

SCOTIA GROUP JAMAICA REPORTS THIRD QUARTER OF FISCAL 2022 RESULTS

Scotia Group reports net income of \$8.4 billion for the nine months ended July 31, 2022, representing an increase of \$1.1 billion or 15% over the prior year comparative period. Net income for the quarter also reflected an increase of \$1.4 billion or 55.1% over the previous quarter. The Group's continued strong financial performance was driven by growth across our core business lines supported by prudent expense management. In keeping with our commitment to deliver shareholder value, the Board of Directors approved a dividend of 35 cents per stock unit in respect of the third quarter, which is payable on October 19, 2022 to stockholders on record as at September 27, 2022.

Commenting on the strong performance of the Group, President and Chief Executive Officer, Audrey Tugwell Henry said: "The Group delivered solid results for the quarter as a direct result of the effective execution of our strategic plan by our team of committed professionals.

Our retail business continues to perform well with solid growth in our core deposit and loan portfolios. Our deposit portfolio grew by 8% year over year. Likewise, our flagship Scotia Plan Loans recorded growth of 13% over the previous year. We also continued to record sustained growth over several quarters in our retail mortgage business which reflected an increase of 25% year over year. The mortgage business is an area of focus for us as home ownership remains a key financial objective of our customers.

In our commercial business, we saw continued improvement with a 7% increase in the loan portfolio versus the previous quarter, reflecting an uptick in loan demand as the economy opens up, following the lifting of the disaster risk management measures. We are also focused on cash management for our business customers. We will shortly be launching e Comm +, an enhanced e-commerce solution which we are confident will be well received by the market, especially our SME customers due to the ease of implementation and affordability of these solutions.

Scotia Investments' newest funds - The Scotia Premium Short-Term Income Funds which were launched at the start of the fiscal year are performing extremely well with the JMD fund already exceeding J\$1 billion, and the USD fund exceeding US\$20 million.

Scotia Jamaica Life Insurance Company continues to make a strong contribution to the Group with increased gross premium income of \$437 million or 8% over prior year. Our recently launched Scotia Elevate Universal Life policy has been performing well and we will continue to offer innovative products that focus on protection.



Mobile App
RANKED #1
in the market



419,155
customers enrolled
in online and mobile banking



Credit
quality
remains strong

Non accrual loans as a
percentage of gross loans -
lower than industry average



Strong
Capital
Position



Deposits
\$399
BILLION



Julie Thompson James (left) Corporate Governance Consultant and Kaysia Johnson Vaughan (right) Senior Manager SME Professional Partnerships at Scotiabank engage participants at the advisory governance workshop hosted by the Scotiabank Women Initiative in July 2022.

Our Customer First strategy is heavily underpinned by the adoption of digital technology. Various initiatives including enhanced public education surrounding cyber security were executed during the past few months to ensure that customers are comfortable using the available technology. These activities have become increasingly important as the number of digital transactions continue to grow. As at July 2022 - 419,155 customers were enrolled in online or mobile banking which remains free for personal banking customers. Our investment and performance in digital banking have garnered international recognition with Scotiabank being named **Best Consumer Digital Bank 2022 by Global Finance magazine**. We are proud of this achievement and we will continue to deliver best in class technology solutions and expertise for our customers as we partner with them to fulfill their financial objectives. Our expanded Customer Experience team has done tremendous work in streamlining processes and addressing customer concerns resulting in significant improvement in our customer satisfaction and net promoter scores.

During the quarter, we also continued to offer support to our business customers. We proudly launched the advisory pillar of the Scotiabank Women Initiative (SWI) with a 2-day conference for women business owners and operators. This pillar of our programme focuses on building strong corporate governance to foster business success. Along with the other pillars of Access to Capital and ongoing business education, this one-of-a-kind signature programme is delivering real value for women in business.

We also maintained our focus on employee engagement with various activities touching all departments during the quarter. Due to the current state of the pandemic, we were pleased to be able to restart our vibrant volunteer programme which has been a hallmark of Scotiabank throughout our history. Volunteer activities took place across the island for Read Across Jamaica Day and Labour Day.

I would like to express my gratitude to our winning team of Scotiabankers for their commitment to service excellence, our Board for their strong guidance and support, our customers for continuing to choose Scotia Group as their financial partner, and our shareholders for their trust and investment.”

