

# MEDIA RELEASE

June 9, 2016

## SCOTIA GROUP JAMAICA REPORTS 2016 SECOND QUARTER FINANCIAL RESULTS

### YEAR TO DATE 2016 HIGHLIGHTS

- Net Income of \$4.98 billion
- Net Income available to common shareholders of \$4.88 billion
- Earnings per share of \$1.57
- Return on Average Equity of 11.26%
- Productivity ratio of 60.58%
- Year to date dividends of \$0.84 per share
- Shareholders' Equity of \$88.3 billion

### SECOND QUARTER 2016 HIGHLIGHTS

- Net Income of \$3 billion
- Net Income available to common shareholders of \$2.94 billion
- Earnings per share of \$0.95
- Return on Average Equity of 13.46%
- Productivity ratio of 57.01%
- Second quarter dividend of 42 cents per share

Scotia Group reports net income of \$4.98 billion and total comprehensive income of \$5.84 billion for the six months ended April 30, 2016. This represents an increase in net income of \$1.13 billion or 29%, and in total comprehensive income of \$1.34 billion compared to the period ended April 30, 2015. Net Income for this second quarter was \$3 billion, representing a \$1 billion increase over the first quarter ended January 31, 2016, as the impact of the asset tax totaling \$956 million was recorded in the first quarter. The year to date return on average equity was 11.26% compared to 9.71% for the period ended April 30, 2015.

The Board of Directors today approved a second interim dividend of 42 cents per stock unit payable on July 21, 2016, to stockholders on record at June 29, 2016.

Jackie Sharp, President & CEO said, "We are pleased with the performance of the Group, as we continue to focus on meeting our customer's needs, while taking the necessary action to restructure our business and manage costs. Total operating revenues for the Group increased \$1.2 billion or 7% year over year, while operating expenses reduced by \$311 million or 3%. The success in these key performance indicators translates into positive operating leverage and improved productivity ratios, which is reflected in the increased net income attributable to shareholders of \$4.9 billion, an increase of 29% over prior year.

We experienced good volume growth in all our business lines, and we continued to have steady growth in our customer base. We have also seen increased customer satisfaction, particularly with respect to our branch service and our alternate delivery channels, which provide greater convenience and flexibility. Year over year, our online banking usage is up by 36%, ATM usage is up 8%, Point of Sale usage is up by 25%; and the number of mobile banking users is up by 68%. We will continue to make investments to improve these channels to create better experiences for our customers."



Scotia Group Jamaica Limited

For further information contact: Shirley Ramsaran, Vice President and Chief Financial Officer

• Email: [shirley.ramsaran@scotiabank.com](mailto:shirley.ramsaran@scotiabank.com)



## GROUP FINANCIAL PERFORMANCE

### TOTAL REVENUES

Total revenues excluding impairment losses on loans for the six months ended April 30, 2016 was \$18.9 billion, an increase of \$1.13 billion over prior year, driven by increased volumes countering the impact of reduced margins, and improved non-interest revenue. The diversified earning streams for the Group continues to provide sustainable revenues from each business line as outlined below:

J\$ Million	Q2/2016 Revenue	% Contribution
Treasury	1,627	9%
Retail Banking	8,869	47%
Corporate Banking	4,075	21%
Investment Management Services	1,563	8%
Insurance Services	2,387	13%
Other	337	2%
<b>Total Revenue</b>	<b>18,858</b>	<b>100%</b>

### NET INTEREST INCOME AFTER IMPAIRMENT LOSSES

Net interest income after impairment losses for the period was \$11.79 billion, \$401 million above the same period in 2015. This was primarily due to growth in net interest income of \$372 million, resulting from lower levels of wholesale funding. The Group also reported strong growth in loan volumes, particularly our Residential Mortgages, Consumer and Small Business portfolios to offset the reductions in net interest margins due to lower market interest rates and the competitive environment. We continue to experience reduced impairment losses on loans due to our strong risk management framework.

### OTHER REVENUE

Other revenue for the six months amounted to \$6.5 billion, an increase of \$758 million or 13.29% compared to the same period ended April 30, 2015. This was due to growth in net fee and commission income from increased transaction volumes on our credit card and merchant service business segments, as well as higher foreign currency gains.



Scotia Group Jamaica Limited

## **OPERATING EXPENSES AND PRODUCTIVITY**

Operating Expenses for the six months ended April 30, 2016 amounted to \$10.8 billion, a decrease of \$311 million or 2.8% compared to prior year. This was due primarily to a decline in asset tax of \$330 million as the rate for regulated insurance companies moved from 100bps to 25bps; correspondingly the corporate income tax rate for these entities was increased from 15% to 25%. Salary related expenses declined by \$240 million, which was offset against higher operating expenses of \$282 million. Our productivity ratio was 60.58% for 2016, compared to 66.35% for the same period as at April 30, 2015.

