

MEDIA RELEASE

December 7, 2017

SCOTIA GROUP JAMAICA REPORTS FISCAL 2017 RESULTS

Scotia Group reports net income of \$12.4 billion for the year ended October 31, 2017. This represents an increase in net income of \$816 million or 7%, compared to the year ended October 31, 2016. Net income for the fourth quarter was \$3.4 billion, compared to \$3.3 billion for the previous quarter. Return on average equity was 12.58% for the year ended October 31, 2017.

Today, the Board of Directors approved a final dividend of 48 cents per stock unit in respect of this financial year, which is payable on January 18, 2018 to stockholders on record as at December 27, 2017. This represents a 7% increase in dividends compared to last quarter.

David Noel, President and CEO, said “We delivered solid results for the year ended October 31, 2017, with profit after tax increasing by 7% during a year where interest rates trended downwards. Our productivity ratio improved by 229 basis points year over year in keeping with effective execution of our strategic objectives.

As we move forward, we will continue to focus on digital transformation, simplifying our operating structure and growing our core businesses. In this regard we have now completed the privatization of Scotia Investments Jamaica Limited, and most recently we disposed of our shares in Scotia Jamaica Microfinance Company Limited.

We continue to identify convenient and innovative ways to engage our customers utilizing our digital channels, particularly, Scotia OnLine and Mobile Banking. Our digital platforms continue to demonstrate significant growth, with online transaction volumes now surpassing the number of branch transactions. This is a shift in the right direction and we will continue to offer platforms to provide greater choice and convenience at a lower cost for our customers.

Congratulations to our Treasury Team who was, for the ninth year, recognized as the best Foreign Exchange Provider (2018) by Global Finance Magazine. This is an important achievement as we remain the market leader in this segment.

We would like to thank our customers and stockholders for their continued support, and we look forward to delivering strong results and driving long term value for our staff and stakeholders in the new fiscal year”.

Financial Highlights

	Year ended 31-Oct-17 \$millions	Year ended 31-Oct-16 \$millions	
Total Revenues	41,671	38,770	
Total Operating Expenses	21,291	20,696	
Net Profit after Tax	12,407	11,591	
Return on equity	12.58%	12.65%	
Productivity Ratio	51.09%	53.38%	
Operating Leverage	4.6%	7.2%	
Earnings per share (cents)	391	363	
	31-Oct-17 \$millions	31-Oct-16 \$millions	
Total Assets	490,883	477,392	
Investments	158,756	165,086	
Loans (net of provisions for losses)	166,493	166,827	
Deposits by the public	260,559	248,416	
Liabilities under repurchase agreements and other client obligations	38,511	46,986	
Policyholders' Fund	45,171	44,764	
Stockholders' equity	102,431	91,856	
	3 months ended 31-Oct-17 \$millions	3 months ended 31-Jul-17 \$millions	3 months ended 31-Oct-16 \$millions
Total Revenues	10,707	10,303	9,960
Total Operating Expenses	5,175	5,001	5,110
Net Profit after Tax	3,419	3,296	3,217
Return on equity	13.49%	13.39%	13.58%
Productivity Ratio	48.33%	48.54%	51.31%
Dividends per share (cents)	48	45	45



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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the year ended October 31, 2017 was \$41.7 billion, representing an increase of \$2.9 billion or 7% above prior year. There was increased retail loan and transaction volumes across our business lines, as well as improved non-interest revenue. Net interest income after impairment losses for the year was \$24.5 billion, \$522 million or 2% above the same period in 2016.

We achieved revenue growth y/y in most of our business lines:

Retail (+6%): Loan growth was led by residential mortgages and personal loans.

Commercial (+24%): Reflects growth primarily in JMD loans and deposits, as well as merchant services' revenues.

Insurance Services (+17%): Growth in gross premium income for the individual product lines offered by Scotia Insurance, and actuarial reserve release from changes in valuation assumptions.

Investment Management (-1%): Reflects lower net interest margins and FX revenues. This was offset by revenue growth in the Funds and Assets under Management segment.

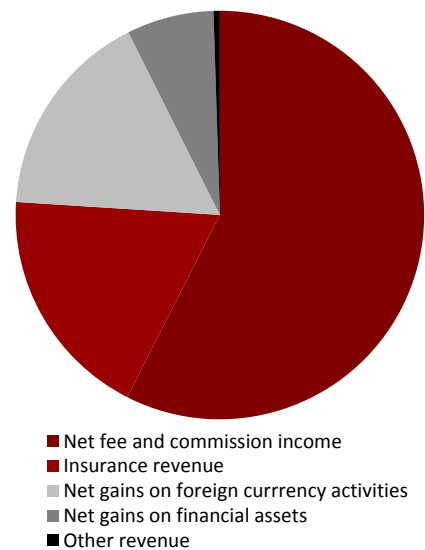
Treasury (-4%): Primarily due to lower yields on investment portfolios.