GROUP FINANCIAL PERFORMANCE

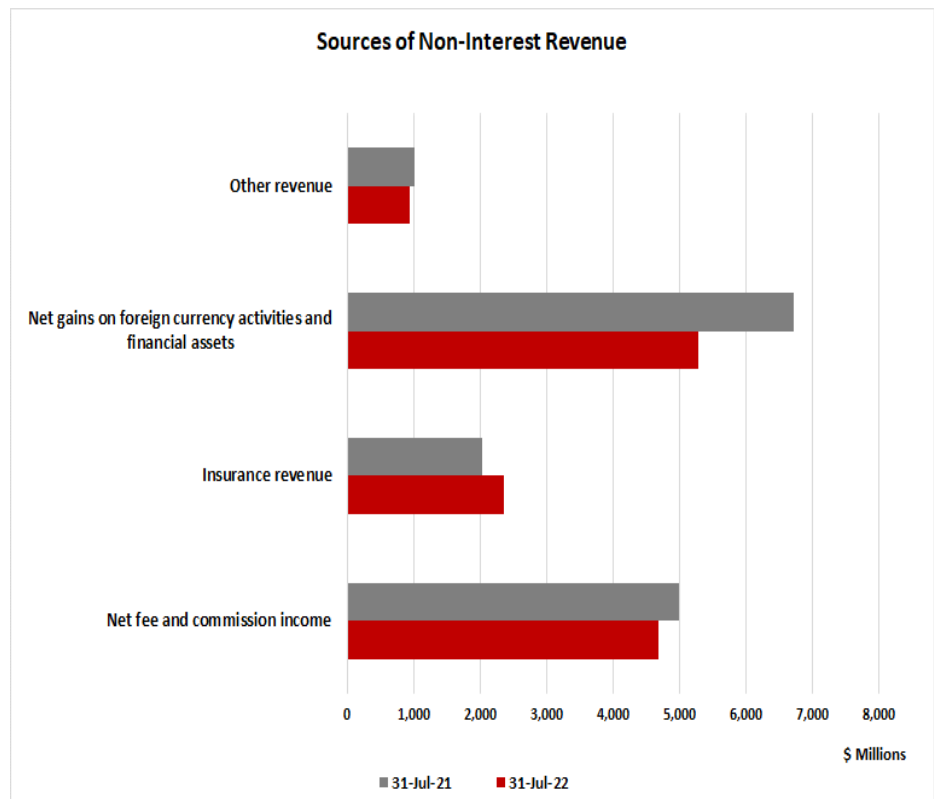
TOTAL REVENUES

Total revenues (excluding expected credit losses) for the nine months ended July 31, 2022 was \$33.6 billion, reflecting an increase of \$1.9 billion or 5.9% over the prior year comparative period. Net interest income for the Group grew by \$3.3 billion or 19.7% and was driven by an increase in interest earned on the investment portfolio and improved retail loan volumes.

OTHER REVENUE

Other income, defined as all income other than interest income reduced by \$1.5 billion or 9.9%.

- Net fee and commission income as at July 2022 amounted to \$4.7 billion and showed a reduction of \$297.8 million or 6%. Lower net fee and commission income as the Group continues to expand its provision of alternative channels which attract lower fees.
- Insurance revenues increased by \$332.9 million or 16.5% to \$2.4 billion given higher transaction volumes stemming from further deepening of our customer relationships.
- Net gains on foreign currency activities and financial assets amounted to \$5.3 billion, reflecting a reduction of \$1.4 billion or 21.4%.
- Other revenue decreased by \$61.6 million or 6.1%.



CREDIT QUALITY

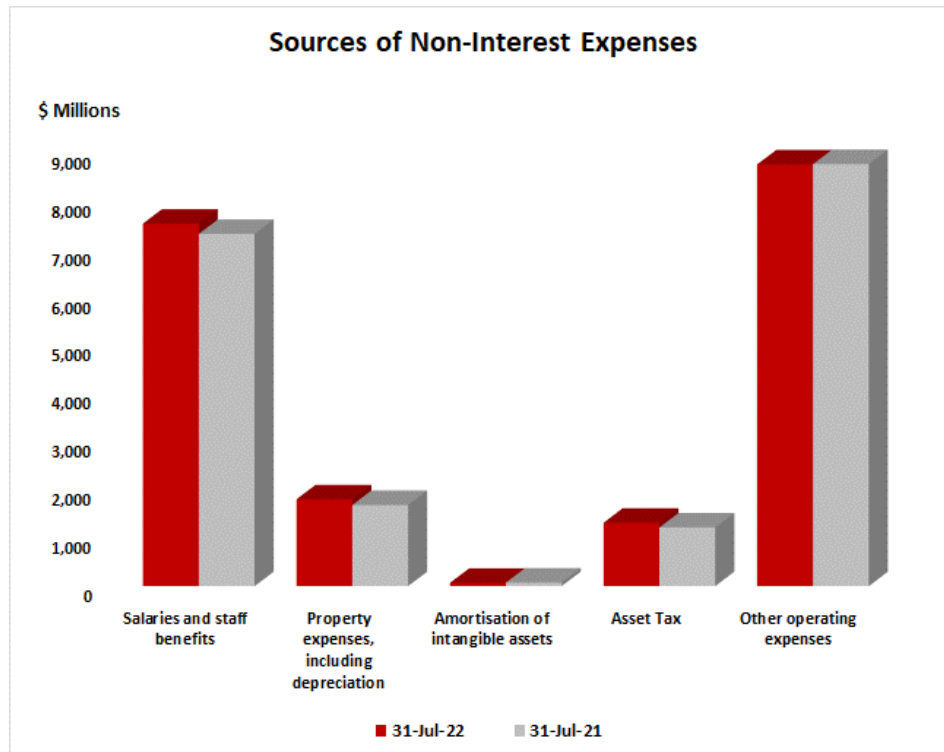
Expected credit losses for the period showed an increase of \$187.8 million or 9.4% when compared to Q3 2021. The Group's credit quality remains strong and we are well provisioned for both our performing and non-performing loans, ensuring adequate coverage for possible future non-performing loans.

