

Scotiabank Brasil S.A. Banco Múltiplo

Financial statements of June 30, 2016 and 2015

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil)

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Independent auditors' report on the financial statements

To
The Management and Shareholders of
Scotiabank Brasil S.A. Banco Múltiplo
São Paulo - SP

We have examined the accompanying financial statements of Scotiabank Brasil S.A. Banco Múltiplo ("Bank") which comprise the balance sheet as of June 30, 2016 and the respective statements of income, changes in shareholders' equity and cash flows for the semester then ended, as well as the summary of the significant accounting practices and other explanatory notes.

Management's responsibility for the financial statements

The Bank's management is responsible for the preparation and adequate presentation for these financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, such as for designing, implementing and maintaining the internal controls relevant to 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 these financial statements based on our auditing. We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance if financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures presented in the financial statements. The procedures selected depend on auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls to Bank's preparation and fair presentation of the statements 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 Bank's internal controls. 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 taken as a whole.



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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Scotiabank Brasil S.A. Banco Múltiplo as of June 30, 2016, the performance of its operations and its cash flows, for the semester then ended, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

São Paulo, August 16, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Giuseppe Masi
Accountant CRC 1SP176273/O-7

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015

(In thousands of reais)

	2016	2015
Assets		
Current assets	2,408,877	1,925,256
Cash and cash equivalents	10,710	1,453
Interbank investments	460,160	395,996
Money market investments	323,782	166,700
Interbank deposits	136,378	229,296
Securities and derivative financial instruments	1,125,304	889,196
Own portfolio	158,754	510,608
Subject to repurchase agreement	100,657	-
Derivative financial instruments	161,330	20,372
Subject to guarantees	704,563	358,216
Interbank accounts	1,327	69
Restricted deposits		
Deposits with Central Bank of Brazil	4	69
Correspondent Banks	1,323	-
Loans	181,843	94,389
Loans		
Private sector	182,597	57,203
Subject to cession	-	37,472
Allowance for doubtful accounts	(754)	(286)
Other receivables	628,836	543,491
Foreign exchange portfolio	614,117	527,776
Trading and intermediation of securities	6,146	8,045
Others	14,416	10,035
Allowance for doubtful accounts	(5,843)	(2,365)
Other assets	697	662
Prepaid expenses	697	662
Long-term assets	818,383	246,951
Securities and derivative financial instruments	556,776	88,652
Own portfolio	159,376	85,148
Derivative financial instruments	397,400	3,504
Loans	202,781	122,058
Loans		
Private sector	203,499	122,671
Allowance for doubtful accounts	(718)	(613)
Other receivables	58,701	36,037
Others	58,701	36,037
Other assets	125	204
Prepaid expenses	125	204
Permanent assets	3,825	2,476
Investments	6	6
Other investments	6	6
Fixed assets	3,182	1,875
Other fixed assets	13,002	10,799
Accumulated depreciation	(9,820)	(8,924)
Intangible assets	637	595
Intangible assets	2,232	1,826
Accumulated amortizations	(1,595)	(1,231)
Total assets	3,231,085	2,174,683

See the accompanying notes to the financial statements

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015

(In thousands of reais)

	2016	2015
Liabilities		
Current liabilities	2,250,127	1,228,969
Deposits	572,607	309,955
Demand deposits	5,788	187
Interbank investments	86,428	59,709
Time Deposits	480,391	250,059
Money market funding	100,500	-
Own portfolio	100,500	-
Funds from acceptance and issuance of securities	58,297	-
Funds from financial bills, bills of credit and similar notes	58,297	-
Interbranch accounts	64,212	-
Third-party funds in transit	64,212	-
Borrowings	1,259,304	736,215
Foreign borrowings	1,259,304	736,215
Derivative financial instruments	143,260	85,716
Derivative financial instruments	143,260	85,716
Other liabilities	51,947	97,083
Foreign exchange portfolio	7,923	18,503
Tax and social security	1,546	14,469
Trading and intermediation of securities	29,891	18,729
Other	12,587	45,382
Long-term liabilities	465,786	514,852
Deposits	181,075	83,225
Time Deposits	181,075	83,225
Funds from acceptance and issuance of securities	18,814	51,524
Funds from financial bills, bills of credit and similar notes	18,814	51,524
Borrowings	134,372	212,905
Foreign borrowings	134,372	212,905
Derivative financial instruments	58,780	150,315
Derivative financial instruments	58,780	150,315
Other liabilities	72,745	16,883
Tax and social security	65,493	10,743
Others	7,252	6,140
Income for future years	1	17
Income for future years	1	17
Shareholders' equity	515,171	430,845
Capital:		
Domiciled abroad	321,122	321,122
Profit reserves	175,557	90,610
Equity Valuation Adjustments	(113)	-
Accumulated profit	18,605	19,113
Total liabilities	3,231,085	2,174,683

See the accompanying notes to the financial statements

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
STATEMENTS OF INCOME
SEMESTERS ENDED JUNE 30, 2016 AND 2015

(In thousands of reais, except net income per thousand shares - R\$)

	<u>2016</u>	<u>2015</u>
Financial intermediation income	(29,239)	187,993
Loans	23,785	11,320
Securities	119,498	70,399
Derivative financial instruments	(172,522)	63,591
Foreign exchange operations	-	42,683
Financial intermediation expenses	97,038	(133,993)
Funding operations	(38,242)	(17,812)
Borrowings	250,023	(112,762)
Foreign exchange operations	(111,495)	-
Sale or Transfer of Financial Assets	-	(1,706)
Allowance for doubtful accounts	(3,248)	(1,713)
Gross income on financial intermediation	67,799	54,000
Other operating income (expenses)	(31,927)	(23,709)
Rendering of services	5,338	12,511
Personnel expenses	(23,215)	(21,769)
Other administrative expenses	(11,040)	(10,165)
Tax expenses	(3,686)	(6,053)
Other operating income	1,894	1,862
Other operating expenses	(1,218)	(95)
Operating income	35,872	30,291
Non-operating losses	(1)	(1)
Net income before taxes and profit sharing	35,871	30,290
Income and social contribution taxes	(16,287)	(10,171)
Provision for income tax	(12,549)	(6,353)
Provision for social contribution	(9,774)	(3,818)
Deffered tax asset	6,036	-
Net income for the semester	19,584	20,119
Net income per thousand shares - R\$	8.82	9.06