OTHER REVENUE

Other income, defined as all income other than interest income, was \$15 billion for the year ended October 31, 2017, up \$1.6 billion or 12% from last year.

- Net fees and commission income amounted to \$8.6 billion, driven by higher transaction volumes and the growth in our credit card, merchant services, and asset management business.
- Insurance revenue increased by 18% due to growth in core insurance business and actuarial reserve releases from changes in assumptions on valuation of the portfolios.
- Net gains on foreign currency activities and financial assets amounted to \$3.5 billion down from \$4.0 billion in 2016.

Sources of Non-Interest Revenue



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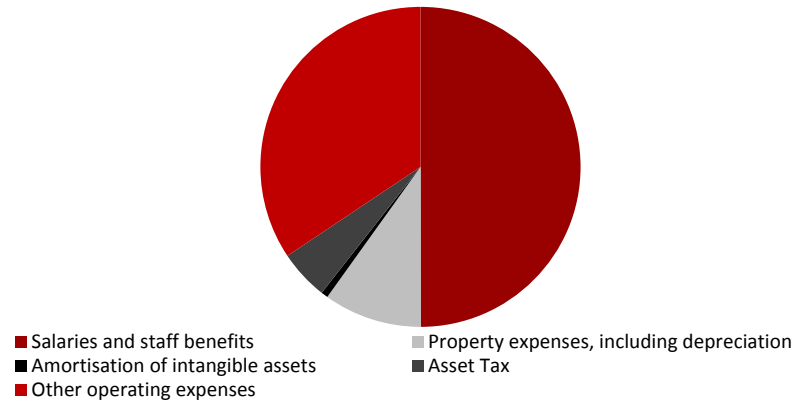
CREDIT QUALITY

Impairment losses on loans was \$2.2 billion, up \$746 million from last year. We experienced higher write-offs on our unsecured retail portfolio. Non-accrual loans (NALs) amounted to \$4.5 billion compared to \$4.4 billion last year. The Group's NALs is 2.7% of gross loans, and 0.9% of total assets.

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$21.3 billion for the year ended October 31, 2017, an increase of \$595 million or 3% compared to prior year. Salaries and staff benefit costs increased by \$212 million, while other operating expenses grew by \$159 million. Asset tax increased by \$112 million or 12% to \$1.1 billion due to the increase in the Group's assets. Our productivity ratio however continues to reflect an improvement moving from 53.38% last year to 51.09% this year.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$13.5 billion or 3% to \$490.9 billion as at October 31, 2017. The growth was attributable to an increase of \$13.2 billion in investment securities and cash resources. There was also an increase of \$9.9 billion in other assets resulting from higher guarantees and retirement benefit asset on our defined benefit pension plan scheme.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$116.5 billion, up from \$106.3 billion last year due to increased liquidity from inflows of retail and commercial deposits. We continued to maintain adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

Securities

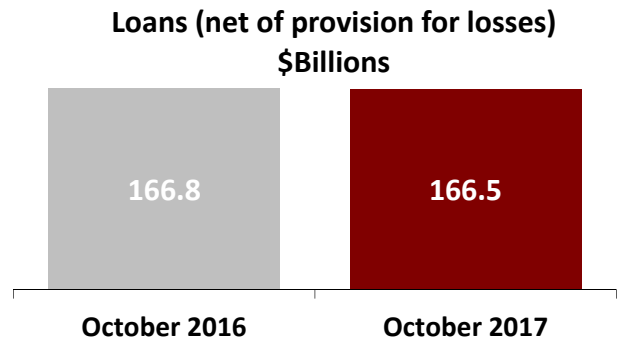
Total securities, including pledged assets, decreased by \$6.3 billion to \$158.8 billion due to a higher volume of short term placements when compared to last year.

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Loans

Our loan portfolio was flat year over year closing at \$166.5 billion as at October 31, 2017, driven by an overall decline in our foreign currency portfolio. Our small business, residential mortgages and personal loans continue to show solid performance quarter over quarter and year over year.