Non-accrual loans (NALs) as at July 2022 totaled \$3.7 billion compared to \$6.1 billion as at July 2021. This represents a reduction of \$2.4 billion or 38.9%. The Group's NALs represent 1.7% of gross loans when compared to July 2021 (2.7%) and 0.6% of total assets (July 2021 – 1.1%). Of note, the Group's NALs as a percentage of gross loans continue to be below the industry average. The Group's accumulated credit loss provisions (ACLs) for loans as at July 2022 was \$5.2 billion, representing 140.6% coverage of total non-performing loans.

OPERATING EXPENSES

Operating expenses continue to be anchored by the Group's strong expense management initiatives and totaled \$19.5 billion as at July 2022 reflecting an increase of \$416.4 Million or 2.2%.

Quarter over quarter expenses increased by \$127 million or 2.1%.



GROUP FINANCIAL CONDITION

ASSETS

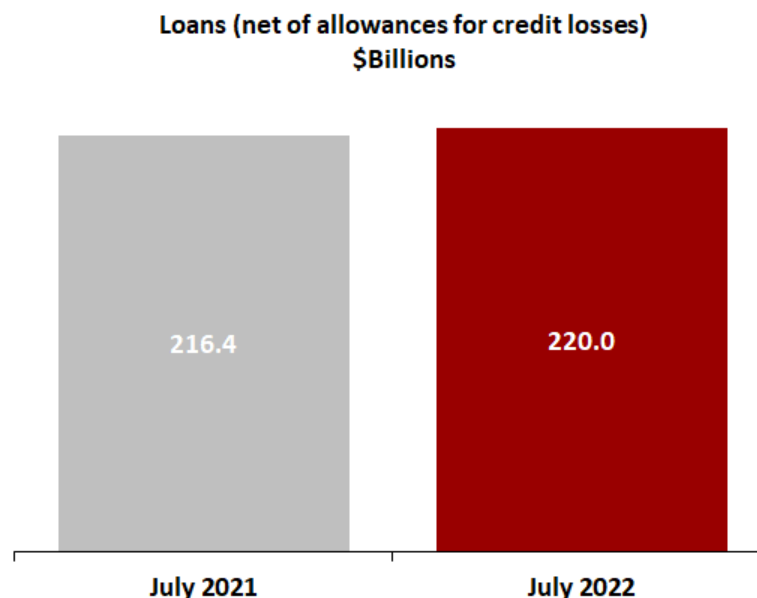
The Group's asset base grew by \$11 billion or 1.9% to \$589.3 billion as at July 2022. This was predominantly as a result of the growth in our investment portfolio of \$16 billion or 9.8%, cash resources of \$5.8 billion or 3.9%, and our loan portfolio of \$3.6 Billion or 1.7%, due to increased deposits driven by the continued confidence of our customers in the Group. This was partially offset by the reduction in other assets of \$14.4 billion or 27.6% on account of the lower carrying value of the retirement benefit asset.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$152.4 billion, increasing by \$5.8 billion or 3.9% over the prior period. The increase noted was directly attributable to the growth in our core deposits. The Group maintains a strong liquidity position which enables us to respond effectively to changes in our cash flow requirements.

Loans

Our loan portfolio increased by \$3.6 billion or 1.7% compared to July 2021, with loans net of allowances for credit losses increasing to \$220 billion. Our core loan book continues to perform well with mortgages increasing year over year by 25% and consumer loans by 13%. Of note, loans increased quarter over quarter by 6% signaling a rebound in the economic environment.