See the accompanying notes to the financial statements

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SEMESTERS ENDED JUNE 30, 2016 AND 2015

(In thousands of reais)

	Profit reserves			Valuation Adjustment	Income (loss) earnings	Total
	Capital	Legal	Statutory			
Balances at January 1, 2015	321,122	13,393	76,211	-	-	410,726
Net income for the semester	-	-	-	-	20,119	20,119
Allocations:						
Legal reserve	-	1,006	-	-	(1,006)	-
Balances at June 30, 2015	321,122	14,399	76,211	-	19,113	430,845
Balances at January 1, 2016	321,122	17,642	156,936	-	-	495,700
Valuation Adjustment	-	-	-	(113)	-	(113)
Net income for the semester	-	-	-	-	19,584	19,584
Allocations:						
Legal reserve	-	979	-	-	(979)	-
Balances at June 30, 2016	321,122	18,621	156,936	(113)	18,605	515,171

See the accompanying notes to the financial statements

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
STATEMENTS OF CASH FLOWS (INDIRECT METHOD)
SEMESTERS ENDED JUNE 30, 2016 AND 2015

(In thousands of reais)

	<u>2016</u>	<u>2015</u>
Operating activities		
Adjusted Net Income	24,668	22,435
Net income for the semester	19,584	20,119
Adjustments to net income	5,084	2,316
Recording (reversal) of allowance for doubtful credit operations	(81)	739
Recording of allowance for other doubtful accounts operations	3,329	974
Depreciation and amortization	625	825
Expenses (reversal) with tax and labor provisions	1,324	(222)
Adjustment to market value of financial assets available for sale	(113)	-
Variation in assets and liabilities	(243,099)	(99,894)
Decrease (increase) in interbank investments	(9,483)	84
(Increase) in securities and derivative financial instruments	(784,651)	(250,330)
Decrease (increase) in mandatory deposits at the Central Bank of Brazil	2	(2)
(Increase) in interbank	(1,323)	-
Increase (decrease) in interbranch investments	64,212	(6)
(Increase) in loans operations	(15,180)	(150,191)
Decrease (Increase) in other credits	131,916	(168,237)
Decrease (increase) in other assets	157	(68)
Increase in deposits	290,107	112,321
Increase in money market funding	99,500	-
Increase in funds from acceptance and issue of securities	5,391	51,524
Increase (decrease) in borrowings and obligations	(17,934)	338,708
(Decrease) in other obligations	(5,805)	(33,688)
(Decrease) in income for future years	(8)	(9)
Net cash (used in) from operating activities	(218,431)	(77,459)
Investment activities		
Acquisition of fixed assets	(31)	-
Investments in intangible assets	-	(26)
Net cash (used in) from investment activities	(31)	(26)
Net (decrease) in cash and cash equivalents	(218,462)	(77,485)
Cash and cash equivalents at the beginning of the semester	552,954	426,214
Cash and cash equivalents at the end of the semester	334,492	348,729
Net (decrease) in cash and cash equivalents	(218,462)	(77,485)

See the accompanying notes to the financial statements

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
NOTES TO THE FINANCIAL STATEMENTS
SEMESTERS ENDED JUNE 30, 2016 AND 2015
(In thousands of reais)

1. Operations

Scotiabank Brasil S.A. Banco Múltiplo (“Bank”) is organized and authorized to operate as a Multiple Bank by means of its investment and commercial portfolios, including foreign exchange.

The Bank’s shareholders are The Bank of Nova Scotia (“BNS”) and BNS Investments Inc. (full invested of BNS), both with head offices in Canada.

2. Preparation and presentation of financial statements

The financial statements have been prepared and are presented in accordance with the accounting practices established by Corporate Legislation and the norms and instructions issued by the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN), as set out in the Chart of Accounts for Financial Institutions (COSIF), and in the Accounting Pronouncements Committee (CPC), when applicable.

The authorization to issue these Financial Statements was granted by the Executive Board on August 5, 2016.

The Financial Statements include estimates and assumptions, such as allowance for loan losses, estimates of the fair value of certain financial instruments, provisions for contingencies, other provisions and the determination of the useful life of certain assets. The effective results might be different from those estimates and assumptions.

Amounts realizable and payable in up to one year and after one year are segregated, respectively, into current and long-term, according to the applicable regulation.

The cash flow statements have been prepared based on the indirect method and the amounts of cash and cash equivalents correspond to the balances of cash and interbank investments with original term equal to or lower than 90 days.

3. Description of significant accounting policies

a) Statement of Income

Income and expenses are recognized on the accrual basis.

For a better presentation, the Bank reclassifies the foreign exchange variation from “Other operating income/expenses” account directly to “Financial intermediation income/expenses” in the Statement of Income.

b) Current and non-current assets

These are stated at realizable value, reduced, when applicable, by the corresponding unearned income, including the monetary and foreign exchange variations gained and adjusted by provisions, when applicable, until the Balance Sheet date.

c) Securities

The Bank classifies its securities as "securities held for trading" and "securities held-to-maturity", which are valued as stipulated in BACEN Circular nº 3.068/01, in conformity to the following guidelines:

i) Trading securities – Include securities acquired to be actively and frequently traded. These securities are recorded at market value with any valuation or devaluation being posted against the appropriate income or expense account in the Income Statement for the period. Regardless of maturity, trading securities are classified as current assets.

ii) Available for sale securities - This category includes securities not classified as trading nor held to maturity securities. They are recorded at cost of acquisition plus income earned against income for the period, and adjusted by the market value against shareholder’s equity, deducted of tax effects, which are only recognized in income upon realization.