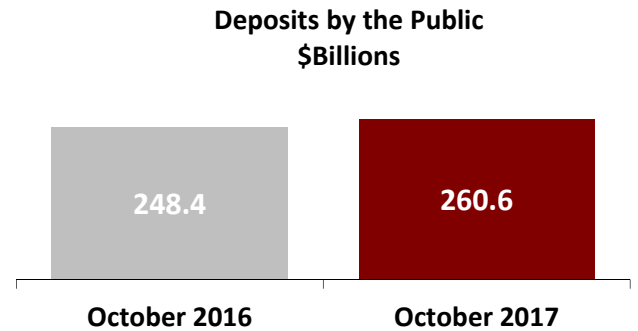


LIABILITIES

Total liabilities were \$388.5 billion as at October 31, 2017, an increase of \$6.5 billion or 2% from last year, driven by increases in our retail and commercial customer deposit base, offset by reductions in securities sold under repurchase agreements.

Deposits

Deposits by the public increased to \$260.6 billion, up from \$248.4 billion in the previous year. This \$12 billion or 5% growth in core deposits was reflected in higher inflows from our retail and commercial customers, signaling continued confidence in the strength of the Group.



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

This mainly represents deposits by clients of Scotia Investments, in addition to other wholesale funding. The net of these obligations decreased by \$8.5 billion or 18% compared to the prior year, as clients reduced repurchase agreement holdings and increased their investment in the unit trusts and mutual funds offered by the company. Consequently, our fund and asset management portfolios grew by \$17.1 billion or 13.5% over prior year.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund grew to \$45.2 billion, up from \$44.8 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$102.4 billion, increasing by \$10.6 billion or 12% year over year, 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.

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OUR COMMITMENT TO THE COMMUNITY

In the final quarter of 2017, Scotia Group continued its corporate social responsibility through various donations. During the period, emphasis was placed on maintenance of the environment.

Under the National Environment Planning Agency’s “Adopt A Beach” programme, the ScotiaFoundation adopted the Palisadoes Beach. Over a two day period, Saturday August 19th and Saturday August 26th, the ScotiaFoundation engaged 55 of its ScotiaScholars and their parents in a beach cleanup and awareness exercise. They cleaned 800 meters of the Palisadoes Beach, collecting a total of 38 bags of plastic material which was removed by Recycling Partners of Jamaica, and 13 bags of garbage which was removed by the National Solid Waste Management Authority.

On September 16, 2017, International Coastal Clean-up Day, over 80 Scotia Volunteers in association with the Urban Development Corporation, participated in the clearing up of the Hellshire Bay Beach, contributing to the removal of over 500 bags of garbage and debris from the area.

For the third year, the ScotiaFoundation hosted the annual Girls Empowered for Motherhood and Success (GEMS) Conference for over 200 teen mothers and “at risk” girls at the Jamaica Conference Center. The girls were brought in from locations of the Women’s Center Foundation island-wide, the Young Women’s Christian Association and a few high schools in the surrounding communities.

Scotia Group Jamaica Limited takes this opportunity to thank you, our customers, for your continued support and loyalty to allow us to be your financial services provider. To our shareholders, we thank you for the commitment, trust and confidence you continue to show in our management of the Group. Our continued success is built on great execution.



Scotia Scholars and Scotia Volunteers give their time to clean up the Palisadoes Beach and the Hellshire Bay Beach respectively.



Entertainer Alaine (right) and Yanique Forbes Patrick, Vice President Marketing, pose with two award recipients at the Scotia Foundation’s Girls Empowered for Motherhood and Success (GEMS) Conference.

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Consolidated Statement of Revenue and Expenses
Year ended October 31, 2017