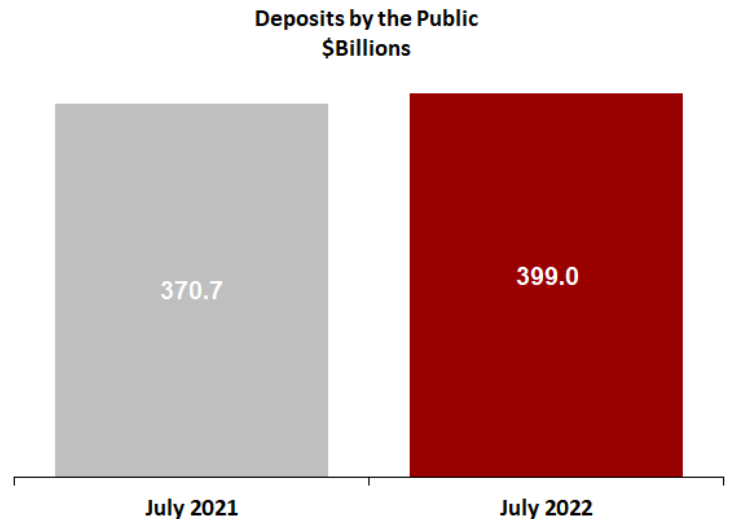


LIABILITIES

Total liabilities were \$482.3 billion as at July 2022 and showed an increase of \$20.3 billion or 4.4%. The increase noted was driven mainly by increased customer deposits.

Deposits

Deposits by the public increased to \$399 billion, up from \$370.7 billion as at July 2021. The \$28.3 billion or 7.6% growth in core deposits was reflected in higher inflows from our retail and commercial customers, signaling continued confidence in the strength of the Group.



Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund stood at \$46.3 billion as at July 2022 compared to \$45.6 billion as at July 2021. Our Scotia Affirm product continues to perform well, growing by 14% year over year with a current net asset value of \$1.3 billion. The increase noted was attributable to our strong sales effort coupled with the improved performance of the stock market.

Other Liabilities

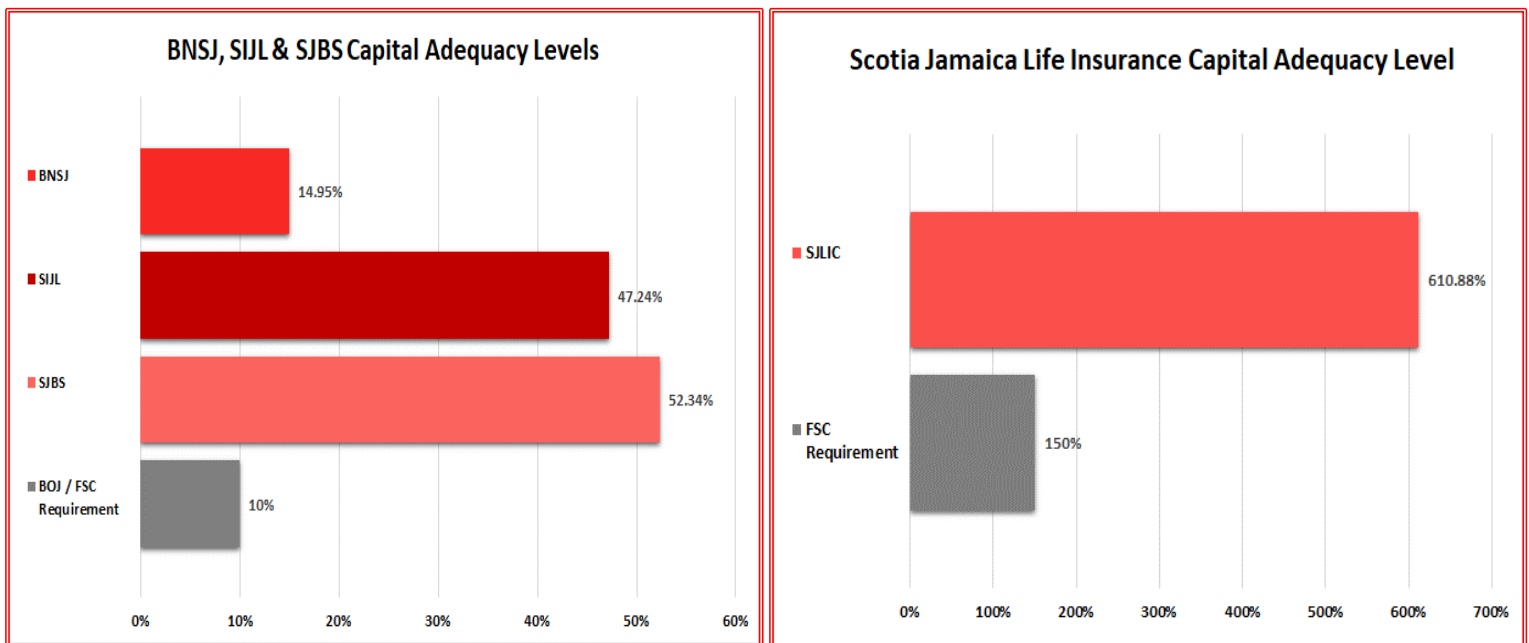
Other liabilities totaled \$21.7 billion as at July 2022 and showed a reduction of \$5.8 billion or 21.1% over the comparative prior year period. The year over year movement was primarily attributable to the reduction in deferred taxation of \$6.3 billion or 69.5% due to the change in the retirement benefit asset based on the revised assumptions used in the actuarial valuation.