SCOTIABANK BRASIL S.A. BANCO MÚLTIPLO
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(In thousands of reais)

iii) Held to maturity securities - This category includes securities for which the Bank's Management has the intent and financial ability to hold them to maturity. These securities must be evaluated at their respective acquisition costs, plus intrinsic yield, which should affect the result for the period. Financial ability is characterized by the availability of third-party funds, denominated in the same currency and with a term equal to or higher than the securities recorded under this caption.

d) Derivative financial instruments

In accordance with BACEN Circular nº 3.082/02 and subsequent regulations, derivative financial instruments are classified on the date of their acquisition depending on whether or not the Management intends to use them for hedge purposes.

Operations that make use of derivative financial instruments at client's request, on the Bank's own initiative, or that do not fulfill hedge criteria (mainly derivatives used to manage global risk exposure), are recorded at market value, with realized and unrealized gains and losses being posted directly to the Statement of Income.

Derivatives financial instruments used to hedge risk exposure or to modify the characteristics of financial assets and liabilities which are highly correlated with respect to changes in the market value in relation to the market value of the item being hedged, not only at the start but also during the life of the contract and considered effective at reducing the risk associated with the exposure to be hedged, are classified as hedge of market risk, where the financial assets and liabilities and others financial instruments related are recorded at market value with realized and unrealized gains and losses, recognized in the Statement of Income.

e) Loans

These are recorded based on the yields obtained, and recognized on a per day pro rata basis, according to the changes in the index and interest rates agreed upon.

Revenues and charges of any nature related to loan transactions which have been in arrears for a period of 60 days or more are recorded as unrecognized income and recognized in profit or loss when they are actually received.

According to Resolution 3.533/08 passed by the National Monetary Council and updated by subsequent rulings, the assignment of receivables whereby a substantial portion of the risks and rewards remains with the assignor, are to be kept in the loan portfolio as from January 1, 2012.

f) Allowance for doubtful accounts

Based on the analysis of outstanding operations conducted by the Management in order to define the appropriate amount to absorb probable losses from their realization, considering the economic scenario and both the specific and global risks of the portfolio, as well as the provisions set forth in the CMN Resolution nº 2.682/99, which requires periodic analysis of the portfolio and its classification into nine levels, where "AA" corresponds to minimum risk and H to loss. Non-performing loans classified as level "H" remain in this classification for six months, whereupon they are written off against the existing provision and controlled in memorandum accounts.

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NOTES TO THE FINANCIAL STATEMENTS
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g) Permanent assets

Stated at cost, combined with the following aspects:

- Other investments: valued at acquisition cost, minus any provision for losses, if applicable;
- Depreciation: calculated on a straight-line basis, at the annual rates which consider the economic useful life of the assets, as follows: 10% for furniture, equipment, security system and facilities; and 20% for data processing systems; and
- Amortization of intangible: calculated on a straight-line basis, for a period of up to 10 years.

h) Impairment

Pursuant to CMN Resolution nº 3.566/08 which approved the adoption of Technical Pronouncement CPC 01 (impairment), the recoverable value of assets is tested, at least, once a year, if there are indicators of loss. When the book value of the asset exceeds its recoverable value, the loss will be recognized directly in the Statement of Income.

No impairment losses had been identified as of June 30, 2016.

i) Current and non-current liabilities

Stated at their known or measurable amounts, including the charges, the monetary (on a “pro rata” basis) and the foreign exchange variations incurred.

j) Deferred income and social contribution taxes

The provision for income tax is made at the rate of 15% on taxable income, plus a surtax of 10%. Social contribution is calculated at the rate of 20% on taxable income as of September 2015, pursuant to RFB Normative Instruction nº 1.591, from November 05, 2015.

The Bank has recorded deferred tax asset of income tax and social contribution deriving from tax loss carry forward, social contribution negative base and temporary differences. Based on CMN Resolution nº 3.059/02 and subsequent amendments, the historical taxable income as well as the short and medium term projections prepared by the Bank presently enable a reasonable estimate of the realization term of these recorded assets (note 20 “c”).

k) PIS and COFINS

PIS and COFINS contributions are provisioned for at the rate of 0.65% and 4%, respectively, pursuant to the legislation in force.

l) Contingent assets and liabilities and legal obligations (Tax and social security)

The Bank follows the guidelines set forth in CMN Resolution nº 3.823/09, which approved the adoption of Technical Pronouncement CPC 25 - Procedures applicable to the recognition, measurement and disclosure of provisions, contingent liabilities and contingent assets.

Contingent assets are not recognized in the financial statements, except when there are evidences that the decision will be favorable, and shall not be subject to appeal.

The lawsuits are classified as probable, possible or remote according to the risk of loss, where a provision is made for those classified as probable loss, according to the estimated amount of the loss, based on the opinion of our legal advisers, the nature of the lawsuits and previous rulings delivered by courts for similar cases. The lawsuits classified as possible loss are only disclosed and those classified as remote loss do not require provision or disclosure.

Legal obligations are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS
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m) Share based payment

Qualified employees of the Bank participate in stock-based compensation plans, which are evaluated based on the price of the common share of The Bank of Nova Scotia (BNS). The Bank records its expense in the Statement of Income for the semesters against a provision in Liabilities, as established by CMN Resolution nº 3.989/11 which approved the adoption of the Technical Pronouncement CPC 10 - Stock-Based Compensation (Note 22).

4. Components of cash and cash equivalents

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	10,710	1,453
Money market investments	323,782	166,700
Interbank deposits	-	180,576
Total	<u>334,492</u>	<u>348,729</u>

5. Interbank Investments

	<u>2016</u>		<u>2015</u>	
	<u>Up to 3 months</u>	<u>3 - 12 months</u>	<u>Total</u>	<u>Total</u>
Money market investments				
Own portfolio	<u>323,782</u>	<u>-</u>	<u>323,782</u>	<u>166,700</u>
LFT	208,785	-	208,785	77,001
NTN	104,998	-	104,998	78,699
LTN	9,999	-	9,999	11,000
Interbank deposits	<u>-</u>	<u>136,378</u>	<u>136,378</u>	<u>229,296</u>
Interbank deposits	-	136,378	136,378	229,296
Total	<u>323,782</u>	<u>136,378</u>	<u>460,160</u>	<u>395,996</u>