## **GROUP FINANCIAL CONDITION**

### **ASSETS**

Total assets increased year over year by \$36.3 billion or 8.79% to \$450 billion as at April 30, 2016. The growth was primarily attributable to increases of \$9.7 billion or 6.57% in Loans, net of allowance for impairment losses, \$20.5 billion or 8.84% in cash resources, investments and pledged assets, and \$7.3 billion in other assets resulting from a higher retirement benefit asset on our defined benefit plan pension scheme.

Loans, after allowance for impairment losses amounted to \$157.2 billion as at April 30, 2016. Non-performing loans (NPLs) at April 30, 2016 totaled \$4.5 billion, representing 2.8% of total gross loans down from 3.26 % last year, and marginally below 2.9% as at January 31, 2016. The Group's aggregate loan loss provision as at April 30, 2016 was \$5.1 billion, representing over 100% coverage of the total non-performing loans.

### **LIABILITIES**

Total customer liabilities represented by deposits, securities sold under repurchase agreements, and policyholders' funds grew to \$328.8 billion, an increase of \$19.9 billion or 6.45% compared to April 30, 2015. A significant portion of the growth was reflected in core deposits, which grew by 11.77% year over year, as customers continue to reflect confidence in the strength of the Group. Our securities sold under repurchase agreements declined in keeping with our strategy of reducing our repo business and instead position Scotia Investments as the premier institution for mutual funds and asset management. As at the end of April 30, 2016, our funds under management grew by 13.3% to \$117.5 billion year over year.

### **CAPITAL**

Shareholders' equity available to common shareholders grew to \$88.3 billion, increasing by \$9.94 billion or 12.68% over April 30, 2015 as a result of internally generated profits. We continue to exceed regulatory capital requirements in all our business lines, and our strong capital position also enables us to manage increased capital adequacy requirements in the future, and take advantage of growth opportunities.



Scotia Group Jamaica Limited

## OUR COMMITMENT TO THE COMMUNITY

During the quarter, Scotiabank made donations totaling \$15.2 million to support projects through the ScotiaFoundation and its island wide branch network.

In Student Care, the Foundation contributed \$7.6 million to fund the Scotiabank Chair in Entrepreneurship at the University of Technology and ScotiaFoundation Shining Star Scholarships at the secondary and tertiary levels for continuing scholars.

In Community Care, the Foundation also made donations totaling \$7 million in support of several charitable organizations, including \$2.5 million for the University of the West Indies Special Projects.

In Health Care the Foundation spent \$650,000 on its Scoliosis and Spine Care Fundraiser.

On International Women's Day – March 8, Scotiabank held its second annual Girls Empowered for Motherhood and Success, GEMS, Conference for 500 teen mothers and girls at risk at the Jamaica Conference Center. The girls were brought in from the 13 locations of the Women's Center Foundation island-wide as well as from several children's homes and the Young Women's Christian Association. The conference was the culmination of 7 weeks of training in career success for the girls at the Women's Center Foundation. The training was jointly executed by Junior Achievement Jamaica and over 100 ScotiaVolunteers.

The Scotiabank/Jamaica Cricket Association Prep School Cricket Competition kicked off on April 26, 2016 at the Lucas Cricket Club. The competition will see 48 teams from across three counties vying to become the 2016 champion. The sponsorship purse for this activation increased by 25% to \$5 million.

Scotia Group Jamaica takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in us. Our continued success for over 126 years of unbroken service to Jamaica is as a result of the great execution by our team of skilled and dedicated employees, and we thank them for their professionalism and commitment.



Scotia Group Jamaica Limited

Scotia Group Jamaica Limited  
Consolidated Statement of Revenue and Expenses  
Period ended April 30, 2016