CAPITAL

Shareholders' equity available to common shareholders totaled \$106.9 billion and reflected a reduction of \$9.3 billion or 8% when compared to July 2021. This was due primarily to the reduction in the carrying value of the defined benefit pension plan assets, reduction in the fair value of the investment portfolio, and dividends paid which was partially offset by 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.

Our regulatory capital adequacy levels versus the minimum requirement is shown below:



SCOTIABANK COMMITMENT TO THE COMMUNITY



Scotiabank volunteer Claudine Murray is animated as she reads a book to engaged students at the Jessie Ripoll Primary School in Kingston on Read Across Jamaica Day (May 3). The Foundation visited several schools across the island to promote reading among youth on the nationally celebrated day.

During the quarter, Scotiabank focused its efforts on bolstering the education sector through donations and volunteerism.

In commemoration of Read Across Jamaica Day (May 3), scores of Scotiabank volunteers were deployed to several primary and early childhood education institutions across the island, to help foster an appreciation for reading and the importance of strong literacy skills.

In celebration of Child Month and Read Across Jamaica Day 2022, the Scotia Foundation also donated book vouchers valued at up to \$100,000 to the administration of each school visited. The vouchers will be used to equip the schools' libraries with new reading materials. Over J\$1.2 million in vouchers were distributed to 17 schools across Jamaica.



A Scotiabank volunteer (left) presents book vouchers to a staff member of the Providence Methodist Early Childhood Institution on Read Across Jamaica Day.



Scotiabank volunteers briefly pause work at the Port Henderson Primary School in Portmore, St. Catherine to take a team photo on Labour Day (May 23).

Continuing the Bank's commitment to education, during the quarter the Scotiabank Jamaica Foundation completed beautification and renovation works at three educational facilities in St. Catherine and St. James on Labour Day (May 23). Painting and clean-up efforts were completed at the Port Henderson Primary School in partnership with Food for the Poor Jamaica, while the renovation works at the Victorious Basic School in Gordon Pen, St. Catherine, and the Montego Bay Learning Centre – a school for students with special needs – were conducted in collaboration with the United Way of Jamaica. Donations totaling \$2.4 million dollars were made representing the continuation of the Foundation's observance of Child Month 2022 and the Bank's continued investment in our communities.



Scotiabank CEO Audrey Tugwell Henry pauses from painting to have a light moment with Micah Kellyman during Labour day activities at the Port Henderson Primary school.

Consolidated Statement of Revenue and Expenses
Period ended July 31, 2022

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	July 2022	April 2022	July 2021	July 2022	July 2021
Interest income	8,096,838	6,994,552	6,159,482	21,701,554	18,410,949
Interest expense	(450,397)	(442,677)	(453,870)	(1,345,300)	(1,402,787)
Net interest income	7,646,441	6,551,875	5,705,612	20,356,254	17,008,162
Expected credit losses	(951,508)	(656,976)	(584,258)	(2,177,791)	(1,990,013)
Net interest income after expected credit losses	6,694,933	5,894,899	5,121,354	18,178,463	15,018,149
Net fee and commission income	1,432,456	1,754,893	1,948,743	4,688,734	4,986,538
Insurance revenue	858,235	705,172	695,608	2,357,148	2,024,211
Net gains on foreign currency activities	1,870,917	1,248,504	1,653,048	5,236,885	6,207,087
Net (losses) /gains on financial assets	(11,033)	(19,263)	198,538	38,654	506,310
Other revenue	640,512	6,713	15,557	942,613	1,004,187
	4,791,087	3,696,019	4,511,494	13,264,034	14,728,333
Total Operating Income	11,486,020	9,590,918	9,632,848	31,442,497	29,746,482
Operating Expenses					
Salaries and staff benefits	2,517,686	2,340,662	2,262,913	7,523,061	7,311,119
Property expenses, including depreciation	633,822	638,986	492,354	1,800,903	1,683,171
Amortisation of intangible assets	22,741	22,739	24,500	68,221	73,481
Asset tax	-	(40,878)	-	1,316,085	1,217,783
Other operating expenses	2,918,662	3,004,398	2,907,546	8,754,058	8,760,362
	6,092,911	5,965,907	5,687,313	19,462,328	19,045,916
Profit before taxation	5,393,109	3,625,011	3,945,535	11,980,169	10,700,566
Taxation	(1,386,579)	(1,040,929)	(1,137,303)	(3,605,251)	(3,411,973)
Profit for the period	4,006,530	2,584,082	2,808,232	8,374,918	7,288,593
Attributable to:-					
Equityholders of the Company	4,006,530	2,584,082	2,808,232	8,374,918	7,288,593
Earnings per share (cents)	129	83	90	269	234
Return on average equity (annualized)	14.47%	8.99%	9.57%	9.91%	8.46%
Return on assets (annualized)	2.72%	1.71%	1.94%	1.89%	1.68%
Productivity ratio	48.99%	58.22%	55.66%	57.89%	60.01%