6. Securities

The updated cost (plus yield) and the market value of securities as of June 30, 2016 and 2015 were as follows:

a) Trading securities

	<u>2016</u>					<u>2015</u>			
	<u>Up to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>5 to 10 years</u>	<u>Market value / book value</u>	<u>Accrual value</u>	<u>Market value / book value</u>	<u>Accrual value</u>
Own portfolio									
LTN	11,364	36,357	8,443	-	-	56,164	56,111	380,696	381,216
NTN	-	15,111	24,376	3,339	651	43,477	42,727	15,485	15,628
Subtotal	<u>11,364</u>	<u>51,468</u>	<u>32,819</u>	<u>3,339</u>	<u>651</u>	<u>99,641</u>	<u>98,838</u>	<u>396,181</u>	<u>396,844</u>
Subject to repurchase agreements									
LTN	-	100,657	-	-	-	100,657	100,701	-	-
Subtotal	<u>-</u>	<u>100,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,657</u>	<u>100,701</u>	<u>-</u>	<u>-</u>
Subject to guarantees									
LTN	-	598,452	87,956	-	-	686,408	686,091	358,216	362,030
Subtotal	<u>-</u>	<u>598,452</u>	<u>87,956</u>	<u>-</u>	<u>-</u>	<u>686,408</u>	<u>686,091</u>	<u>358,216</u>	<u>362,030</u>
Total	<u>11,364</u>	<u>750,577</u>	<u>120,775</u>	<u>3,339</u>	<u>651</u>	<u>886,706</u>	<u>885,630</u>	<u>754,397</u>	<u>758,874</u>

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The market values of government bonds are calculated according to asset prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). Government bonds are held in custody at the Special System for Settlement and Custody (SELIC).

b) Available for sale securities

	2016			Accrual Value
	Up to 1 year	1 to 3 years	Market value/ book value	
Own Portfolio				
LTN	27,232	44,117	71,349	71,517
Subtotal	27,232	44,117	71,349	71,517
Subject to guarantees				
LTN	18,155	-	18,155	18,193
Subtotal	18,155	-	18,155	18,193
Total	45,387	44,117	89,504	89,710

As of June 30, 2015, the Bank did not have available for sale securities.

c) Held to maturity securities

	2016			2015	
	Up to 3 months	3 to 12 months	1 to 3 years	Accrual value / book value	Accrual value / book value
Own Portfolio					
Debentures	10,378	21,503	115,259	147,140	122,474
Promissory notes	-	-	-	-	77,101
Total	10,378	21,503	115,259	147,140	199,575

As of May 2016, the Bank has begun to record the estimate allowance for losses, related to the credit risk of debentures, in compliance with CMN Resolution nº3.721/09, and following the classification parameters in risk levels for loans operations defined by CMN Resolution nº2682/99. As of June 30, 2016, the updated cost of R\$147,140 is deducted of allowance for losses in the amount of R\$739 and the market value of securities held to maturity represented R\$148,430 (2015- R\$200,735). The market value for this category is based on the pricing to independently model, which consists of calculating the future value of cash flows plus monetary restatement, which are discounted to their present value by the fixed interest rate plus the spread credit. Private bonds are held in custody at CETIP S.A. – Clearing House for the Custody and Financial Settlement of Securities.

7. Derivative financial instruments

The Bank participates in operations involving derivative financial instruments recorded in balance sheet and memorandum accounts, and whose purpose is to meet its own and its clients' needs. These operations are intended to manage market risk exposure to potential losses caused by fluctuations in the price of financial assets and variations in interest rates, currencies and indexes. The Bank's Management sets guidelines concerning the operation policy, control, establishment of strategies, as well as the limit of these positions.

The futures, swap and NDF operations are recorded in balance sheet and memorandum accounts at the contractual or reference value and are registered with the BM&FBovespa S.A. - Stock Exchange, Futures and Commodities or the CETIP.

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(In thousands of reais)

The tables below show the reference values updated to the market price, the respective adjustments receivable and payable and net exposures in the Balance Sheets for derivative financial instruments on June 30, 2016 and 2015:

	2016		2015	
	Market values	Adjustment receivable (payable)	Market values	Adjustment receivable (payable)
	Referential values		Referential values	
Futures contracts				
Long position	5,502,583	(29,593)	3,856,173	(18,122)
DI	1,251,629	45	162,425	109
DDI	4,250,954	(29,638)	2,966,472	(14,821)
Dollar	-	-	727,276	(3,410)
Short position	1,437,155	5,863	2,571,340	7,461
DI	843,938	173	1,019,246	(469)
DDI	18,929	148	449,184	2,189
Dollar	574,288	5,542	1,102,910	5,741

On June 30, 2016, besides the daily adjustments of futures contracts, the amount R\$ 15 (2015 - R\$ 23), is also recorded under the caption "Other liabilities - trading and intermediation of securities" in current liabilities, which is related to brokerage fees payable to BM&FBovespa.

	2016			2015		
	Market values	Asset / (liability) net exposure	Cost values	Market values	Asset / (liability) net exposure	Cost values
	Referential values		Asset / (liability) net exposure	Referential values		Asset / (liability) net exposure
Swap agreements						
Asset position	3,905,941			1,141,779		
CDI	3,905,941	3,905,941	3,732,897	1,141,779	1,141,779	1,176,818
Liability position	(3,522,481)			(1,369,113)		
Dollar	(3,522,481)	(3,522,481)	(3,400,190)	(1,369,113)	(1,369,113)	(1,374,377)
Term of currencies						
Asset position	325,733			497,422		
Dollar	85,561	-	-	98,598	-	-
Prefixed rates	240,172	168,337	172,652	398,824	305,576	306,245
Liability position	(352,504)			(482,243)		
Dollar	(280,668)	(195,107)	(197,750)	(388,995)	(290,397)	(294,097)
Prefixed rates	(71,836)	-	-	(93,248)	-	-

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The table below shows the reference values updated to the market price recorded in memorandum accounts and the respective terms to maturity as of June 30, 2016 and 2015:

	2016				2015	
	Up to 1 month	1 to 6 months	6 to 12 months	Above 12 months	Total	Total
Futures contracts	917,065	2,442,933	984,510	2,595,230	6,939,738	6,427,513
DI	189,900	1,341,751	313,912	250,004	2,095,567	1,181,671
DDI	335,569	918,490	670,598	2,345,226	4,269,883	3,415,656
Dollar	391,596	182,692	-	-	574,288	1,830,186
Swap contracts	(69,346)	104,428	8,570	339,808	383,460	(227,334)
CDI	232,947	658,870	411,403	2,602,721	3,905,941	1,141,779
Dollar	(302,293)	(554,442)	(402,833)	(2,262,913)	(3,522,481)	(1,369,113)
Term currency	6,276	(23,109)	(8,750)	(1,188)	(26,771)	15,179
Dollar	17,702	(114,025)	(88,335)	(10,449)	(195,107)	(290,397)
Prefixed rates	(11,426)	90,916	79,585	9,261	168,336	305,576

The market and credit risk associated with these products, as well as the operational risks, are similar to those related to other types of financial instruments.

The results with derivative financial instruments for the semesters ended June 30, 2016 and 2015 are as follows:

	2016	2015
Swap	880,310	(117,223)
Term	(29,025)	15,070
Future	(1,023,535)	165,704
Options	(272)	40
Total	(172,522)	63,591

An area independent from the operating and business areas is responsible for the evaluation and measurement of assets and liabilities existing in the Bank, which is in compliance with BACEN Circulars n°. 3.068/01 and 3.082/02. These calculations are based on prices, rates or information collected from independent sources, such as BM&FBovespa, Stockbrokers, BACEN, ANBIMA, among others.

The table below shows the amounts of contracts designated as hedge financial instruments and financial instruments regarding the item subject to hedge as semesters ended June 30, 2016 and 2016:

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Hedge Strategy for Market Risk	2016			2015	
	Hedge Instruments	Subject to Hedge		Hedge Instruments	Subject to Hedge
	Market Value	Market Value	Cost Value	Market Value	Market Value
<i>Foreign borrowings hedge</i>	444,832	450,444	452,744	340,302	347,225
Total	444,832	450,444	452,744	340,302	347,225

The effectiveness determined for the hedge portfolio is in compliance with the BACEN Circular 3.082/02.

The Bank uses market risk hedge to protect itself from exchange exposure risk for payments of principal and fixed rate exchange interest, related to the funding contracted abroad.

The transaction is structured as a combination of DDI futures contracts used as derivative hedging instruments and obligations arising from foreign loans raised in US dollar, falling due in December 2018 and designated as an item hedged against market risk.

For the foreign funding market value, item subject to hedge, what is taken into consideration the characteristics of the operation in relation to interest rate and corresponding term for determination of the future amount of cash flows, which will be deducted at present value at market rates, calculated based on the prices traded on BM&FBovespa.

8. Risk management

Operational risk

The Bank has an across-the-board operational risk management structure which is responsible for identifying, evaluating, monitoring, controlling, reducing and reporting risks facing the organization. In this context, all employees have full access to all the tools, methodologies and reports produced by the Operational Risk department, enabling the dissemination of the risk-control culture inside the Bank.

The Bank's Operational Risk structure also includes the participation of the Executive Board, which is immediately involved in every significant event and actively participates in the monitoring of actions aimed to mitigate these risks. In addition to the daily monitoring, Risk Management also reports on a monthly basis the main operational risk events to the department heads and to the Executive Boards of the Bank and of The Bank of Nova Scotia (BNS).

Management of market and liquidity risks

Consistent with the requirements of the Head Office and always following the best worldwide adopted practices in risk management, the Bank has a comprehensive structure of risk control and management, integrated and independent from the business areas and which seeks the optimization of the risk/return relation, focusing on efficient monitoring and strict control of the risk exposure factors. An integrated set of processes using platforms of local and global systems is responsible for the determination, analysis and report of market, credit, liquidity and operating risks. The limits of risk are determined and approved by both local directors and those in the Head Office and are monitored on a preventive basis.

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In this context, the market and liquidity risk management is performed on a daily basis by using own models and instruments such as VaR - Value-at-Risk, projections of cash flow, stress test, backtesting, analysis of sensitivity of interest, foreign exchange and volatility.

By complying with BNS's requirements, the Bank was able to meet Central Bank demands regarding implementation of a market and liquidity risk structure (CMN Resolutions nº 3.464/07 and 4.090/12). In addition, the Bank calculates the capital requirements due to market risk exposure in accordance with the criteria established by CMN Resolution nº 4.193/13.

Credit risk management

Consistent with the rules established by the BACEN (CMN Resolutions nº 2.682/99, 2.844/01, 3.721/09, and others), and the organization's risk philosophy, the Bank has a credit risk management structure which includes the analysis and establishment of individual credit limit for the entire range of loan takers, as well as the analysis and monitoring of the Bank's aggregate credit risk, which takes into account all product lines offered by the Bank and all economic segments where loan takers operate.

The credit risk culture is broadly disseminated in the Bank, and the description of the products offered to loan takers includes the identification of the credit, market and operating risks, as well as the information systems that control them. Individual credit limits for loan takers are approved by using the Bank's own techniques/methodologies, and are reviewed at least once a year together with their ratings which, under CMN Resolution nº 2.682/99, are reviewed every six months for credit risks that exceed 5% of the Bank's reference shareholders' equity.

The Board of Executive Officers and the risk areas systematically work in the management of credit risks, which include the approval of individual credit limits and related institutional policies. In addition, they work in the monitoring of the aggregate credit portfolio and stress testing for evaluating the credit portfolio's resistance to adverse economic scenarios.

Capital management

The Bank is dedicated to maintaining a robust capital basis in order to support risks associated to its businesses. The Bank's Capital Management structure, which encompasses internal policies, actions and procedures related to Capital Management and Internal Process for Capital Adequacy Evaluation, is in line with BNS's global policy, and also complies with Brazilian Central Bank's (BACEN) requirements provided for in CMN Resolution nº 3.988/11.