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2016	January 2016	April 2015	April 2016	April 2015
Interest Income	7,424,611	7,539,248	7,376,253	14,963,859	15,004,806
Interest Expense	(1,257,689)	(1,306,810)	(1,432,530)	(2,564,499)	(2,977,738)
Net Interest Income	6,166,922	6,232,438	5,943,723	12,399,360	12,027,068
Impairment losses on loans	(351,781)	(256,804)	(292,948)	(608,585)	(637,152)
Net interest income after impairment losses	5,815,141	5,975,634	5,650,775	11,790,775	11,389,916
Net fee and commission income	1,861,563	1,755,125	1,624,289	3,616,688	3,203,283
Insurance revenue	750,304	549,963	761,842	1,300,267	1,286,531
Net gains on foreign currency activities	820,367	615,159	278,863	1,435,526	1,025,377
Net gains / (losses) on financial assets	194,114	(104,077)	101,860	90,037	172,145
Other revenue	6,056	10,156	12,885	16,212	13,747
	3,632,404	2,826,326	2,779,739	6,458,730	5,701,083
<b>Total Operating Income</b>	<b>9,447,545</b>	<b>8,801,960</b>	<b>8,430,514</b>	<b>18,249,505</b>	<b>17,090,999</b>
<b>Operating Expenses</b>					
Salaries and staff benefits	2,626,351	2,495,882	2,689,715	5,122,233	5,362,061
Property expenses, including depreciation	525,034	435,240	500,415	960,274	994,327
Amortisation of intangible assets	39,043	22,169	24,329	61,212	49,920
Asset tax	-	956,448	(9,336)	956,448	1,286,208
Other operating expenses	2,044,764	1,670,577	1,607,506	3,715,341	3,433,686
	5,235,192	5,580,316	4,812,629	10,815,508	11,126,202
<b>Profit before taxation</b>	<b>4,212,353</b>	<b>3,221,644</b>	<b>3,617,885</b>	<b>7,433,997</b>	<b>5,964,797</b>
Taxation	(1,198,289)	(1,260,521)	(1,252,626)	(2,458,810)	(2,119,513)
<b>Profit for the period</b>	<b>3,014,064</b>	<b>1,961,123</b>	<b>2,365,259</b>	<b>4,975,187</b>	<b>3,845,284</b>
<b>Attributable to:-</b>					
Equityholders of the Company	2,941,156	1,939,116	2,298,136	4,880,272	3,752,578
Non-Controlling Interest	72,908	22,007	67,123	94,915	92,706
Earnings per share (cents)	95	62	74	157	121
Return on average equity (annualized)	13.46%	9.04%	11.84%	11.26%	9.71%
Return on assets (annualized)	2.61%	1.77%	2.22%	2.17%	1.81%
Productivity ratio	57.01%	64.44%	58.53%	60.58%	66.35%

Scotia Group Jamaica Limited  
Consolidated Statement of Comprehensive Income  
Period ended April 30, 2016

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2016	January 2016	April 2015	April 2016	April 2015
<b>Profit for the period</b>	3,014,064	1,961,123	2,365,259	4,975,187	3,845,284
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of defined benefit plan / obligations	(119,194)	445,022	752,566	325,828	929,015
Taxation	39,732	(148,341)	(250,856)	(108,609)	(309,672)
	(79,462)	296,681	501,710	217,219	619,343
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Unrealised gains / (losses) on available for sale assets	544,076	293,882	(135,515)	837,958	37,832
Realised (gains) / losses on available for sale assets	(8,041)	7,112	(20,220)	(929)	(40,980)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivable	-	-	6,715	-	12,918
	536,035	300,994	(149,020)	837,029	9,770
Taxation	(155,513)	(38,310)	49,100	(193,823)	23,833
	380,522	262,684	(99,920)	643,206	33,603
<b>Other comprehensive income, net of tax</b>	301,060	559,365	401,790	860,425	652,946
<b>Total comprehensive income for the period</b>	3,315,124	2,520,488	2,767,049	5,835,612	4,498,230
<b>Attributable to:-</b>					
Equityholders of the Company	3,212,578	2,480,790	2,706,444	5,693,368	4,399,600
Non-Controlling Interest	102,546	39,698	60,605	142,244	98,630