Consolidated Statement of Comprehensive Income
Period ended July 31, 2022

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	July 2022	April 2022	July 2021	July 2022	July 2021
Profit for the period	4,006,530	2,584,082	2,808,232	8,374,918	7,288,593
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan/obligations	(15,818,381)	219,973	(5,871,716)	(12,850,410)	3,658,428
Taxation	5,272,794	(73,325)	1,957,239	4,283,470	(1,219,476)
	(10,545,587)	146,648	(3,914,477)	(8,566,940)	2,438,952
Items that may be subsequently reclassified to profit or loss:					
Unrealised losses on investment securities	(84,011)	(3,608,168)	(120,809)	(4,734,939)	(840,435)
Realised losses on investment securities	-	21,120	53,195	41,702	43,555
Foreign currency translation	(2,633)	(4,003)	3,424	(4,106)	31,087
Expected credit losses on investment securities	111,438	2,367	1,180	116,336	6,251
	24,794	(3,588,684)	(63,010)	(4,581,007)	(759,542)
Taxation	(4,412)	1,074,473	22,972	1,376,773	210,948
	20,382	(2,514,211)	(40,038)	(3,204,234)	(548,594)
Other comprehensive income, net of tax	(10,525,205)	(2,367,563)	(3,954,515)	(11,771,174)	1,890,358
Total comprehensive income for the period	(6,518,675)	216,519	(1,146,283)	(3,396,256)	9,178,951

Consolidated Statement of Financial Position July 31, 2022

Unaudited	July 31, 2022	October 31, 2021	July 31, 2021
(\$ Thousands)			
ASSETS			
CASH RESOURCES, NET OF ALLOWANCES	152,380,480	168,675,612	146,604,848
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	3,396,442	3,703,002	3,742,020
INVESTMENT SECURITIES	158,272,139	141,625,200	145,937,643
PLEDGED ASSETS	16,156,970	15,639,678	12,040,595
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	1,502,599	-	1,601,541
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	220,001,780	208,523,054	216,414,692
OTHER ASSETS			
Property and equipment, including right of use assets	9,262,926	8,851,961	8,530,395
Deferred taxation	934,008	302,506	146,144
Taxation recoverable	2,519,238	2,262,233	2,560,826
Retirement benefit asset	18,676,976	31,254,250	33,575,726
Other assets	5,682,763	4,036,354	6,526,705
Intangible assets	502,201	570,421	594,611
	37,578,112	47,277,725	51,934,407
TOTAL ASSETS	589,288,522	585,444,271	578,275,746
LIABILITIES			
Deposits by the public	398,986,218	378,473,110	370,668,636
Amounts due to banks and other financial institutions	838,226	1,957,816	1,713,207
	399,824,444	380,430,926	372,381,843
OTHER LIABILITIES			
Capital management and government securities funds	14,545,279	18,808,108	16,631,820
Deferred taxation	2,750,969	7,761,915	9,007,468
Retirement benefit obligation	4,424,873	5,237,873	5,257,441
Other liabilities	14,511,266	13,737,092	13,228,548
	36,232,387	45,544,988	44,125,277
POLICYHOLDERS' LIABILITIES	46,292,070	45,865,307	45,567,953
STOCKHOLDERS' EQUITY			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,249,976	3,249,976	3,249,976
Retained earnings reserve	45,891,770	45,891,770	45,891,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	473,273	334,797	(10,933)
Other reserves	9,964	9,964	9,964
Translation reserve	34,599	38,705	37,701
Cumulative remeasurement on investment securities	(3,809,803)	(609,675)	277,792
Unappropriated profits	54,508,692	58,106,363	60,163,253
	106,939,621	113,603,050	116,200,673
TOTAL EQUITY AND LIABILITIES	589,288,522	585,444,271	578,275,746