(\$ Thousands)	For the three months ended			For the year ended	
	October 2017	July 2017	October 2016	October 2017	October 2016
Interest Income	7,707,669	7,859,178	7,738,265	30,965,937	30,274,064
Interest Expense	(989,587)	(1,098,223)	(1,139,122)	(4,321,834)	(4,898,163)
Net Interest Income	6,718,082	6,760,955	6,599,143	26,644,103	25,375,901
Impairment losses on loans	(694,564)	(508,462)	(290,221)	(2,178,492)	(1,432,420)
Net interest income after impairment losses	6,023,518	6,252,493	6,308,922	24,465,611	23,943,481
Net fee and commission income	2,048,098	2,167,931	1,661,482	8,638,362	7,016,045
Insurance revenue	516,949	566,854	512,112	2,785,032	2,369,309
Net gains on foreign currency activities	828,401	570,099	1,030,946	2,494,427	3,632,779
Net gains on financial assets	586,557	228,388	152,831	1,034,352	344,816
Other revenue	9,793	9,147	3,769	75,015	30,763
	3,989,798	3,542,419	3,361,140	15,027,188	13,393,712
Total Operating Income	10,013,316	9,794,912	9,670,062	39,492,799	37,337,193
Operating Expenses					
Salaries and staff benefits	2,641,548	2,676,577	2,614,461	10,641,141	10,428,959
Property expenses, including depreciation	543,993	537,718	528,502	2,113,257	2,021,790
Amortisation of intangible assets	51,647	31,756	33,690	146,897	127,006
Asset tax	-	-	-	1,068,710	956,448
Other operating expenses	1,937,964	1,755,123	1,933,725	7,321,336	7,162,047
	5,175,152	5,001,174	5,110,378	21,291,341	20,696,250
Profit before taxation	4,838,164	4,793,738	4,559,684	18,201,458	16,640,943
Taxation	(1,419,603)	(1,497,959)	(1,342,927)	(5,794,168)	(5,050,341)
Profit for the year	3,418,561	3,295,779	3,216,757	12,407,290	11,590,602
Attributable to:-					
Equityholders of the Company	3,362,655	3,212,733	3,098,444	12,174,742	11,300,599
Non-Controlling Interest	55,906	83,046	118,313	232,548	290,003
Earnings per share (cents)	108	103	100	391	363
Return on average equity (annualized)	13.49%	13.39%	13.58%	12.58%	12.65%
Return on assets (annualized)	2.74%	2.56%	2.60%	2.48%	2.37%
Productivity ratio	48.33%	48.54%	51.31%	51.09%	53.38%

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Consolidated Statement of Comprehensive Income
Year ended October 31, 2017

(\$ Thousands)	For the three months ended			For the Year ended	
	October 2017	July 2017	October 2016	October 2017	October 2016
Profit for the year	3,418,561	3,295,779	3,216,757	12,407,290	11,590,602
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	5,784,482	184,431	(752,983)	6,459,498	(251,970)
Taxation	(1,928,161)	(61,477)	250,994	(2,153,166)	83,990
	3,856,321	122,954	(501,989)	4,306,332	(167,980)
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains(losses) on available for sale assets	50,429	212,173	(150,217)	397,873	989,915
Realised gains on available for sale assets	(428,569)	(123,948)	(13,797)	(686,187)	(15,302)
Foreign currency translation	(5,503)	(7,091)	-	(11,431)	-
	(383,643)	81,134	(164,014)	(299,745)	974,613
Taxation	13,916	(58,186)	27,569	9,103	(234,649)
	(369,727)	22,948	(136,445)	(290,642)	739,964
Other comprehensive income, net of tax	3,486,594	145,902	(638,434)	4,015,690	571,984
Total comprehensive income for the year	6,905,155	3,441,681	2,578,323	16,422,980	12,162,586
Attributable to:-					
Equityholders of the Company	6,834,376	3,371,307	2,475,615	16,166,559	11,825,603
Non-Controlling Interest	70,779	70,374	102,708	256,421	336,983

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**Consolidated Statement of Financial Position
October 31, 2017**

	October 31, 2017	October 31, 2016
(\$ Thousands)		
ASSETS		
CASH RESOURCES	116,476,559	106,276,488
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8,155	554,034
INVESTMENT SECURITIES	120,292,580	117,121,153
PLEGGED ASSETS	37,253,225	46,591,509
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	1,203,495	820,146
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	166,493,591	166,826,780
OTHER ASSETS		
Customers' liability under acceptances, guarantees and letters of credit	12,228,668	10,472,328
Property, plant and equipment	5,322,155	5,476,590
Deferred taxation	176,310	70,706
Taxation recoverable	2,574,148	2,275,813
Retirement benefit asset	25,020,925	17,366,400
Other assets	2,074,311	2,331,282
Assets held for sale	664,416	-
Intangible assets	1,094,143	1,208,425
	<u>49,155,076</u>	<u>39,201,544</u>
TOTAL ASSETS	490,882,681	477,391,654
LIABILITIES		
Deposits by the public	260,559,467	248,416,381
Amounts due to banks and other financial institutions	10,168,548	11,146,834
	<u>270,728,015</u>	<u>259,563,215</u>
OTHER LIABILITIES		
Acceptances, guarantees and letters of credit	12,228,668	10,472,328
Securities sold under repurchase agreements	20,666,065	31,634,237
Capital management and government securities funds	17,844,600	15,352,087
Deferred taxation	7,800,934	5,760,074
Retirement benefit obligation	3,884,186	3,191,557
Liabilities held for sale	37,272	-
Other liabilities	10,090,219	11,165,034
	<u>72,551,944</u>	<u>77,575,317</u>
POLICYHOLDERS' LIABILITIES	45,171,156	44,764,585
STOCKHOLDERS' EQUITY		
Share capital	6,569,810	6,569,810
Reserve fund	3,249,976	3,249,976
Retained earnings reserve	31,891,770	24,791,770
Capital reserve	11,340	11,340
Loan loss reserve	2,687,050	3,143,875
Other reserves	9,964	9,964
Translation reserve	(12,259)	-
Cumulative remeasurement result from available for sale assets	565,980	868,236
Unappropriated profits	57,457,935	53,210,802
	<u>102,431,566</u>	<u>91,855,773</u>
Non-controlling interest	-	3,632,764
	<u>102,431,566</u>	<u>95,488,537</u>
TOTAL EQUITY AND LIABILITIES	490,882,681	477,391,654