The principles that govern the Bank's capital management structure, as described in the document, intend to meet the requirements in connection with: regulatory rules; existence of appropriate governance and supervision; capital management policies, strategies and measurement that focuses on the relationships between risk propensity, risk profile and capital capacity; a solid risk management process; a capital adequacy evaluation process that is in accordance with governance and capital policies; existence of adequate systems, processes and controls to assist in capital planning, forecast, measurement, monitoring and reporting.

The Executive Board is directly involved in the Capital Management Structure and is also responsible for the annual review and approval of internal policies. In addition, the Executive Board acts on monitoring level and adequacy of the Bank's capital through periodic reports produced and sent by the areas that are directly involved in the capital management process.

Descriptions of operational risk, market risk, liquidity risk, credit risk and capital management structures are published in a directory of public access, available at the address: <http://www.br.scotiabank.com> (unaudited).

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9. Loan operations

a) Credit portfolio composition by type of operation, activity and term

	2016					Total 2015
	Up to 3 months	3-12 months	Falling due		Total	
			1-3 years	3-5 years		
Private sector						
Bank Credit Certificate (CCB)	79,487	40,987	128,527	9,427	258,428	102,908
Industry	29,557	5,442	-	-	34,999	-
Commerce	18,321	19,089	36,527	9,427	83,364	91,540
Other services	31,609	16,456	92,000	-	140,065	11,368
Discounted trade bills	43,649	2,670	-	-	46,319	11,308
Commerce	43,649	2,670	-	-	46,319	11,308
Export credit notes (NCE)	2,458	11,112	65,545	-	79,115	62,178
Agricultural	-	11,112	5,545	-	16,657	-
Other services	2,458	-	60,000	-	62,458	62,178
Export financing (CCE)	-	-	-	-	-	3,750
Commerce	-	-	-	-	-	3,750
Import financing	2,234	-	-	-	2,234	-
Commerce	2,234	-	-	-	2,234	-
Loan transactions linked to assignments	-	-	-	-	-	37,472
Other services	-	-	-	-	-	37,472
Advances on foreign exchange contracts (ACC)	389,398	308,039	-	-	697,437	460,180
Industry	316,836	116,940	-	-	433,776	253,028
Commerce	72,562	191,099	-	-	263,661	207,152
ACC Income receivable	3,923	2,657	-	-	6,580	3,032
Industry	3,291	1,376	-	-	4,667	1,542
Commerce	632	1,281	-	-	1,913	1,490
Advances on exportation contracts (ACE)	-	-	-	-	-	9,516
Commerce	-	-	-	-	-	9,516
ACE Income receivable	-	-	-	-	-	205
Commerce	-	-	-	-	-	205
Total	521,149	365,465	194,072	9,427	1,090,113	690,279

b) Credit risk concentration

	2016	2015
Major debtor	118,267	99,435
Percentage of entire credit portfolio	10,8%	14,4%
20 major debtors	1,087,879	690,279
Percentage of entire credit portfolio	99,8%	100,0%

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c) Allowance for doubtful accounts

Level of Risk	Provision	Total portfolio		Allowance for doubtful accounts	
		2016	2015	2016	2015
AA	0,00%	218,494	37,472	-	-
A	0,50%	753,352	652,807	(3,767)	(3,264)
C	3,00%	118,267	-	(3,548)	-
Total		1,090,113	690,279	(7,315)	(3,264)

d) Sale or Transfer of Financial Assets

In June 30, 2016, the Bank does not have sale or transfer of financial assets operations with substantial retention of risk and benefit in conformity with CMN Resolution nº 3.533/08

e) Changes in the allowance for doubtful accounts

	2016	2015
Balance at the beginning of the semester	(4,067)	(1,551)
Recording of provision	(3,329)	(1,713)
Reversal of provision	81	-
Balance at the end of the semester	(7,315)	(3,264)

In the semesters ended June 30, 2016 and 2015, there were no credit recoveries, renegotiations and write – off a loss.

10. Foreign exchange portfolio - Current assets

	2016	2015
Purchased foreign exchange to be settled	607,537	509,293
Rights on foreign exchange sales	2,346	16,606
Income receivable from granted advances	6,580	3,237
Advances in national currency received	(2,346)	(1,360)
Total	614,117	527,776

	2016	2015
Sold foreign exchange to be settled	2,264	16,473
Obligations on foreign exchange purchase	703,096	471,726
Advances on foreign exchange contracts	(697,437)	(469,696)
Total	7,923	18,503

11. Other receivables - Sundry

	2016	2015
Tax credits- Income tax and social contribution (note “b”)	36,149	-
Judicial deposits (i)	32,476	36,037
Prepayments of IRPJ and CSLL	3,665	5,899
Taxes and contributions recoverable	743	776
Salary advances	83	3,321
Others	1	39
Total	73,117	46,072
Current assets	14,416	10,035
Long-term assets	58,701	36,037

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- (i) As of June 30, 2016, that asset includes a court deposit in the amount of R\$ 16,380, concerning a tax contingency process (note 18 “c”). By court order, this amount was transferred from other judicial process on debt assumption operations, written off after the Bank joined the tax amnesty program established by Law 11.941/09.

12. Deposits

	2016				2015	
	No maturity	Up to 3 months	3 to 12 months	1 to 3 years	Total	Total
Demand deposits	5,788	-	-	-	5,788	187
Interbank deposits	-	86,428	-	-	86,428	59,709
Time deposits	-	186,568	293,823	181,075	661,466	333,284
Total	5,788	272,996	293,823	181,075	753,682	393,180

13. Money market funding

On June 30, 2016, the amount of money market funding is represented by repurchase agreement in 1 day and backed by federal government securities in the amount of R\$ 100.500 (2015 – zero).

14. Funds from financial bills, bills of credit and similar notes

On June 30, 2016, the Bank has obligations for funding from financial bills, bills of credit and similar notes in the amount of R\$ 71.111 (2015 - R\$ 51,524) falling due until February, 2019.

15. Loan obligations

Loan obligations basically consist of foreign-currency funds raised with BNS to finance foreign trade, with R\$ 830,855 (2015 - R\$ 601,895) maturing by April 2017, and of funds raised abroad pursuant to CMN Resolution nº 3.844/10 which total R\$ 562,821 (2015 - R\$ 347,225) and mature by December 2018. Substantially, the amount of funds raised is designated as marked value of the hedge item (note 7). Transactions bear annual interest ranging from 0.5453% to 2.3843% and are adjusted for the exchange rate.

