax:

	The Group		The Company	
	2015	2014	2015	2014
Vacation leave accrued	(588)	2,448	(588)	2,448
Accelerated tax depreciation	(159)	(1,363)	(168)	(1,419)
Interest receivable	33,384	39,192	33,384	39,192
Unrealised premium/discount on available-for-sale securities	68,563	(14,961)	68,563	(14,961)
Other	2,149	(29,408)	21,089	(25,043)
	103,349	(4,092)	122,280	217

(d) Deferred income tax liabilities have not been computed on the withholding tax and other taxes that would be payable on distribution of the unappropriated profits of subsidiaries as such amounts are reinvested; such unappropriated profits totalled $501,110 (2014: $356,436).

30. 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.

31. Other liabilities

	The Group		The Company	
	2015	2014 (Restated)	2015	2014 (Restated)
Accrued liabilities	352,499	193,849*	344,372	183,583*
Sundry	328,311	300,690	283,332	258,175
	680,810	494,539	627,704	441,758

* Restated (note 43)

32. Share capital

	Number of units		Total	
	2015	2014	2015	2014
Authorised:				
Ordinary shares of no par value	1,200,000	1,200,000		
Issued and fully paid:				
Ordinary stock units	423,195	423,195	1,911,903	1,911,903

Under the provisions of the Act, the shares have no par value. 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.

33. Cumulative remeasurement result from available-for-sale financial assets

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investments and the unamortised gains relating to securities reclassified to loans and receivables.

34. Capital reserve

Capital reserve comprises gains on disposal of an interest in a subsidiary and land, furniture and fixtures sold to an associated company.

35. Financial risk management

(a) Overview and risk management framework

By their nature, the Group's activities are principally related to the use of financial instruments. This will involve analysis, evaluation and management of some degree of risk or combination of risks. The Group's aim is therefore to achieve an appropriate balance between risks and return and minimise potential adverse effects on the Group's financial performance.

The Group manages risk through a framework of risk principles, organisational structures and risk measurement and monitoring processes that are closely aligned with the activities of our business units. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. 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.

Two key committees for managing and monitoring risks are as follows:

(i) Board Audit Committee

The Board Audit Committee solely comprises of independent directors. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

35. Financial risk management (continued)

(a) Overview and risk management framework (continued)

(ii) Asset and Liability Committee (ALCO)

The Asset and Liability Committee (ALCO) 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. In addition, internal audit is responsible for the independent review of risk management and the control environment. The Committee reviews investment, loans and funding activities, and ensures that the existing policies comprehensively deal with the management and diversification of the Company's investment and loan portfolios and that appropriate limits are being adhered to.

The most important types of risk are credit risk, market risk, and liquidity risk. Market risk includes currency, interest rate and other price risks.

(b) Credit risk

(i) Credit risk management

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the reporting date. However, significant negative changes in the economy, an industry segment that represents a concentration in the Group's loan portfolio, or positions in tradeable assets such as bonds could result in losses that are different from those recognised at the reporting date.

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. 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 capital 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 where impairment indicators are noticed for the relevant individual loans.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances are consistent with the policies outlined in note 2(m).

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 favourable 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.

35. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, 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.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. 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

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 tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgement 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:

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

Retail loans are risk-rated based on an internal scoring system which combines statistical analysis with credit officer judgement, and fall within the following categories:

- Excellent
- Good
- Higher risk

The table below shows the percentage of the Company's and Group's balances as at the reporting date relating to loans and advances and the associated impairment provision for each of the Group's internal rating categories:

	The Group and Company	
	2015	2014
	%	%
Excellent	99.9	99.3
Good	-	0.7
Higher Risk	0.1	0.0
	100.0	100.0

35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Commercial loans (continued)

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 as at October 31, 2015 and 2014:

	The Group and Company	
	2015	2014
AAA to AA+	1,212,405	519,983
AA to A+	5,115,072	131,309
A to A-	4,966,252	-
BBB+ to BB+	1,492,215	728,096
BB to B-	39,503,450	51,720,701
Lower than B-	264,580	274,009
	52,553,974	53,374,098

	The Group		The Company	
	2015	2014	2015	2014
Financial assets at fair value through profit or loss	154,836	279,526	154,836	279,526
Investment securities:				
Available-for-sale	7,115,767	5,415,017	6,686,537	4,905,414
Pledged assets:				
Financial assets at fair value through profit or loss	-	193,784	-	193,784
Loans and receivables	-	1,929,046	-	1,929,046
Held-to-maturity	5,709,864	5,651,636	5,709,864	5,651,636
Available-for-sale	39,573,507	39,905,089	40,002,737	40,414,692
	52,553,974	53,374,098	52,553,974	53,374,098

(iv) Maximum exposure to credit risk

Collateral and other credit enhancements held against loans

It is the Group's practice to lend on the basis of the customer's or Issuer'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.

35. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Maximum exposure to credit risk (continued)

Collateral and other credit enhancements held against loans (continued)

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 fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when credits to borrowers are individually assessed as impaired.

The estimated fair value of the collateral with enforceable legal right pursuant to the agreements for outstanding loans and guarantees is $3,516,718 (2014: $2,307,323) for the Group and Company.

(v) Concentration of exposure to credit risk

(1) Loans

The following table summarises the Group's and Company's credit exposure for loans at their carrying amounts, as categorised by the industry sectors. Loans are primarily extended to customers within Jamaica.

	The Group and Company			
	Loans leases	Acceptances, guarantees and letters of credit	Total 2015	Total 2014
Construction and real estate	-	27,205	27,205	57,771
Financial institutions	-	42,570	42,570	8,643
Manufacturing	-	93,500	93,500	93,500
Personal	100,074	2,816,741	2,916,815	2,279,821
Professional and other services	-	472,998	472,998	485,948
Tourism and entertainment	-	27,486	27,486	23,486
Interest receivable	56	-	56	270
	100,130	3,480,500	3,580,630	2,949,439
Total impairment allowance	(2,312)	-	(2,312)	(1,369)
Total	97,818	3,480,500	3,578,318	2,948,070

35. Financial risk management (continued)

(b) Credit risk (continued)

(v) Concentration of exposure to credit risk (continued)

(2) Debt securities and amounts due from other banks

The following table summarises the Group's and Company's credit exposure for debt securities and amounts due from other banks at their carrying amounts, as categorised by issuer:

	Maximum exposure			
	The Group		The Company	
	2015	2014	2015	2014
Governments	38,720,721	45,125,245	38,720,721	45,125,245
Bank of Jamaica	26,167	5,785,972	26,167	5,785,972
Financial institutions	11,026,038	14,918,579	10,987,146	14,814,610
Corporate and other	12,628,564	1,359,245	12,628,564	1,359,245
	62,401,490	67,189,041	62,362,598	67,085,072

Other than exposure on Government of Jamaica securities, there is no significant concentration of liquid funds. For securities purchased under resale agreements, titles to securities are transferred to the Group's custody for the duration of the agreement.

(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 among these risks, and the levels of volatility.

The Group manages market risk through risk limits approved by the Board of Directors. Risk limits are determined for each portfolio, and are set by product and risk type, with market liquidity being a principal factor in determining the level of limits set. Limits are set using a combination of risk measurement techniques, including position limits and stress testing to identify the potential net interest income and market value effects of the positions in different scenarios. The results of the stress tests are reviewed by senior management and by the Board of Directors.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in securities prices and in foreign exchange and interest rates. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

The management of the individual elements of market risks – interest rate, currency, and equity price rates are as follows:

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing market interest rates on its financial position and cash flows.

35. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

The Group monitors interest rate risk using its Asset and Liability Management model. It calculates the interest rate risk gaps, economic value and annual income amounts which are compared with risk limits approved by the Board of Directors. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly.

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	-	2,197,312	-	-	-	26,979	2,224,291
Financial assets at fair value through profit or loss	-	-	-	-	-	459,502	459,502
Pledged assets	450,000	33,353,780	4,032,701	14,123,264	297,442	1,494,375	53,751,562
Loans, after allowance for impairment losses	-	2,455	1,877	71,491	31,481	(9,486)	97,818
Investment securities available-for-sale	-	2,986,652	485,372	3,347,221	245,456	153,066	7,217,767
Other assets	-	-	-	-	-	5,097,282	5,097,282
Total assets	450,000	38,540,199	4,519,950	17,541,976	574,379	7,221,718	68,848,222
Capital management and government securities funds	12,713,331	-	-	-	-	1,312	12,714,643
Securities sold under repurchase agreements	237,996	33,158,663	4,002,405	-	-	213,599	37,612,663
Other liabilities	-	-	-	-	-	4,369,914	4,369,914
Stockholders' equity	-	-	-	-	-	14,151,002	14,151,002
Total liabilities and stockholders' equity	12,951,327	33,158,663	4,002,405	-	-	18,735,827	68,848,222
Total interest rate sensitivity gap	(12,501,327)	5,381,536	517,545	17,541,976	574,379	(11,514,109)	-
Cumulative gap	(12,501,327)	(7,119,791)	(6,602,246)	10,939,730	11,514,109	-	-

	The Group 2014						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Total assets	2,467	45,996,328	4,342,128	13,276,351	3,811,704	4,885,312	72,314,290
Total liabilities and stockholders' equity	13,342,525	33,511,685	7,823,889	14,818	-	17,621,373	72,314,290
Total interest rate sensitivity gap	(13,340,058)	12,484,643	(3,481,761)	13,261,533	3,811,704	(12,736,061)	-
Cumulative gap	(13,340,058)	(855,415)	(4,337,176)	8,924,357	12,736,061	-	-

35. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	The Company 2015						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	-	2,158,420	-	-	-	26,980	2,185,400
Financial assets at fair value through profit or loss	-	-	-	-	-	154,836	154,836
Pledged assets	450,000	33,353,780	4,032,701	14,549,492	297,442	1,497,378	54,180,793
Loans, after allowance for impairment losses	-	2,455	1,877	71,491	31,481	(9,486)	97,818
Investment securities available-for-sale	-	2,986,652	485,372	2,920,993	245,456	150,064	6,788,537
Investment in subsidiaries	-	-	-	-	-	344,015	344,015
Other assets	-	-	-	-	-	4,995,572	4,995,572
Total assets	450,000	38,501,307	4,519,950	17,541,976	574,379	7,159,359	68,746,971
Capital management and government securities funds	12,713,331	-	-	-	-	1,312	12,714,643
Securities sold under repurchase agreements	237,996	33,246,257	4,320,743	-	-	214,242	38,019,238
Other liabilities	-	-	-	-	-	4,610,978	4,610,978
Stockholders' equity	-	-	-	-	-	13,402,112	13,402,112
Total liabilities and stockholders' equity	12,951,327	33,246,257	4,320,743	-	-	18,228,644	68,746,971
Total interest rate sensitivity gap	(12,501,327)	5,255,050	199,207	17,541,976	574,379	(11,069,285)	-
Cumulative gap	(12,501,327)	(7,246,277)	(7,047,070)	10,494,906	11,069,285	-	-

	The Company 2014						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Total assets	2,467	45,892,359	4,342,128	13,276,351	3,811,704	4,956,275	72,281,284
Total liabilities and stockholders' equity	13,342,525	33,763,071	8,036,807	14,818	-	17,124,063	72,281,284
Total interest rate sensitivity gap	(13,340,058)	12,129,288	(3,694,679)	13,261,533	3,811,704	(12,167,788)	-
Cumulative gap	(13,340,058)	(1,210,770)	(4,905,449)	8,356,084	12,167,788	-	-

35. 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 %
Cash resources	-	0.11	-	-	-	0.11
Pledged assets	6.33	5.90	6.48	3.35	10.98	5.29
Loans, after allowance for impairment losses	-	0.42	6.71	6.37	7.55	6.58
Capital management and government securities fund	0.15	-	-	-	-	0.15
Investment securities available-for-sale	-	5.62	1.32	1.55	6.73	3.43
Securities sold under repurchase agreements	1.10	4.46	1.77	-	-	4.15

	2014					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
Cash resources	-	3.50	-	-	-	3.50
Financial assets at fair value through profit or loss	-	-	-	10.59	7.98	10.50
Pledged assets	12.75	6.37	5.91	6.62	6.87	6.41
Loans, after allowance for impairment losses	-	14.95	7.83	6.52	7.30	8.01
Capital management and government securities fund	0.17	-	-	-	-	0.17
Investment securities available-for-sale	-	7.91	6.15	5.00	5.25	5.55
Securities sold under repurchase agreements	1.63	5.17	5.28	2.15	-	5.16

35. 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 (continued):

	The Company					
	2015					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
Cash resources	-	0.11	-	-	-	0.11
Pledged assets	6.33	5.90	6.48	3.31	10.98	5.26
Loans, after allowance for impairment losses	-	0.42	6.71	6.37	7.55	6.58
Capital management and government securities funds	0.15	-	-	-	-	0.15
Investment securities available-for-sale	-	5.62	1.32	1.48	6.73	3.53
Securities sold under repurchase agreements	1.10	4.45	1.69	-	-	4.11

	2014					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
Cash resources	-	3.50	-	-	-	3.50
Financial assets at fair value through profit or loss	-	-	-	10.59	7.98	10.50
Pledged assets	12.75	6.38	6.01	6.62	6.85	6.42
Loans, after allowance for impairment losses	-	14.95	7.83	6.52	7.30	8.01
Capital management and government securities funds	0.17	-	-	-	-	0.17
Investment securities Available-for-sale	-	7.95	5.00	5.00	5.25	5.34
Securities sold under repurchase agreements	1.63	5.17	5.28	2.15	-	5.16

35. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

(1) 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.

(2) Yields are based on book values, net of allowance for credit losses and contractual interest rates.

(3) Yields are based on contractual interest rates.

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 basis as outlined below.

	2015	2014
JMD Interest rates	increase/decrease by 300 bps	increase/decrease by 450 bps
USD Interest rates	increase/decrease by 50 bps	increase/decrease by 250 bps

	The Group		The Company	
	2015	2014	2015	2014
Effect on profit or loss	170,147	283,063	170,147	283,063
Effect on shareholders' equity	525,143	1,021,946	525,143	1,021,946

(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.

35. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

The tables below summarise the Group's exposure to foreign currency risk:

	The Group					
	2015					
JMD Equivalent	JMD	USD	CAD	GBP	EUR	TOTAL
Assets:						
Cash resources	546,767	1,304,975	72,770	233,951	65,828	2,224,291
Financial assets at fair value through profit or loss	459,502	-	-	-	-	459,502
Pledged assets	36,821,224	16,631,219	81,163	217,956	-	53,751,562
Loans, after allowance for impairment losses	97,818	-	-	-	-	97,818
Investment securities	1,938,271	5,012,966	266,530	-	-	7,217,767
Other assets	3,413,195	1,657,733	17,770	2,295	6,289	5,097,282
Total assets	43,276,777	24,606,893	438,233	454,202	72,117	68,848,222
Liabilities:						
Securities sold under resale agreement	26,453,506	11,159,157	-	-	-	37,612,663
Capital management & Government securities funds	870,144	10,061,296	410,033	1,189,778	183,392	12,714,643
Other liabilities	2,379,821	2,809,746	27,176	(735,576)	(111,253)	4,369,914
Total liabilities	29,703,471	24,030,199	437,209	454,202	72,139	54,697,220
Net financial position	13,573,306	576,694	1,024	-	(22)	14,151,002

	2014					
JMD Equivalent	JMD	USD	CAD	GBP	EUR	TOTAL
Assets:						
Cash resources	571,861	1,370,427	22,433	100,464	859,299	2,924,484
Financial assets at fair value through profit or loss	521,822	5,516	-	-	-	527,338
Pledged assets	41,477,191	17,664,159	109,176	169,340	-	59,419,866
Investment securities	763,821	4,357,043	294,153	-	-	5,415,017
Loans, after allowance for impairment losses	110,226	-	-	-	-	110,226
Other assets	2,640,210	1,241,896	9,647	(506)	26,112	3,917,359
Total assets	46,085,131	24,639,041	435,409	269,298	885,411	72,314,290
Liabilities:						
Securities sold under repurchase agreement	30,151,648	11,871,211	-	-	-	42,022,859
Capital management & government securities funds	1,143,280	9,684,531	405,377	986,503	783,383	13,003,074
Other liabilities	965,584	3,128,085	28,289	(720,920)	102,051	3,503,089
Total liabilities	32,260,512	24,683,827	433,666	265,583	885,434	58,529,022
Net financial position	13,824,619	(44,786)	1,743	3,715	(23)	13,785,268

35. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

The tables below summarise the Group's exposure to foreign currency risk (continued):

	The Company					
	2015					
JMD Equivalent	JMD	USD	CAD	GBP	EUR	TOTAL
Assets:						
Cash resources	507,876	1,304,975	72,770	233,951	65,828	2,185,400
Financial assets at fair value through profit or loss	154,836	-	-	-	-	154,836
Pledged assets	36,821,224	17,060,450	81,163	217,956	-	54,180,793
Investment subsidiaries	344,015	-	-	-	-	344,015
Loans, after allowance for impairment losses	97,818	-	-	-	-	97,818
Investment securities	1,938,271	4,583,736	266,530	-	-	6,788,537
Other assets	2,941,467	2,027,751	17,770	2,295	6,289	4,995,572
Total assets	42,805,507	24,976,912	438,233	454,202	72,117	68,746,971
Liabilities:						
Securities sold under repurchase agreement	26,453,507	11,565,731	-	-	-	38,019,238
Capital management & government securities funds	870,144	10,061,296	410,033	1,189,778	183,392	12,714,643
Other liabilities	1,935,532	3,495,099	27,176	(735,576)	(111,253)	4,610,978
Total liabilities	29,259,183	25,122,126	437,209	454,202	72,139	55,344,859
Net financial position	13,546,324	(145,214)	1,024	-	(22)	13,402,112

	2014					
JMD Equivalent	JMD	USD	CAD	GBP	EUR	TOTAL
Assets:						
Cash resources	472,538	1,368,487	22,433	97,758	859,299	2,820,515
Financial assets at fair value through profit or loss	274,022	5,516	-	-	-	279,538
Pledged assets	41,667,561	17,983,392	109,176	169,340	-	59,929,469
Investment securities	573,451	4,037,810	294,153	-	-	4,905,414
Investment subsidiaries	443,307	-	-	-	-	443,307
Loans, after allowance for impairment losses	110,226	-	-	-	-	110,226
Other assets	2,227,304	1,527,551	9,647	2,201	26,112	3,792,815
Total assets	45,768,409	24,922,756	435,409	269,299	885,411	72,281,284
Liabilities:						
Securities sold under repurchase agreement	30,327,589	12,166,165	-	-	-	42,493,754
Capital management & government securities funds	1,143,280	9,684,531	405,377	986,503	783,383	13,003,074
Other liabilities	1,308,010	3,128,063	28,289	(720,920)	102,051	3,845,493
Total liabilities	32,778,879	24,978,759	433,666	265,583	885,434	59,342,321
Net financial position	12,989,530	(56,003)	1,743	3,716	(23)	12,938,963

35. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

The following significant exchange rates were applied during the period:

	Average rate for the year		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 following currencies at October 31 would have increased/(decreased) equity and profit by the amounts shown below. This analysis is performed on the same basis for 2014. The strengthening of the JMD against the same currencies at October 31 would have had the equal but opposite effect on the amounts shown, on the basis that all other variables remain constant.

	2015	2014
USD	increase/decrease by 3.00%	increase/decrease by 4.75%
CAD	increase/decrease by 5.50%	increase/decrease by 6.25%
GBP	increase/decrease by 8.50%	increase/decrease by 10.50%
EUR	increase/decrease by 8.25%	increase/decrease by 9.75%

	The Group		The Company	
	2015	2014	2015	2014
Effect on profit and shareholders' equity	24,603	84,151	21,003	80,173

(iii) Equity price risk

Equity price risk arises out of price fluctuations in the equity prices. The risk arises out of 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 characteristics of these instruments, the company limits the amount invested in them.

At the reporting date, the Group's and Company's equity portfolio was:

	2015	2014
Available-for-sale	102,000	5,610
Financial assets at fair value through profit or loss	-	12

35. Financial risk management (continued)

(c) Market risk (continued)

(iii) Equity price risk (continued)

Sensitivity to equity price movements

The equity portfolio was shocked by a 10% decrease and increase in stock prices based on holdings as at October 31, 2015. The sensitivity shock is based on the Institute of Chartered Accountants of Jamaica's proposed shift in equity prices. This analysis was performed on the same basis for 2014. The effect on the group's and company's profit and loss and equity are shown below.

	Profit or loss		Equity	
	Maximum increase	Maximum decrease	Maximum increase	Maximum decrease
31 October 2015	-	-	10,200	(10,200)
31 October 2014	1	(1)	562	(562)

(d) Liquidity risk

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 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 companies 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 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 payable (both interest and principal cash flows) of the Group's and the Company's financial liabilities based on contractual repayment obligations. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

35. Financial risk management (continued)

(d) Liquidity risk (continued)

	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:							
Securities sold under repurchase agreements	33,729,202	4,053,062	-	-	-	37,782,264	37,612,663
Capital management & government securities funds	12,714,643	-	-	-	-	12,714,643	12,714,643
Other liabilities	3,480,500	-	-	-	-	3,480,500	3,480,500
Total liabilities	49,924,345	4,053,062	-	-	-	53,977,407	53,807,806

	2014						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities:							
Securities sold under repurchase agreements	33,932,418	8,420,075	15,172	-	-	42,367,665	42,022,859
Capital management & government securities funds	13,003,074	-	-	-	-	13,003,074	13,003,074
Other liabilities	2,837,844	-	-	-	-	2,837,844	2,837,844
Total liabilities	49,773,336	8,420,075	15,172	-	-	58,208,583	57,863,777

	The Company						
	2015						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities:							
Amount due to subsidiaries	-	-	-	-	369,604	369,604	369,604
Securities sold under repurchase agreements	33,816,611	4,371,855	-	-	-	38,188,466	38,019,238
Capital management & government securities funds	12,714,643	-	-	-	-	12,714,643	12,714,643
Other liabilities	3,480,500	-	-	-	-	3,480,500	3,480,500
Total liabilities	50,011,754	4,371,855	-	-	369,604	54,753,213	54,583,985

	2014						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities:							
Amount due to subsidiaries	-	-	-	-	438,960	438,960	438,960
Securities sold under repurchase agreements	34,394,827	8,421,970	15,172	-	-	42,831,969	42,493,754
Capital management & government securities funds	13,003,074	-	-	-	-	13,003,074	13,003,074
Other liabilities	2,837,844	-	-	-	-	2,837,844	2,837,844
Total liabilities	50,235,745	8,421,970	15,172	-	438,960	59,111,847	58,773,632

36. 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 maximise 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.

Fair value hierarchy

The Group measures fair value using the following fair value hierarchy, which reflect 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 statements are noted below:

(i) Financial instruments classified as available-for-sale are measured at fair value by reference to quoted market prices when 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 price or broker quotes.

36. Fair value of financial instruments (continued)

Basis of valuation (continued)

(ii) Financial instruments classified as fair value through profit or loss: fair value is estimated by reference to quoted market prices when 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 variable rate financial instruments is assumed to approximate their carrying amounts.

(v) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans.

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.