 Director


 Director

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Consolidated Statement of Changes in Shareholders' Equity
October 31, 2017

(\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement result from Available for Sale financial assets	Loan Loss Reserve	Other Reserves	Translation Reserve	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
Balance as at 31 October 2015	6,569,810	3,246,591	20,391,770	9,383	175,252	3,204,491	12,892	-	51,445,043	85,257,232	3,470,323	88,727,555
Net Profit	-	-	-	-	-	-	-	-	11,300,599	11,300,599	290,003	11,590,602
Other Comprehensive Income												
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	-	(167,980)	(167,980)	-	(167,980)
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	698,948	-	-	-	-	698,948	49,765	748,713
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(5,964)	-	-	-	-	(5,964)	(2,785)	(8,749)
Total Comprehensive Income												
					692,984				11,132,619	11,825,603	336,983	12,162,586
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	4,200,000	-	-	-	-	-	(4,200,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	(60,616)	-	-	60,616	-	-	-
Movement in reserves due to the dissolution of subsidiary	-	1,385	-	1,957	-	-	(2,528)	-	-	414	584	998
Dividends Paid	-	-	-	-	-	-	-	-	(5,227,476)	(5,227,476)	(175,126)	(5,402,602)
Balance as at 31 October 2016	6,569,810	3,249,976	24,791,770	11,340	868,236	3,143,875	9,964	-	53,210,802	91,855,773	3,632,764	95,488,537
Balance as at 31 October 2016	6,569,810	3,249,976	24,791,770	11,340	868,236	3,143,875	9,964	-	53,210,802	91,855,773	3,632,764	95,488,537
Net Profit	-	-	-	-	-	-	-	-	12,174,742	12,174,742	232,548	12,407,290
Other Comprehensive Income												
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	-	4,306,332	4,306,332	-	4,306,332
Foreign Currency Translation	-	-	-	-	-	-	-	(12,259)	-	(12,259)	828	(11,431)
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	278,972	-	-	-	-	278,972	26,204	305,176
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(581,228)	-	-	-	-	(581,228)	(3,159)	(584,387)
Total Comprehensive Income												
					(302,256)			(12,259)	16,481,074	16,166,559	256,421	16,422,980
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	7,100,000	-	-	-	-	-	(7,100,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	(456,825)	-	-	456,825	-	-	-
Transaction costs to acquire non-controlling interest	-	-	-	-	-	-	-	-	(50,222)	(50,222)	-	(50,222)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	60,323	60,323	(3,757,825)	(3,697,502)
Dividends Paid	-	-	-	-	-	-	-	-	(5,600,867)	(5,600,867)	(131,360)	(5,732,227)
Balance as at 31 October 2017	6,569,810	3,249,976	31,891,770	11,340	565,980	2,687,050	9,964	(12,259)	57,457,935	102,431,566	-	102,431,566