16. Other liabilities - Tax and social security

	2016	2015
Provision for deferred IRPJ and CSLL (note 20 “b”)	45,361	8,129
Provision for tax contingences and legal obligations (note 18“d”)	20,147	3,368
Taxes and contributions on salaries	1,531	1,925
Provision for deferred IRPJ and CSLL on income	-	11,790
Total	67,039	25,212
Current liabilities	1,546	14,469
Long-term liabilities	65,493	10,743

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17. Other liabilities - Sundry

	<u>2016</u>	<u>2015</u>
Salaries, bonuses and social security charges	17,740	16,168
Accounts payable - administrative expenses	1,022	997
Provision for labor contingences (Note 18 "d")	883	335
Reserve for the Credit Guarantee Fund	137	68
Others	57	4
Obligations arising from assignment-related transactions	-	33,602
Accounts payable to related companies	-	348
Total	<u>19,839</u>	<u>51,522</u>
Current liabilities	12,587	45,382
Non-current	7,252	6,140

18. Legal, Tax and Social Security Contingencies and Liabilities

a) Contingent assets

The Bank does not have any contingent assets recorded in its Balance Sheet, nor does it have, at this moment, any judicial proceedings that generate expectation of future gains.

b) Contingent liabilities

The Bank is a party in lawsuits and administrative proceedings arising from the normal course of its activities, involving labor, tax and social security matters. The evaluation for making provisions is conducted in accordance with the criteria described in Note 3 "I".

The Bank maintains provisions for those contingent liabilities classified as probable loss, in amounts regarded as sufficient to cover possible losses. The amounts reserved are recorded under the headings of "Other liabilities – taxes and social security" (Note 16) and "Other liabilities – sundry" (Note 17), in long-term liabilities.

Ongoing labor lawsuits classified as possible loss amount to R\$ 32,487 (2015 - R\$ 49,358). Most labor lawsuits refer to actions filed by former employees and outsource personnel to obtain indemnities, mostly regarding overtime payment and other labor rights.

There are ongoing proceedings of tax-related nature classified as possible loss, in the amount of R\$ 11,478 (2015 - R\$ 10,460), arising from taxes that the Bank has been challenging in court, the main of which being related to an application for offsetting the withholding income tax on financial investments made by Cotinco Assessoria Empresarial Ltda., a non-financial firm merged by the Bank in 2003, in the amount of R\$ 4,802 (2015 - R\$ 4,578).

c) Legal obligations

The main proceeding, in the amount of R\$ 16,380 (2015 - zero), refers to a judicial defense regarding to the enforceability of the contribution of the Social Integration Program- PIS, under the Constitutional Amendment n° 17/97 and Complementary Law n°7/70 with regards to their legality or constitutionality.

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d) Changes in balances

	Balance at 12/31/2015	Formation	Updating	Balance at 06/30/2016	Judicial deposits (i)	
					2016	2015
Labor	351	485	47	883	87	52
Tax contingencies	-	-	-	-	27,884	31,952
Legal obligations	19,356	99	692	20,147	4,505	4,033
Total	19,707	584	739	21,030	32,476	36,037

(i) See Note 11.

19. Shareholders' equity

The fully paid-up capital is represented by 2,221,627,157 (2015 - 2,221,627,157) nominative common shares with no par value.

Management will decide, in the annual General Meeting the minimum amount for dividend payments related to the adjusted net income in accordance with article 202 of corporate law.

Profit reserves

The legal reserve is formed by the allocation of 5% of the net income for the semester, up to the limit defined by the current legislation. The statutory reserve balance refers to an undistributed portion of prior-year income, which, as determined by the General Meeting, was transferred to subsequent years.

20. Deferred income and social contribution taxes

a) Calculation of the income tax and social contribution levied on the operations

	2016		2015	
	Income tax	Social contribution	Income Tax	Social contribution
Net Income before taxes and after profit sharing	35,871	35,871	30,290	30,290
Temporary additions (exclusions)	(39,147)	(39,147)	11,742	11,742
Adjustment to market value - Securities and derivatives	(49,282)	(49,282)	5,251	5,251
Others	10,135	10,135	6,491	6,491
Permanent additions (exclusions)	755	755	138	114
Taxable base	(2,521)	(2,521)	42,170	42,146
Compensation of tax losses and negative base of social contribution	-	-	(12,651)	(12,644)
Taxable base after taxation	(2,521)	(2,521)	29,519	29,502
Rates	25%	20%	25%	15%
Total current IRPJ and CSLL	-	-	(7,365)	(4,425)
Tax Credit	3,395	2,641	-	-
Deferred tax liabilities	(12,549)	9,774	1,012	607
Total	(9,154)	(7,133)	(6,353)	(3,818)

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b) Changes in deferred income and social contribution taxes by nature and origin

	Balance at		Realized/	Balance at
	12/31/2015	Formation	Reversal	06/30/2016
Deferred income taxes	3,020	6,757	(721)	36,056
Reflected in the income				
Taxes losses and negative base of social contribution	16,184	1,134	-	17,318
Allowance for risk of tax and labor	7,882	530	-	8,412
Nondeductible allowance	4,023	3,084	(397)	6,710
Allowance for doubtful loans	1,825	1,677	(218)	3,284
Allowance for credit risk	-	332	-	332
Market-to-market of trading securities	106	-	(106)	-
Reflected in the equity	-	93	-	93
Market-to-market of available for sale securities	-	93	-	93
Total	30,020	6,850	(721)	36,149

	Balance at		Realized/	Balance at
	12/31/2015	Formation	Reversal	06/30/2016
Deferred tax liabilities				
Reflected in the income				
Mark to market of derivatives	(17,018)	(23,774)	1,704	(39,088)
Mark to market of trading securities	-	(456)	-	(456)
Monetary restatement of judicial deposits	(6,020)	(466)	669	(5,817)
Total	(23,038)	(24,696)	2,373	(45,361)

c) Expected realization of deferred tax assets for tax losses, social contribution losses and for temporary differences