(vi) The fair values of quoted equity investments are based on current bid prices. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

SCOTIA INVESTMENTS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

36. 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		
	Available-for-sale	At fair value through profit and loss	Total	Level 1	Level 2	Total
Financial assets measured at fair value:						
Quoted shares	102,000	-	102,000	102,000	-	102,000
Government securities	2,418,748	154,836	2,573,584	-	2,573,584	2,573,584
Treasury bills	266,529	-	266,529	-	266,529	266,529
Unitised funds	-	304,666	304,666	-	304,666	304,666
Corporate bonds	3,225,801	-	3,225,801	-	3,225,801	3,225,801
Credit linked note	1,204,689	-	1,204,689	-	1,204,689	1,204,689
	7,217,767	459,502	7,677,269	102,000	7,575,269	7,677,269
Pledged assets measured at fair value:						
Government securities	30,170,744	-	30,170,744	-	30,170,744	30,170,744
Unitised funds	1,079,386	-	1,079,386	-	1,079,386	1,079,386
Corporate bonds	9,402,762	-	9,402,762	-	9,402,762	9,402,762
	40,652,892	-	40,652,892	-	40,652,892	40,652,892

	Carrying amount	Fair value
Financial assets not measured at fair value:		
Cash resources	2,224,291	2,224,291
Loans, after allowance for impairment allowances	97,818	98,117
	2,322,109	2,322,408
Pledged assets not measured at fair value:		
Cash resources	6,574,111	6,574,111
Government securities	5,709,864	5,716,006
Loans, after allowance for impairment losses	814,695	814,695
	13,098,670	13,104,812

36. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued):

	The Group 2014					
	Carrying amount			Fair value		
	Available-for-sale	At fair value through profit and loss	Total	Level 1	Level 2	Total
Financial assets measured at fair value:						
Quoted shares	5,610	12	5,622	5,622	-	5,622
Government securities	5,115,254	5,517	5,120,771	-	5,120,771	5,120,771
Treasury bills	294,153	-	294,153	-	294,153	294,153
Unitised funds	-	247,800	247,800	-	247,800	247,800
Corporate bonds	-	274,009	274,009	-	274,009	274,009
	5,415,017	527,338	5,942,355	5,622	5,936,733	5,942,355
Pledged assets measured at fair value:						
Government securities	37,716,216	193,784	37,910,000	-	37,910,000	37,910,000
Unitised funds	29,031	-	29,031	-	29,031	29,031
Corporate bonds	1,085,236	-	1,085,236	-	1,085,236	1,085,236
Credit linked note	1,103,637	-	1,103,637	-	1,103,637	1,103,637
	39,934,120	193,784	40,127,904	-	40,127,904	40,127,904

	Carrying amount	Fair value
Financial assets not measured at fair value:		
Cash resources	2,924,484	2,924,484
Loans, after allowance for impairment allowances	110,226	110,228
	3,034,710	3,034,712
Pledged assets not measured at fair value:		
Cash resources	10,659,444	10,659,444
Securities purchased under resale agreements	225,064	225,064
Government securities	7,580,682	7,646,043
Loans, after allowance for impairment losses	826,772	826,772
	19,291,962	19,357,323

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36. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued):

	The Company					
	2015					
	Carrying amount			Fair value		
	Available-for-sale	At fair value through profit and loss	Total	Level 1	Level 2	Total
Financial assets measured at fair value:						
Quoted shares	102,000	-	102,000	102,000	-	102,000
Government securities	2,356,773	154,836	2,511,609	-	2,511,609	2,511,609
Treasury bills	266,529	-	266,529	-	266,529	266,529
Corporate bonds	2,858,546	-	2,858,546	-	2,858,546	2,858,546
Credit link note	1,204,689	-	1,204,689	-	1,204,689	1,204,689
	6,788,537	154,836	6,943,373	102,000	6,841,373	6,943,373
Pledged assets measured at fair value:						
Government securities	30,232,719	-	30,232,719	-	30,232,719	30,232,719
Unitised funds	1,079,386	-	1,079,386	-	1,079,386	1,079,386
Corporate bonds	9,770,018	-	9,770,018	-	9,770,018	9,770,018
Credit linked note	41,082,123	-	41,082,123	-	41,082,123	41,082,123

	Carrying amount	Fair value
Financial assets not measured at fair value:		
Cash resources	2,185,400	2,185,400
Loans, after allowance for impairment allowances	97,818	98,117
	2,283,218	2,283,517
Pledged assets not measured at fair value:		
Cash resources	6,574,111	6,574,111
Government securities	5,709,864	5,716,006
Loans, after allowance for impairment allowances	814,695	814,695
	13,098,670	13,104,812

36. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued):