Condensed Statement of Consolidated Cash Flows
Year ended October 31, 2017

(\$ Thousands)	2017	2016
Cash flows provided by / (used in) operating activities		
Profit for the year	12,407,290	11,590,602
Items not affecting cash:		
Depreciation	537,843	511,389
Impairment losses on loans	3,761,229	2,958,360
Amortisation of intangible assets	146,897	127,006
Taxation	5,794,168	5,050,341
Net interest income	(26,644,103)	(25,375,901)
Gain on disposal of property, plant and equipment	(46,460)	-
Gain on sale of available for sale securities	(686,187)	(15,302)
Increase in retirement benefit assets/obligations	(400,902)	(387,943)
	<u>(5,130,225)</u>	<u>(5,541,448)</u>
Changes in operating assets and liabilities		
Loans	(4,143,757)	(15,254,743)
Deposits	14,639,510	41,571,644
Policyholders reserve	406,571	1,652,306
Securities sold under repurchase agreement	(10,932,603)	(8,132,434)
Financial assets at fair value through profit and loss	545,879	290,363
Interest received	31,279,851	30,302,834
Interest paid	(4,374,416)	(4,931,969)
Taxation paid	(5,562,246)	(4,735,320)
Amounts with parent and fellow subsidiaries	2,134,897	8,601,079
Assets held for sale, net	-	-
Other	(10,640,097)	(495,979)
	<u>8,223,364</u>	<u>43,326,333</u>
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	5,782,034	(4,690,965)
Acquisition of minority interest	(3,747,724)	-
Purchase of property, plant, equipment and intangibles	(458,971)	(767,734)
Proceeds on sale of property, plant and equipment	80,306	-
	<u>1,655,645</u>	<u>(5,458,699)</u>
Cash flows used in financing activities		
Dividends paid	(5,732,227)	(5,402,602)
	<u>(5,732,227)</u>	<u>(5,402,602)</u>
Effect of exchange rate on cash and cash equivalents	(407,804)	1,477,649
Net change in cash and cash equivalents	3,738,978	33,942,681
Cash and cash equivalents at beginning of year	70,297,279	36,354,598
Cash and cash equivalents at end of year	74,036,257	70,297,279
Represented by :		
Cash resources	116,476,559	106,276,488
Less statutory reserves at Bank of Jamaica	(34,506,619)	(27,094,706)
Less amounts due from Bank of Jamaica greater than ninety days	(655,915)	(379,649)
Less amounts due from other banks greater than ninety days	(6,278,623)	(8,005,723)
Less accrued interest on cash resources	(42,462)	(36,036)
Pledged assets and repurchase agreements' assets less than ninety days	1,328,557	1,465,245
Cheques and other instruments in transit, net	(2,285,240)	(1,928,340)
Cash and cash equivalents at end of year	74,036,257	70,297,279

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Segmental Financial Information
October 31, 2017

(\$ Thousands)	Banking						Eliminations	Group
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other		
Net External Revenues	5,441,887	19,563,588	7,900,452	3,357,600	5,337,953	69,811	-	41,671,291
Revenues from other segments	(1,971,856)	(529,433)	2,208,796	143,941	107,266	23,644	17,642	-
Total Revenues	3,470,031	19,034,155	10,109,248	3,501,541	5,445,219	93,455	17,642	41,671,291
Expenses	(556,335)	(13,744,386)	(6,525,093)	(1,231,573)	(1,288,681)	(44,473)	(79,292)	(23,469,833)
Profit Before Tax	2,913,696	5,289,769	3,584,155	2,269,968	4,156,538	48,982	(61,650)	18,201,458
Taxation								(5,794,168)
Profit for the year								12,407,290
Segment assets	163,571,362	114,999,461	70,042,301	61,920,634	57,151,482	21,183,941	(25,186,006)	463,683,175
Unallocated assets								27,199,506
Total Assets								490,882,681
Segment liabilities	-	151,314,231	140,227,828	46,257,134	45,854,991	47,744	(12,400,932)	371,300,996
Unallocated liabilities								17,150,119
Total liabilities								388,451,115
Other Segment items:								
Capital Expenditure	-	187,619	243,538	20,362	7,452	-	-	458,971
Impairment losses on loans	-	2,049,037	143,263	(13,808)	-	-	-	2,178,492
Depreciation and amortisation	-	362,236	182,814	134,526	5,164	-	-	684,740

Focused on the Future


Segmental Financial Information
October 31, 2016

(\$ Thousands)	Banking						Eliminations	Group
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other		
Net External Revenues	4,129,824	18,745,095	7,037,818	3,479,616	4,527,416	849,844	-	38,769,613
Revenues from other segments	(514,326)	(820,631)	1,116,228	40,262	127,686	76,664	(25,883)	-
Total Revenues	3,615,498	17,924,464	8,154,046	3,519,878	4,655,102	926,508	(25,883)	38,769,613
Expenses	(476,104)	(12,642,108)	(6,034,359)	(1,689,846)	(1,178,757)	(35,073)	(72,423)	(22,128,670)
Profit Before Tax	3,139,394	5,282,356	2,119,687	1,830,032	3,476,345	891,435	(98,306)	16,640,943
Taxation								(5,050,341)
Profit for the year								11,590,602
Segment assets	147,553,375	111,978,753	73,075,303	71,185,461	56,758,368	21,175,981	(24,022,088)	457,705,153
Unallocated assets								19,686,501
Total Assets								477,391,654
Segment liabilities	913,049	143,284,990	136,252,383	56,239,395	45,360,140	24,872	(14,991,453)	367,083,376
Unallocated liabilities								14,819,741
Total liabilities								381,903,117
Other Segment items:								
Capital Expenditure	-	474,481	202,270	61,279	29,704	-	-	767,734
Impairment losses on loans	-	1,466,629	(18,959)	(15,250)	-	-	-	1,432,420
Depreciation and amortisation	-	327,206	164,635	136,377	10,177	-	-	638,395

Focused on the Future


SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2017

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 (100%) and Scotia Jamaica Micro Finance Limited (100%). All subsidiaries are incorporated in Jamaica, except for Scotia Asset Management (St. Lucia) Inc.