	Temporary	Tax loss and negative	
	Differences	basis of social	Total
		contribution	
Up to 1 year	7,478	5,851	13,329
1 to 2 years	1,595	6,727	8,322
2 to 3 years	1,159	4,740	5,899
3 to 4 years	176	-	176
4 to 5 years	11	-	11
5 to 10 years	8,412	-	8,412
Total	18,831	17,318	36,149
Present Value (*)	13,665	13,961	27,626

(*) For present value adjustment, it was used the projected annual rate CDI

On the balance sheet date, there is no active tax credit

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21. Related parties

Transactions between related parties are disclosed in conformity with CMN Resolution nº 3.750/09, in compliance with Technical Pronouncement CPC 05 - Related Parties Disclosure, approved by the Accounting Pronouncements Committee (CPC). These operations are carried out at usual market values, terms and average rates in effect at the respective dates.

a. Related party transactions

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents (i)	158	69
<u>Liabilities</u>		
Time deposits (ii)	631	1,555
Borrowings (iii)	1,391,442	949,121
Other obligations (iv)	-	348
<u>Co-obligations and risks on guarantees provided</u>	4,814	4,653
<u>Income</u>		
Revenue from foreign exchange operations (i)	15,806	4,227
Fee income (v)	5,280	11,330
<u>Expenses</u>		
Funding operations expenses (ii)	(32)	(87)
Expenses on borrowings, assignments and on-lendings (iii)	249,060	(112,762)
Other administrative expenses (iv)	(916)	(592)

- (i) Refers to cash and cash equivalents in foreign currency and arbitration transactions with BNS.
- (ii) Refers to fund raised with Scotia Participações e Serviços Ltda.
- (iii) Refers to funds raised with BNS (note 15).
- (iv) Refers to technical services with BNS.
- (v) Refers to revenue from origination fee, as well a reimbursement of expenses for the placement of transactions with BNS and Scotiabank & Trust (Cayman).
- (vi) Responsibility for export credits confirmed by the Scotiabank Uruguay.

b. Management compensation

For the purpose of disclosing management compensation, only Statutory Officers were considered. Expenses with management compensation for the semester ended June 30, 2016 in total amount of R\$ 3.024 (2015 - R\$ 5,694), of which R\$ 2,480 (2014 - R\$ 3,763) represents salaries and payroll charges, profit sharing, and bonuses and charges on bonuses, denominated short-term benefits, and R\$ 544 (2015 - R\$ 1,931) that represents share-based compensation. There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

22. Share based payment

Share-based payment plans are evaluated based on The Bank of Nova Scotia (BNS) common share price traded in the Toronto Stock Exchange in Canada (TSX). BNS share price fluctuations change the unit value, which affects the Bank's share-based payment expenses. The portion that calculates share price fair value also varies according to the Bank's performance. These plans are settled in cash and their expenses are recognized in the Statement of Income for the semester against a provision in liabilities. Eligible employees are paid based on this variable compensation according to one of the following plans: RSU, PSU or DPP.

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a. RSU - Restricted Share Unit Plan

According to RSU plan, exigible employees will receive a bonus in restricted share units after three years. Final amount to be paid varies according to BNS share price. As of June 30, 2016, the amount of liabilities in this plan is R\$ 953 (2015 - R\$ 395) and the number of shares is 8,132 units measured at weighted average fair value of R\$ 174,10 per share. Total expenses recorded for this plan in the semester is R\$ 300 (2015 - R\$ 188).

b. PSU - Performance Share Unit Plan

According to PSU plan, eligible employees will receive a bonus after three years. In addition to BNS share price variation, this bonus portion is subject to performance criteria (return on shareholders' equity and total return to shareholder) measured over a three-year period, on which a multiplying factor is applied. As of June 30, 2016, the amount of liabilities for this plan is R\$ 4,074 (2015 - R\$ 4,194) and the number of shares is 29,607 units measured at weighted average fair value of R\$ 174,10 per share. Total expenses recorded in this plan for this semester is R\$ 547 (2015 - R\$ 1,339).

c. DPP - Deferred Performance Plan

Under the DPP plan, the bonus portion received by employees eligible for this plan is allocated as units. Values of these units are defined based on BNS shares market price variation and are paid to employees in each of the three following years. As of June 30, 2016, the amount of liabilities for this plan is R\$ 2,164 (2015 - R\$ 1,674) and the number of shares is 10,163 units measured at the weighted average fair value of R\$ 160,58 per share. Total expenses recorded in this plan for the semester is R\$ 532 (2015 - R\$ 432).

23. Post Employment Benefits

For the defined contribution plan, the Bank offers to their employees the benefit of private pension through monthly payments. After the termination of the employee, the contribution is ended. Total expenses recorded in this plan during this semester is R\$ 425 (2015- zero).

Other defined post employment contribution plans are considered short-term benefits, such as health care and profit sharing.

The Bank doesn't have post-employment benefit plans for their employees.

24. Basel Index and Operational Limits

The Bank calculates the Basel index (New Capital Agreement) and the operational limits based on the Brazilian Central Bank guidelines, as follows:

	<u>2016</u>	<u>2015</u>
Referential Equity (PR)	504,474	430,760
Minimum PR required for the amount of Risk Weighted Asset (RWA)	308,014	189,120
Value corresponding to the R_{BAN}	640	3,540
Margin value	195,820	238,100
Extended Basel Index (includes R_{BAN})	16,17%	25,05%
Fixed assets to equity ratio – CMN Resolution n° 2.283/96	0,70%	0,56%
Leverage ratio	15,34%	-

Financial institutions are obliged to keep investment in permanent assets in accordance with Reference Shareholders' Equity level. Funds invested in permanent assets are limited to 50% of adjusted Reference Shareholders' Equity pursuant to current regulation. As of June 30, 2016 and 2015, the Bank falls under this limit.

25. Other information

As of June 30, 2016, the bank has recorded balance on clearing accounts due to co-obligations and risks on guarantees provided to related parties (see note 21 "a").

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