Director

Director

Consolidated Statement of Changes in Shareholders' Equity as at July 31, 2022

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement on Investment Securities	Loan Loss Reserve	Other Reserves	Translation Reserve	Unappropriated Profits	Total
Balance as at 31 October 2020	6,569,810	3,249,976	45,891,770	11,340	857,473	220,791	9,964	6,614	53,937,896	110,755,634
Net Profit	-	-	-	-	-	-	-	-	7,288,593	7,288,593
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	2,438,952	2,438,952
Foreign Currency Translation	-	-	-	-	-	-	-	31,087	-	31,087
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(608,511)	-	-	-	-	(608,511)
Realised Losses on investment securities, net of taxes	-	-	-	-	28,830	-	-	-	-	28,830
Total Comprehensive Income	-	-	-	-	(579,681)	-	-	31,087	9,727,545	9,178,951
Transfers between reserves										
Transfer from Loan Loss Reserve	-	-	-	-	-	(231,724)	-	-	231,724	-
Dividends Paid	-	-	-	-	-	-	-	-	(3,733,912)	(3,733,912)
Balance as at 31 July 2021	6,569,810	3,249,976	45,891,770	11,340	277,792	(10,933)	9,964	37,701	60,163,253	116,200,673
Balance as at 31 October 2021	6,569,810	3,249,976	45,891,770	11,340	(609,675)	334,797	9,964	38,705	58,106,363	113,603,050
Net Profit	-	-	-	-	-	-	-	-	8,374,918	8,374,918
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	(8,566,940)	(8,566,940)
Foreign Currency Translation	-	-	-	-	-	-	-	(4,106)	-	(4,106)
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(3,227,930)	-	-	-	-	(3,227,930)
Realised losses on investment securities, net of taxes	-	-	-	-	27,802	-	-	-	-	27,802
Total Comprehensive Income	-	-	-	-	(3,200,128)	-	-	(4,106)	(192,022)	(3,396,256)
Transfers between reserves										
Transfer to Loan Loss Reserve	-	-	-	-	-	138,476	-	-	(138,476)	-
Dividends Paid	-	-	-	-	-	-	-	-	(3,267,173)	(3,267,173)
Balance as at 31 July 2022	6,569,810	3,249,976	45,891,770	11,340	(3,809,803)	473,273	9,964	34,599	54,508,692	106,939,621

Condensed Statement of Consolidated Cash Flows
Period ended July 31, 2022

Unaudited (\$ Thousands)	2022	2021
Cash flows provided by operating activities		
Profit for the period	8,374,918	7,288,593
Items not affecting cash:		
Depreciation and amortisation of right of use assets	715,012	668,266
Amortisation of intangible assets	68,221	73,481
Impairment losses on property, plant and equipment	11,871	-
Expected credit losses	3,163,143	2,547,348
Taxation	3,605,251	3,411,973
Net interest income	(20,356,254)	(17,008,162)
Gain on disposal of property	(290,276)	(1,607)
Increase in retirement benefit assets / obligations	(965,721)	(862,350)
Gain on extinguishment of debt	(629,029)	(953,779)
	(6,302,864)	(4,836,237)
Changes in operating assets and liabilities		
Loans	(14,627,793)	960,104
Deposits	16,240,084	31,469,590
Policyholders reserve	426,763	268,337
Financial assets at fair value through profit and loss	378,581	(21,613)
Interest received	21,231,025	18,666,559
Interest paid	(1,314,357)	(1,383,035)
Taxation paid	(1,622,262)	(2,776,551)
Amounts with parent and fellow subsidiaries	10,855,946	(4,861,719)
Other	(5,981,417)	(8,724,123)
	19,283,706	28,761,312
Cash flows used in investing activities		
Investments and pledged assets	(22,516,164)	(28,096,842)
Lease payments on right of use asset	(130,796)	(146,320)
Purchase of property, plant, equipment and intangibles	(1,079,139)	(1,092,295)
Proceeds on sale of property, plant and equipment	334,248	1,607
	(23,391,851)	(29,333,850)
Cash flows used in financing activities		
Dividends paid	(3,267,173)	(3,733,912)
	(3,267,173)	(3,733,912)
Effect of exchange rate on cash and cash equivalents	(1,724,615)	4,309,142
Net change in cash and cash equivalents	(9,099,933)	2,692
Cash and cash equivalents at beginning of year	127,412,620	105,494,541
Cash and cash equivalents at end of period	118,312,687	105,497,233
Represented by :		
Cash resources, net of expected credit losses	152,380,480	146,604,849
Less statutory reserves at Bank of Jamaica	(33,849,511)	(30,330,425)
Less amounts due from other banks greater than ninety days	-	(9,114,799)
Expected credit losses on cash resources	22,842	3,222
Less accrued interest on cash resources	(90,323)	(3,590)
Pledged assets, investment securities and repurchase agreements assets less than ninety days	3,024,981	1,600,000
Cheques and other instruments in transit, net	(3,175,782)	(3,262,024)
Cash and cash equivalents at the end of the period	118,312,687	105,497,233