**SCOTIA GROUP JAMAICA LTD**  
**Consolidated Statement of Financial Position**  
**April 30, 2016**

Unaudited	April 30, 2016	October 31, 2015	April 30, 2015
(\$ Thousands)			
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	88,795,387	79,229,042	73,444,860
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	636,365	844,397	880,128
<b>INVESTMENT SECURITIES</b>	114,147,097	105,436,140	101,747,485
<b>PLEGDED ASSETS</b>	49,725,315	54,040,788	56,959,337
<b>GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS</b>	-	150,058	901,166
<b>LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES</b>	157,245,512	154,499,373	147,550,297
<b>OTHER ASSETS</b>			
Customers' liability under acceptances, guarantees and letters of credit	11,678,057	10,693,915	7,880,959
Property, plant and equipment	5,342,469	5,337,996	5,398,204
Deferred taxation	36,609	29,125	2,546
Taxation recoverable	1,967,476	3,238,782	2,594,027
Retirement benefit asset	17,435,445	16,690,244	13,258,421
Other assets	1,899,259	1,523,568	1,870,835
Intangible assets	1,174,479	1,218,517	1,231,435
	<u>39,533,794</u>	<u>38,732,147</u>	<u>32,236,427</u>
<b>TOTAL ASSETS</b>	<b>450,083,470</b>	<b>432,931,945</b>	<b>413,719,700</b>
<b>LIABILITIES</b>			
Deposits by the public	226,081,396	209,461,602	202,263,828
Amounts due to banks and other financial institutions	11,143,052	11,027,273	11,179,250
	<u>237,224,448</u>	<u>220,488,875</u>	<u>213,443,078</u>
<b>OTHER LIABILITIES</b>			
Acceptances, guarantees and letters of credit	11,678,057	10,693,915	7,880,959
Securities sold under repurchase agreements	33,610,920	39,832,452	40,238,142
Capital management and government securities funds	14,204,905	12,714,643	11,656,498
Deferred taxation	5,946,369	5,531,012	4,071,088
Retirement benefit obligation	2,901,054	2,735,526	4,048,259
Other liabilities	8,874,391	9,095,688	6,995,623
	<u>77,215,696</u>	<u>80,603,236</u>	<u>74,890,569</u>
<b>POLICYHOLDERS' LIABILITIES</b>	<b>43,781,460</b>	<b>43,112,279</b>	<b>43,571,213</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,248,591	3,248,591	3,248,591
Retained earnings reserve	22,791,770	20,591,770	18,591,770
Capital reserve	9,383	9,383	9,383
Loan loss reserve	3,224,529	3,204,491	3,288,005
Other reserves	12,892	12,892	12,892
Cumulative remeasurement result from available for sale assets	771,129	175,252	137,736
Unappropriated profits	51,708,758	51,445,043	46,536,392
	<u>88,336,862</u>	<u>85,257,232</u>	<u>78,394,579</u>
<b>Non-controlling interest</b>	<b>3,525,004</b>	<b>3,470,323</b>	<b>3,420,261</b>
	<u>91,861,866</u>	<u>88,727,555</u>	<u>81,814,840</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>450,083,470</b>	<b>432,931,945</b>	<b>413,719,700</b>

Director

Director

SCOTIA GROUP JAMAICA LIMITED  
Consolidated Statement of Changes in Shareholders' Equity  
April 30, 2016

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Remeasurement result Capital from Available for Sale Reserves financial assets	Loan Loss Reserve	Other Reserves	Unappropriated Profits	Total	Non-controlling Interest	Total Equity	
<b>Balance as at 31 October 2014</b>	6,569,810	3,248,591	16,591,770	9,383	101,566	3,202,002	12,892	46,748,239	76,484,253	3,409,194	79,893,447
Net Profit	-	-	-	-	-	-	-	3,752,578	3,752,578	92,706	3,845,284
<b>Other Comprehensive Income</b>											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	619,343	619,343	-	619,343
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	46,564	-	-	46,564	46,564	5,913	52,477
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(25,517)	-	-	(25,517)	(25,517)	(1,969)	(27,486)
reclassified to loans and receivables	-	-	-	-	6,632	-	-	6,632	6,632	1,980	8,612
<b>Total Comprehensive Income</b>	-	-	-	-	27,679	-	-	4,371,921	4,399,600	98,630	4,498,230
<b>Transfers between reserves</b>											
Transfer to Retained Earnings Reserve	-	-	2,000,000	-	-	-	-	(2,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	86,003	-	(86,003)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	8,491	-	-	(8,491)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(2,489,274)	(2,489,274)	(87,563)	(2,576,837)
<b>Balance as at 30 April 2015</b>	6,569,810	3,248,591	18,591,770	9,383	137,736	3,288,005	12,892	46,536,392	78,394,579	3,420,261	81,814,840
<b>Balance as at 31 October 2015</b>	6,569,810	3,248,591	20,591,770	9,383	175,252	3,204,491	12,892	51,445,043	85,257,232	3,470,323	88,727,555
Net Profit	-	-	-	-	-	-	-	4,880,272	4,880,272	94,915	4,975,187
<b>Other Comprehensive Income</b>											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	217,219	217,219	-	217,219
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	595,399	-	-	595,399	595,399	48,365	643,764
Realised losses on available-for-sale securities, net of taxes	-	-	-	-	478	-	-	478	478	(1,036)	(558)
<b>Total Comprehensive Income</b>	-	-	-	-	595,877	-	-	5,097,491	5,693,368	142,244	5,835,612
<b>Transfers between reserves</b>											
Transfer to Retained Earnings Reserve	-	-	2,200,000	-	-	-	-	(2,200,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	20,038	-	(20,038)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(2,613,738)	(2,613,738)	(87,563)	(2,701,301)
<b>Balance as at 30 April 2016</b>	6,569,810	3,248,591	22,791,770	9,383	771,129	3,224,529	12,892	51,708,758	88,336,862	3,525,004	91,861,866