	The Company					
	2014					
	Carrying amount			Fair value		
	Available-for-sale	At fair value through profit and loss	Total	Level 1	Level 2	Total
Financial assets measured at fair value:						
Quoted shares	5,610	12	5,622	5,622	-	5,622
Government securities	4,605,651	5,517	4,611,168	-	4,611,168	4,611,168
Treasury bills	294,153	-	294,153	-	294,153	294,153
Corporate bonds	-	274,009	274,009	-	274,009	274,009
	4,905,414	279,538	5,184,952	5,622	5,179,330	5,184,952
Pledged assets measured at fair value:						
Government securities	38,225,819	193,784	38,419,603	-	38,419,603	38,419,603
Unitised funds	29,031	-	29,031	-	29,031	29,031
Corporate bonds	1,085,236	-	1,085,236	-	1,085,236	1,085,236
Credit linked note	1,103,637	-	1,103,637	-	1,103,637	1,103,637
	40,443,723	193,784	40,637,507	-	40,637,507	40,637,507

	Carrying amount	Fair value
Financial assets not measured at fair value:		
Cash resources	2,820,515	2,820,515
Loans, after allowance for impairment allowances	110,226	110,228
	2,930,741	2,930,743
Pledged assets not measured at fair value:		
Cash resources	10,659,444	10,659,444
Securities purchased under resale agreements	225,064	225,064
Government securities	7,580,682	7,646,043
Loans after allowance for impairment allowances	826,772	826,772
	19,291,962	19,357,323

36. Fair value of financial instruments (continued)

Accounting classifications and fair values (continued):

There were no transfers between level 1 and 2 during the year.

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.

37. 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 securities dealer and banking licences.

The operations of the Group are subject to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency to meet unforeseen liabilities as these arise.

The Group manages its capital resources according to the following objectives:

- To comply with the capital requirements established by the regulators;
- To safeguard its ability to continue as a going concern, and meet future obligations to customers and stockholders;
- To provide adequate returns to stockholders by pricing investments commensurately with the level of risk; and
- To maintain a strong capital base to support the future development of the Group's operations.

The Company is subject to a regulator, which sets and monitors capital adequacy requirements. Required capital adequacy information is filed with the regulator at least quarterly.

Capital adequacy is reviewed by executive management, the audit committee and the board of directors. Based on the guidelines developed by the Financial Services Commission, the Company is required to:

- Hold the minimum level of regulatory capital; and
- Maintain a minimum ratio of total regulatory capital to risk weighted assets.

37. Capital risk management (continued)

Regulatory capital is divided into two tiers:

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

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 five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantee. 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 and the required ratios. During the year, the Company complied with all of the externally-imposed capital requirements to which it is subjected.

	The Company	
	Regulated by the FSC	
	2015	2014
Tier 1 capital	13,336,023	12,975,867
Tier 2 capital	24,615	24,615
	13,360,638	13,000,482
Less prescribed adjustment – Investment in subsidiaries	(43,726)	(142,326)
Total regulatory capital	13,316,912	12,858,156

	Regulated by the FSC	
	2015	2014
Risk weighted assets:		
On statement of financial position	27,828,901	24,488,255
Foreign exchange exposure	483,925	933,211
Total risk weighted assets	28,312,826	25,421,466
Actual regulatory capital to risk weighted assets	47.03%	50.58%
Regulatory requirement	10.00%	10.00%

37. Capital risk management (continued)

Capital adequacy requirements by the FSC involve a market risk measure for the designated trading book. Therefore, the risk weighted computation to determine the Group and Company's capital adequacy incorporates:

(i) a Risk Weighted Assets (RWA) credit risk charge; and

(ii) a Risk Weighted Assets (RWA) market risk charge.

38. Dividends

(a) Declared

	The Group and Company	
	2015	2014
In respect of 2013	-	190,438
In respect of 2014	190,438	571,313
In respect of 2015	571,313	-
	761,751	761,751

(b) Proposed

At the Board of Directors meeting on December 1, 2015 a dividend in respect of 2015 of $0.45 - per share (October 24, 2014 - $0.45 per share) amounting to a total of $190,438 (2014: $190,438) 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.

39. Commitments

Operating lease commitments:

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group and Company	
	2015	2014
Not later than one year	53,703	61,870
Later than one year and not later than five years	34,199	91,342
	87,902	153,212

40. 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 October 31, 2015, the Group had financial assets under administration of approximately $157,586,535 (2014: $138,167,368).

41. Related party transactions and balances

The Group is controlled by Scotia Group Jamaica Limited which owns 77.01% of the ordinary stock units. The remaining 29.99% of the stock units is 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. A number of investment transactions are entered into with related parties. These include loans, investment management and foreign currency transactions.

There were no related party transactions with the parent company other than the payment of dividends, management fees, guarantee fees, and the amount due to parent company.

No impairment allowances have been recognised in respect of loans given to related parties.