Segmental Financial Information

July 31, 2022

Unaudited (\$ Thousands)	Banking		Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
	Treasury	Retail						
Net external revenues	5,318,403	14,248,753	8,094,468	2,087,441	3,944,974	(73,751)	-	33,620,288
Revenues from other segments	(2,309,879)	254,051	1,904,304	148,866	(20,651)	-	23,309	-
Total revenues	3,008,524	14,502,804	9,998,772	2,236,307	3,924,323	(73,751)	23,309	33,620,288
Expenses	(869,835)	(12,815,891)	(5,457,924)	(1,217,200)	(1,171,773)	(46,151)	(61,345)	(21,640,119)
Profit before tax	2,138,689	1,686,913	4,540,848	1,019,107	2,752,550	(119,902)	(38,036)	11,980,169
Taxation								(3,605,251)
Profit for the period								8,374,918
Segment assets	234,523,912	160,716,323	86,481,604	25,794,020	62,983,269	22,183,340	(27,011,015)	565,671,453
Unallocated assets								23,617,069
Total assets								589,288,522
Segment liabilities	-	217,320,128	197,243,320	16,075,686	46,556,262	23,345	(11,521,414)	465,697,327
Unallocated liabilities								16,651,574
Total liabilities								482,348,901
Other Segment items:								
Capital expenditure	-	653,767	425,372	-	-	-	-	1,079,139
Expected credit losses	150,019	2,089,615	(104,538)	(14,966)	57,661	-	-	2,177,791
Depreciation and amortisation	5,491	461,737	234,798	77,703	3,504	-	-	783,233



Segmental Financial Information

July 31, 2021

Unaudited (\$ Thousands)	Banking		Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
	Treasury	Retail						
Net external revenues	2,921,786	14,016,620	8,443,970	2,581,260	3,114,108	658,751	-	31,736,495
Revenues from other segments	(985,800)	150,781	647,384	200,968	28,230	-	(41,563)	-
Total revenues	1,935,986	14,167,401	9,091,354	2,782,228	3,142,338	658,751	(41,563)	31,736,495
Expenses	(615,915)	(12,876,735)	(5,574,325)	(928,230)	(1,020,824)	(24,633)	4,733	(21,035,929)
Profit before tax	1,320,071	1,290,666	3,517,029	1,853,998	2,121,514	634,118	(36,830)	10,700,566
Taxation								(3,411,973)
Profit for the period								7,288,593
Segment assets	213,502,459	140,606,497	100,505,899	28,580,210	59,974,607	22,973,001	(27,597,221)	538,545,452
Unallocated assets								39,730,294
Total assets								578,275,746
Segment liabilities	-	205,042,213	185,496,002	18,153,458	46,221,087	11,025	(14,664,205)	440,259,580
Unallocated liabilities								21,815,493
Total liabilities								462,075,073
Other Segment items:								
Capital expenditure	-	582,901	509,018	376	-	-	-	1,092,295
Expected credit losses	16,731	2,042,585	(75,944)	4,344	2,297	-	-	1,990,013
Depreciation and amortisation	4,294	419,941	213,348	99,783	4,381	-	-	741,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2022

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%) and Scotia Investments Jamaica Limited (100%). All subsidiaries are incorporated in Jamaica, except for Scotia Asset Management (Barbados) Inc.

2. Significant accounting policies

(a) Basis of presentation

Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual audited consolidated financial statements for the year ended October 31, 2021, which was prepared in accordance with International Financial Reporting Standards (IFRS).

Functional and presentation currency

The condensed interim consolidated financial statements are presented in Jamaican dollars, which is the Group's functional currency. All financial information has been expressed in thousands of Jamaican dollars unless otherwise stated.

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. Critical accounting estimates and judgements

The preparation of financial statements, in conformity with IFRS requires management to make estimates, apply judgements and make assumptions that affect the reported amount of and disclosures relating to assets, liabilities, income and expenses at the date of the condensed interim consolidated financial statements. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

4. Financial Assets

Financial assets include both debt and equity instruments.

Classification and measurement

Debt instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

Classification of debt instruments is determined based on the business model under which the asset is held and the contractual cash flow characteristics of the instrument.

Equity instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase.

Allowance for expected credit losses

The group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. This impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – Where there has not been a significant increase in credit risk (SIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months.
- Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

5. Pledged Assets

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

(\$ Millions)	2022	2021
Capital Management and Government Securities funds	14,266	10,211
Securities with regulators, clearing houses and other financial institutions	1,891	1,830
	16,157	12,041

6. 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.

7. Property, plant and equipment including right of use assets

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

The Group recognizes a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured based on the present value of the lease payments.

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.

9. Employee benefits (continued)

(i) Defined Benefit Plan (continued)

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 changes in the effect of the 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.

(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 and mortgages;
- 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.

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 revenues and assets.