Scotia Group Jamaica Limited  
Condensed Statement of Consolidated Cash Flows  
Period ended April 30, 2016

Unaudited (\$ Thousands)	2016	2015
<b>Cash flows provided by / (used in) operating activities</b>		
Profit for the period	4,975,187	3,845,284
Items not affecting cash:		
Depreciation	246,842	253,936
Impairment losses on loans	608,585	637,152
Amortisation of intangible assets	61,212	49,920
Taxation	2,458,810	2,119,513
Net interest income	(12,399,360)	(12,027,068)
(Gain) / loss on disposal of property	-	(7,513)
	<u>(4,048,724)</u>	<u>(5,128,776)</u>
Changes in operating assets and liabilities		
Loans	(3,329,924)	(2,460,166)
Deposits	18,099,517	10,165,313
Policyholders reserve	669,181	261,642
Securities sold under repurchase agreement	(6,172,284)	(7,443,733)
Financial assets at fair value through profit and loss	208,044	98,755
Interest received	15,096,285	15,131,523
Interest paid	(2,591,653)	(3,122,423)
Taxation paid	(2,665,245)	(1,656,731)
Amounts with parent and fellow subsidiaries	729,635	(731,340)
Other	703,466	(650,855)
	<u>16,698,298</u>	<u>4,463,209</u>
<b>Cash flows provided by / (used in) investing activities</b>		
Investments and pledged assets	(3,406,676)	(15,043,631)
Purchase of property, plant, equipment and intangibles	(268,490)	(372,599)
Proceeds on sale of property, plant and equipment	-	9,013
	<u>(3,675,166)</u>	<u>(15,407,217)</u>
<b>Cash flows used in financing activities</b>		
Dividends paid	(2,701,301)	(2,576,837)
	<u>(2,701,301)</u>	<u>(2,576,837)</u>
Effect of exchange rate on cash and cash equivalents	784,831	283,167
Net change in cash and cash equivalents	11,106,662	(13,237,678)
Cash and cash equivalents at beginning of year	36,354,598	45,384,028
<b>Cash and cash equivalents at end of period</b>	<b><u>47,461,260</u></b>	<b><u>32,146,350</u></b>
<b>Represented by :</b>		
Cash resources	88,795,387	73,444,860
Less statutory reserves at Bank of Jamaica	(23,930,051)	(20,893,358)
Less amounts due from Bank of Jamaica greater than ninety days	(880,000)	(2,950,000)
Less amounts due from other banks greater than ninety days	(16,569,985)	(17,954,609)
Less accrued interest on cash resources	(32,043)	(54,181)
Pledged assets and repurchase agreements assets less than ninety days	2,335,245	2,563,410
Cheques and other instruments in transit, net	(2,257,293)	(2,009,772)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>47,461,260</u></b>	<b><u>32,146,350</u></b>

# SCOTIA GROUP JAMAICA LIMITED

## Segment Reporting Information

### Consolidated Statement of Income

April 30, 2016

Unaudited

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	1,837,565	9,260,231	3,546,007	1,564,716	2,321,547	328,024	-	18,858,090
Revenues from other segments	(210,272)	(390,957)	529,330	(2,164)	65,085	15,073	(6,095)	-
<b>Total Revenues</b>	<b>1,627,293</b>	<b>8,869,274</b>	<b>4,075,337</b>	<b>1,562,552</b>	<b>2,386,632</b>	<b>343,097</b>	<b>(6,095)</b>	<b>18,858,090</b>
Expenses	(377,916)	(6,451,414)	(2,995,427)	(896,251)	(650,403)	(15,523)	(37,159)	(11,424,093)
<b>Profit Before Tax</b>	<b>1,249,377</b>	<b>2,417,860</b>	<b>1,079,910</b>	<b>666,301</b>	<b>1,736,229</b>	<b>327,574</b>	<b>(43,254)</b>	<b>7,433,997</b>
Taxation								(2,458,810)
<b>Profit for the year</b>								<b>4,975,187</b>

### Consolidated Balance Sheet

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	128,096,797	103,447,135	71,259,025	68,626,370	57,312,731	20,859,237	(18,885,910)	430,715,385
Unallocated assets								19,368,085
<b>Total Assets</b>								<b>450,083,470</b>
Segment liabilities	1,503,761	136,339,614	118,152,408	54,193,275	44,363,815	72,386	(10,119,892)	344,505,367
Unallocated liabilities								13,716,237
<b>Total liabilities</b>								<b>358,221,604</b>
<b>Other Segment items:</b>								
Capital Expenditure	-	175,869	78,226	10,992	3,403	-	-	268,490
Impairment losses on loans	-	701,433	(76,109)	(16,739)	-	-	-	608,585
Depreciation and amortisation	-	158,022	79,529	66,437	4,066	-	-	308,054