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

Related party credit facilities in excess of the limits of 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.

41. Related party transactions and balances (continued)

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

	The Group				
	Parent and fellow subsidiaries	Directors and key management personnel	Connected companies	Total 2015	Total 2014
Loans					
Loans outstanding at beginning of year	-	-	-	-	400
Net loans repaid during the year	-	-	-	-	(400)
Loans outstanding at end of year	-	-	-	-	-
Other					
Fees and commission earned	6,637	-	-	6,637	4,908
Securities sold under repurchase agreements	(2,776,067)	(5,324)	(59,150)	(2,840,541)	(2,835,424)
Interest paid on repurchase agreements	(188,288)	(128)	(1,233)	(189,649)	(219,099)
Capital management account & Government securities fund (CMA & GSF)	-	(87,920)	-	(87,920)	(98,391)
Interest paid on CMA & GSF	-	-	-	-	(297)
Interest earned on reverse repurchase agreements	-	-	-	-	1,757
Due from banks and other financial institutions	1,096,618	-	-	1,096,618	764,619
Interest earned from banks and other financial institutions	1,392	-	-	1,392	1,139
Term deposits	6,555,408	-	-	6,555,408	10,618,919
Interest earned on term deposits	155,758	-	-	155,758	178,435
Other investments	1,185,887	-	-	1,185,887	1,357,799
Interest earned on other investments	50,020	-	-	50,020	66,283
Management fees paid to parent company	(108,650)	-	-	(108,650)	(105,621)
Pension and ESOP fees received from parent company	134,644	-	-	134,644	122,230
Other operating expense	(5,772)	-	-	(5,772)	(3,099)

41. Related party transactions and balances (continued)

	The Company				
	Parent and Fellow subsidiaries	Directors and key management personnel	Connected companies	Total 2015	Total 2014
Loans					
Loans outstanding at beginning of year	-	-	-	-	400
Net loans repaid during the year	-	-	-	-	(400)
Loans outstanding at end of year	-	-	-	-	-
Other					
Fees and commission earned	6,637	-	-	6,637	4,908
Securities sold under repurchase agreements	(3,181,998)	(5,324)	(59,150)	(3,246,472)	(3,299,728)
Interest paid on repurchase agreements	(191,547)	(128)	(1,233)	(192,908)	(228,150)
Capital management account & Government securities funds (CMA & GSF)	-	(87,920)	-	(87,920)	(98,391)
Interest paid on CMA & GSF	-	(150)	-	(150)	(297)
Interest earned on reverse repurchase agreements	-	-	-	-	1,757
Due from banks and other financial institutions	1,057,727	-	-	1,057,727	764,619
Interest earned from banks and other financial institutions	1,392	-	-	1,392	1,139
Term deposits	6,555,408	-	-	6,555,408	10,618,919
Interest earned on term deposits	155,758	-	-	155,758	178,435
Other investments	1,185,887		-	1,185,887	1,357,799
Interest earned on other investments	50,020	-	-	50,020	66,283
Management fees paid to parent company	(87,619)	-	-	(87,619)	(84,705)
Pension and ESOP fees received from parent company	134,644	-	-	134,644	122,230
Dividend income	550,289	-	-	550,289	100,053
Other operating expense	(17,555)	-	-	(17,555)	(3,099)

	The Group and Company	
	2015	2014
Key management compensation:		
Salaries and other short term benefits	148,068	131,281

42. 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 the financial position and financial performance.

43. 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 Assets Tax (Specified Bodies) 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 financial 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 statements of financial position

	The Group					
	2014			2013		
	As previously reported	Effect of prior year adjustments	As restated	As previously reported	Effect of prior year adjustments	As restated
Other liabilities	639,115	(144,576)	494,539	550,213	(86,599)	463,614
Unappropriated profits	11,768,233	144,576	11,912,809	10,740,318	86,599	10,826,917

	The Company					
	2014			2013		
	As previously reported	Effect of prior year adjustments	As restated	As previously reported	Effect of prior year adjustments	As restated
Other liabilities	586,160	(144,402)	441,758	507,947	(86,513)	421,434
Unappropriated profits	10,919,562	144,402	11,063,964	10,140,439	86,513	10,226,952

(ii) Effects on the statements of revenue and expenses

	The Group		
	2014		
	As previously reported	Effect of prior year adjustments	As restated
Operating expenses	1,626,141	(57,977)	1,568,164
Profit for the year	1,789,666	57,977	1,847,643

	The Company		
	2014		
	As previously reported	Effect of prior year adjustments	As restated
Operating expenses	1,537,205	(57,889)	1,479,316
Profit for the year	1,540,874	57,889	1,598,763

43. Restatement of comparative financial information (continued)

(b) Other than restatement of comparatives, there was no effect on the statement of cash flows for the year ended October 31, 2014.

notes

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