Scotia Investments Jamaica Limited (SIJL) initiated a Court application to implement a Scheme of Arrangement in order to take it private. This was approved at the Extraordinary General Meeting held on August 30, 2017, and was finalized with the Supreme Court's approval in September 2017. Effectively, all minority shares held by non-controlling interests were cancelled with the payment by Scotia Group Jamaica Limited of J\$38 per share, resulting in Scotia Group now owning 100% of SIJL.

On December 1, 2017, the Group disposed of its shares in Scotia Jamaica Microfinance Company Limited. This transaction is in line with the group's strategic direction to simplify its operations, focus on growing its core banking, insurance and investment business and deliver value to shareholders.

2. Basis of presentation

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements.

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.

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2017

3. Financial Assets (continued)

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 amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of trading securities are included in the statement of revenue and expenses in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in the statement of comprehensive income. Interest calculated using the effective interest method is recognized in the statement of revenue and expenses.

4. Pledged Assets

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

(\$ Millions)	<u>2017</u>	<u>2016</u>
Investments pledged as collateral for securities sold under repurchase agreements	18,558	34,234
Capital Management and Government Securities funds	13,398	11,466
Securities with regulators, clearing houses and other financial institutions	<u>5,297</u>	<u>891</u>
	<u>37,253</u>	<u>46,591</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.

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2017

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.

(i) 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.

Where a pension asset arises, the amount recognized 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.

Focused on the Future

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2017

9. Employee benefits (continued)

(ii) 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.

(iii) 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;
- Treasury – this incorporates the Group’s liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading 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.

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.

Focused on the Future

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2017

DIRECTORS	HOLDINGS AS AT 31 OCTOBER 2017
ALEXANDER, BARBARA OLIVE LOUISE	108,000
<i>FORRESTER, TERRANCE</i>	0
CRAWFORD, ERIC	45,000
<i>GORDON, DEBBIE-ANN</i>	0
<i>CRAWFORD, ALEXANDER</i>	0
HALL, JEFFREY MCGOWAN	0
<i>HALL, JEFFREY MCGOWAN/CHUA, DR. SWEE TEEN</i>	40,000
<i>HALL, JEI HAN CHUA</i>	0
<i>HALL, LI HAN</i>	0
HART, ANTONY MARK DESNOES	0
<i>HART, CANDACE</i>	0
<i>HART, CAMERON GABRIELLE</i>	0
<i>HART, ETHAN SAMUEL</i>	0
<i>HART, MAYA ALEXANDRA</i>	0
KING, BRENDAN	0
<i>BRYAN, SANDRA</i>	0
<i>KING, CONOR</i>	0
<i>KING, RYAN</i>	0
<i>KING, SHANNON</i>	0
MAHFOOD, ANDREW	0
<i>MAHFOOD, CAROLINE</i>	75,208
<i>MAHFOOD, LAUREN</i>	0
*NOEL, DAVID	0
<i>NOEL, EDEN</i>	0
<i>NOEL, FRANCENE</i>	0
<i>NOEL, ZACHARY</i>	0
SHARP, JACQUELINE	71,125
<i>SHARP, ALEXANDER</i>	0
<i>SHARP, JACQUELINE /SHARP, JASON</i>	181,000
<i>SHARP, LAUREN</i>	0

SMITH, EVELYN	0
<i>SMITH, ANNECIA</i>	0
<i>SMITH, JOSEPH ALEXANDER</i>	0
<i>SMITH, NELSON ALEXANDER</i>	0

Notes:

**Effective 5 September 2017, David Noel was appointed to the Board of Director.*

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2017

SENIOR MANAGERS	HOLDINGS AS AT 31 OCTOBER 2017
BRIGHT, ALSTON CARL	144,683
FORBES -PATRICK, YANIQUE	0
<i>FORBES, BLOSSOM</i>	0
<i>FORBES, SHAWN</i>	0
<i>PATRICK, XAVIER</i>	0
<i>PATRICK,ZACHARY</i>	0
FRASER,RICHARD	0
<i>FRASER, EMILIA</i>	0
<i>FRASER, ZARA</i>	0
<i>KINACH, ANDREA VANESSA</i>	0
HARVEY, VINCENT AGUSTUS	9,045
<i>HARVEY, GAIL ROSALEE/ HARVEY, VINCENT A.</i>	2,600
<i>HARVEY, STEPHEN VINCENT</i>	0
<i>HARVEY, VINCENT/ HARVEY, GAIL</i>	1,300
<i>HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER-JOHN MCDONALD</i>	1,000
HEYWOOD, NADINE	0
<i>HEYWOOD,GRANT ALEXANDER MAUNSELL</i>	0
<i>HEYWOOD,ZOE MONIQUE MAUNSELL</i>	0
MAIR, HORACE NEIL CRAIG	42,082
<i>MAIR, DANIEL GEORGE</i>	0
<i>MAIR, JODI ANN</i>	0
<i>MAIR, JOSHUA HORACE</i>	0
<i>MAIR, LUKE CRAIG</i>	0
MCLEGGON, MARCETTE	216,983
MILLER, HUGH G	74,098
<i>MILLER, SHEILA OPHELIA</i>	0
MITCHELL, LISSANT	0
<i>MITCHELL, LISSANT L./MITCHELL, ELMAY</i>	40,000
<i>MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG</i>	4,500
NELSON, MORRIS	643

NOEL, DAVID	0
NOEL, EDEN	0
NOEL, FRANCENE	0
NOEL, ZACHARY	0
PILLINER, ROSEMARIE	74,216
PILLINER, ROSEMARIE/PILLINER, GORDONST. ELMO	72,458
SHARP, JACQUELINE	71,125
SHARP, ALEXANDER	0
SHARP, JACQUELINE/ SHARP, JASON	181,000
SHARP, LAUREN	0
STOKES, ADRIAN	0
STOKES, LUCAS	0
SYLVESTER, COURTNEY A.	248,864
SYLVESTER, BENJAMIN	0
SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN	124,764
SYLVESTER, EMMANUEL	0
SYLVESTER,JESSICA	0
THOMPSON-JAMES, JULIE	0
JAMES, ARIANNE ELIZABETH	0
JAMES, MARCUS HASTINGS/ JAMES, MATTHEW ERIC HASTINGS	1,000
JAMES, MARCUS HASTINGS/ JAMES, ALYSSA MILAN	500
JAMES, MARCUS HASTINGS	6,300
JAMES, MATTHEW	0
*TUGWELL-HENRY, AUDREY	0
TUGWELL-HENRY, AUDREY MAUD/HENRY, PETER	29,996
HENRY, PETER-GAYE	0
HENRY, STEVEN	0
WHITE, GARY-VAUGHN	96,389
WHITE, CALEB- ANTHONY	0
WHITE, EDEN-GRACE ALEXANDRA	0
WHITE, ROSALEE KEESH-ANN	0
WHITELOCKE, GLADSTONE	54,000
WHITELOCKE, ELAINE	108,692
WILKIE -CHANNER, SHELEE NADINE	96,979
CHANNER, KYRA-JADE ALYSSA	0
CHANNER, LENNOX	0
CHANNER, MAYA-PAIGE OLIVIA	0
WILKIE-CHANNER, SHELEE/CHANNER, LENOX DECORDOVA	21,048

WILLIAMS, FREDERICK	135,285
<i>WILLIAMS, FREDERICK/YEARDE-WILLIAMS, COLLEEN INGRID</i>	46,153
<i>WILLIAMS, NINA SADE</i>	0
<i>WILLIAMS, STEPHANIE NATHANIA</i>	0
<i>YEARDE-WILLIAMS, COLLEEN INGRID</i>	0
WRIGHT, MICHELLE	41,001
WRIGHT, SALIANN	31,169
<i>WRIGHT, GLADSTONE SIDONIA</i>	402,688
<i>WRIGHT, KERRY-ANN</i>	0

Notes:

****Effective 4 September 2017 Audrey Tugwell-Henry was appointed as Vice President, Retail Banking.***

SCOTIA GROUP JAMAICA LIMITED
TOP TEN (10) LARGEST SHAREHOLDERS
AS AT 31 OCTOBER 2017

RANK	SHAREHOLDER	HOLDINGS AS AT 31 OCTOBER 2017
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	58,992,292
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION	29,600,000
6	NCB INSURANCE CO. LTD A/C WT109	26,291,176
7	GRACEKENNEDY LIMITED PENSION SCHEME	20,897,463
8	SDBG A/C 560-01	15,357,733
9	JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	15,220,772
10	SDBG A/C 560-03	13,142,092