## SCOTIA GROUP JAMAICA LIMITED

### Segment Reporting Information

### Consolidated Statement of Income

April 30, 2015

Unaudited

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	1,565,221	8,282,018	3,314,682	1,689,355	2,412,825	464,050	-	17,728,151
Revenues from other segments	(132,854)	(446,446)	546,670	(20,229)	70,185	9,882	(27,208)	-
<b>Total Revenues</b>	<b>1,432,367</b>	<b>7,835,572</b>	<b>3,861,352</b>	<b>1,669,126</b>	<b>2,483,010</b>	<b>473,932</b>	<b>(27,208)</b>	<b>17,728,151</b>
Expenses	(329,892)	(6,214,141)	(3,123,189)	(971,176)	(1,059,729)	(18,877)	(46,350)	(11,763,354)
<b>Profit Before Tax</b>	<b>1,102,475</b>	<b>1,621,431</b>	<b>738,163</b>	<b>697,950</b>	<b>1,423,281</b>	<b>455,055</b>	<b>(73,558)</b>	<b>5,964,797</b>
Taxation								(2,119,513)
<b>Profit for the year</b>								<b>3,845,284</b>

### Consolidated Balance Sheet

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	107,301,888	93,292,484	68,884,783	68,225,079	54,735,538	24,610,188	(18,554,472)	398,495,488
Unallocated assets								15,224,212
<b>Total Assets</b>								<b>413,719,700</b>
Segment liabilities	4,794,543	117,417,652	109,509,107	54,341,752	44,213,555	116,436	(9,892,973)	320,500,072
Unallocated liabilities								11,404,788
<b>Total liabilities</b>								<b>331,904,860</b>
<b>Other Segment items:</b>								
Capital Expenditure	-	226,822	139,570	4,589	1,618	-	-	372,599
Impairment losses on loans	-	589,390	49,718	(1,956)	-	-	-	637,152
Depreciation and amortisation	-	162,889	81,337	55,072	4,558	-	-	303,856

**SCOTIA GROUP JAMAICA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2016**

**1. Identification**

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

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

**2. Basis of presentation**

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual audited consolidated financial statements for the year ended October 31, 2015, which was prepared in accordance with International Financial Reporting Standards (IFRS). There were no new and revised IFRS standards that had a material impact on the 2016 interim financial statements.

These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

**Basis of consolidation**

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

**3. Financial Assets**

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

Financial Assets at Fair Value through Profit and Loss

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

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.

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.

Available-for-sale

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

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

**SCOTIA GROUP JAMAICA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2016**

**4. Pledged Assets**

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

(\$ Millions)

	<u>2016</u>	<u>2015</u>
Investments pledged as collateral for securities sold under repurchase agreements	31,565	38,730
Capital Management and Government Securities funds	11,340	8,895
Securities with regulators, clearing houses and other financial institutions	<u>6,820</u>	<u>9,334</u>
	<u>49,725</u>	<u>56,959</u>

**5. Insurance and investment contracts**

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

**6. Loan loss provision**

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

**7. Property, plant and equipment**

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

**8. Cash and cash equivalents**

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

**9. Employee benefits**

The Group operates both defined benefit and defined contribution pension plans. The assets of the plans are held in separate trustee-administered funds. The pension plans are funded by contributions from employees and by the relevant group companies, taking into account the recommendations of qualified actuaries.

**Defined Benefit Plan:**

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets.

**SCOTIA GROUP JAMAICA LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2016**

**9. Employee benefits (continued)**

**Defined Benefit Plan:**

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

**Other post-retirement obligations:**

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

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

**10. Segment reporting**

The Group is organized into six main business segments:

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

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

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

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



**SCOTIA GROUP JAMAICA LIMITED**  
**SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES**  
**QUARTERLY REPORT AS AT 30 APRIL 2016**

DIRECTORS	HOLDINGS AS AT 30 APRIL 2016
<b>ALEXANDER, BARBARA ANN</b>	<b>108,000</b>
<i>BEFORE ANN AFTER LIMITED</i>	0
<i>FORRESTER, TERRENCE EVERTON ST. GEORGE</i>	0
<i>GOFFE, GAVIN</i>	0
<i>GOLDSON, PETER</i>	0
<i>KELMAN, CHRISTOPHER</i>	402
<i>SCARLETT-LOZER, ANDREA</i>	0
<i>MINOTT, NORMAN OLIVER/MINOTT, ELAN ANYA</i>	1,900
<i>MINOTT-PHILLIPS, SANDRA/PHILLIPS. LUKE</i>	720
<i>PHILLIPS BLACK, GINA</i>	0
<i>REID, HILARY</i>	2,130
<i>SCARLETT-LOZER, ANDREA</i>	0
<i>WONG, MALIACA</i>	0
<b>BOWEN, BRUCE FRANCIS</b>	<b>39,550</b>
<i>BOWEN, KATHRYN</i>	0
<i>BOWEN, MACKENZIE</i>	0
<i>FERNANDO-BOWEN, SUZANNE</i>	0
<b>CHANG, ANTHONY VERNON</b>	<b>3,274</b>
<i>CHANG, ERIN ELIZABETH</i>	0
<i>CHANG, MATTHEW ANTHONY</i>	0
<b>HALL, JEFFREY MCGOWAN</b>	<b>0</b>
<i>HALL, JEFFREY MCGOWAN/CHUA, DR. SWEE TEEN</i>	40,000
<i>HALL, JEI HAN CHUA</i>	0
<i>HALL, LI HAN</i>	0
<i>JAMAICA PRODUCERS GROUP LTD</i>	0
<b>JOHNSTON, CHARLES HENRY ALFRED</b>	<b>2,328</b>
<i>JOHNSTON, LIAM</i>	0
<i>McGREGOR-JOHNSTON, LISA</i>	9,800
<b>MATALON, JOSEPH MAYER</b>	<b>0</b>
<i>BRITISH CARIBBEAN INSURANCE CO. LTD.</i>	4,566,394
<i>ICD GROUP LIMITED</i>	0
<i>MATALON, ALI SARA BLANCHE</i>	0
<i>MELHADO-MATALON, TRACEY ANN</i>	0
<i>WIHCON PROPERTIES LIMITED</i>	0

<b>SHARP, JACQUELINE</b>	<b>81,023</b>
<i>SHARP, ALEXANDER</i>	0
<i>SHARP, JACQUELINE /SHARP, JASON</i>	138,000
<i>SHARP, LAUREN</i>	0
<b>SMITH, EVELYN</b>	<b>0</b>

*Note*

*Sylvia Chrominska resigned as Chairman of the Board of Directors 4  
March 2016*

**SCOTIA GROUP JAMAICA LIMITED**  
**SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES**  
**QUARTERLY REPORT AS AT 30 APRIL 2016**

SENIOR MANAGERS	HOLDINGS AS AT 30 APRIL 2016
<b>BRIGHT, ALSTON CARL</b>	<b>123,300</b>
<b>BROWN, JAMES 'JIM' MCKENZIE</b>	<b>0</b>
<i>BOYD, LESLI ELAINE</i>	0
<i>BOYD-BROWN, ZACHARY JAMES</i>	0
<b>DISTANT, STEVE</b>	<b>125,029</b>
<i>DISTANT,VERNA ROSE</i>	0
<b>FORBES-PATRICK, YANIQUE</b>	<b>0</b>
<b>HANSON, DONOVAN ALFREDO</b>	<b>0</b>
<i>HANSON,DONOVAN/HANSON, CAMILLE JULIE-KAY</i>	188,995
<i>HANSON, CARISSA</i>	0
<b>HARVEY VINCENT AGUSTUS</b>	<b>9,045</b>
<i>HARVEY, GAIL ROSALEE/ HARVEY, VINCENT A.</i>	2,600
<i>HARVEY, STEPHEN VINCENT</i>	0
<i>HARVEY, VINCENT/ HARVEY, GAIL</i>	6,700
<i>HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER-JOHN MCDONALD</i>	1,000
<b>HENRY, WAYNE</b>	<b>0</b>
<i>FAMILY LIFE MINISTRIES</i>	0
<i>HENRY, GABRIELLE ABIGAIL</i>	0
<i>HENRY, JOSHUA WAYNE</i>	0
<i>HENRY , WAYNE/GAIL WEBSTER- HENRY</i>	6,400
<i>WEBSTER-HENRY, GAIL MAUREEN</i>	0
<b>HEYWOOD, NADINE</b>	<b>0</b>
<b>LATCHMAN-ATTERBURY, PATSY PHILIMINA</b>	<b>191,576</b>
<i>ATTERBURY, JORDAN ANDREW ROBERT</i>	0
<i>ATTERBURY, MICHAEL EDWARD ROBERT</i>	0
<b>MCANUFF-JONES, MICHAEL DAVADON</b>	<b>314,191</b>
<i>JONES, MICHAEL/MCANUFF-JONES, JOAN</i>	96,050
<i>MCANUFF-JONES, ASHLEIGH</i>	0

<i>MCANUFF-JONES, MATTHEW</i>	0
<b>MAIR, HORACE NEIL CRAIG</b>	<b>24,741</b>
<i>MAIR, DANIEL GEORGE</i>	0
<i>MAIR, JODI ANN</i>	0
<i>MAIR, JOSHUA HORACE</i>	0
<i>MAIR, LUKE CRAIG</i>	0
<b>MCLEGGON, MARCETTE</b>	<b>196,169</b>
<b>MILLER, HUGH G</b>	<b>71,876</b>
<b>MITCHELL, LISSANT</b>	<b>0</b>
<i>GROVE INVESTMENT MANAGEMENT LIMITED</i>	0
<i>MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG</i>	4,500
<b>NELSON, MORRIS</b>	<b>0</b>
<b>PILLINER, ROSEMARIE</b>	<b>74,216</b>
<i>PILLINER, ROSEMARIE / PILLINER, GORDON ST. ELMO</i>	72,458
<b>RAMSARAN, SHIRLEY</b>	<b>128,987</b>
<b>REID, HUGH</b>	<b>0</b>
<i>REID, CLAUDETTE</i>	0
<b>ROPER, EDMOND GEORGE</b>	<b>0</b>
<i>ROPER, EDMUND GEORGE</i>	0
<i>ROPER, GEORGINA SIAN</i>	0
<i>ROPER, SHARON ROSALIE</i>	0
<b>SHARP, JACQUELINE</b>	<b>81,023</b>
<i>SHARP, ALEXANDER</i>	0
<i>SHARP, JACQUELINE/ SHARP, JASON</i>	138,000
<i>SHARP, LAUREN</i>	0
<b>STOKES, ADRIAN</b>	<b>0</b>
<i>STOKES, LUCAS</i>	0
<b>SYLVESTER, COURTNEY A.</b>	<b>227,483</b>
<i>SYLVESTER, BENJAMIN</i>	0
<i>SYLVESTER, COURTNEY/SYLVESTER, CORAH</i>	124,764
<i>SYLVESTER,EMMANUEL</i>	0
<i>SYLVESTER,JESSICA</i>	0

<b>THOMPSON-JAMES, JULIE</b>	<b>0</b>
<i>JAMES, ARIANNE ELIZABETH</i>	0
<i>JAMES, MARCUS HASTINGS/ JAMES, MATTHEW ERIC HASTINGS</i>	1,000
<i>JAMES, MARCUS HASTINGS/ JAMES, ALYSSA MILAN</i>	500
<i>JAMES, MARCUS HASTINGS</i>	6,300
<i>JAMES, MATTHEW</i>	0
<b>WALTERS, DUDLEY EMMANUEL JAMES</b>	<b>1,787</b>
<i>WALTERS, SONIA HILMA</i>	0
<b>WHITE, GARY-VAUGHN</b>	<b>73,711</b>
<i>WHITE, CALEB- ANTHONY</i>	0
<i>WHITE, EDEN-GRACE ALEXANDRA</i>	0
<i>WHITE, ROSALEE KEESH-ANN</i>	0
<b>WHITELOCKE, GLADSTONE</b>	<b>54,000</b>
<i>WHITELOCKE, ELAINE</i>	89,984
<b>WILLIAMS, DAVID M.</b>	<b>210,429</b>
<i>WILLIAMS, DAVID / WILLIAMS, FAY</i>	112,616
<b>WILLIAMS, FREDERICK</b>	<b>128,985</b>
<i>WILLIAMS, FREDERICK / YEARDE-WILLIAMS, COLLEEN INGRID</i>	46,153
<i>WILLIAMS, NINA SADE</i>	0
<i>WILLIAMS, STEPHANIE NATHANIA</i>	0
<b>WRIGHT, SALIANN</b>	<b>31,169</b>
<i>WRIGHT, GLADSTONE SIDONIA</i>	402,688
<i>WRIGHT, KERRY-ANN</i>	0





**SCOTIA GROUP JAMAICA LIMITED**  
**TOP TEN (10) LARGEST SHAREHOLDERS**  
**AS AT 30 APRIL 2016**

RANK	SHAREHOLDER	HOLDINGS AS AT 30 APRIL 2016
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	67,182,049
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	NCB INSURANCE CO. LTD A/C WT109	25,991,176
6	SDBG A/C 560-01	21,921,433
7	RESOURCE IN MOTION	23,101,501
8	GRACEKENNEDY LIMITED PENSION SCHEME	16,238,543
9	SDBG A/C 560-03	13,055,039
10	JCSD TRUSTEE SERVICES LIMITED- SIGMA OPTIMA	9,500,000