MEDIA RELEASE

March 14, 2019

SCOTIA GROUP JAMAICA REPORTS FIRST QUARTER OF FISCAL 2019 RESULTS

Scotia Group reports net income of $2.3 billion for the three months ended January 31, 2019 compared to $3.4 billion for the corresponding period last year. Excluding gains on the sale of a subsidiary of $753 million included in prior year, and IFRS 9 expected credit losses of $854 million (current year), net income increases year on year by $520 million or 20%.

Financial Highlights

	3 months ended 31-Jan-19 $millions	3 months ended 31-Jan-18 $millions
Total Revenues	11,504	11,593
Total Operating Expenses	7,336	6,367
Net Profit after Tax	2,325	3,412
Return on equity	8.06%	13.17%
Productivity Ratio	63.77%	54.92%
Operating Leverage	-16.0%	8.4%
Earnings per share (cents)	75	110
	31-Jan-19 $millions	31-Jan-18 $millions
Total Assets	537,127	502,039
Investments	159,415	164,643
Loans (net of provisions for losses)	185,658	167,550
Deposits by the public	302,973	272,979
Liabilities under repurchase agreements and other client obligations	22,093	32,457
Policyholders' Fund	45,044	44,829
Stockholders' equity	115,032	104,897

President and Chief Executive Officer for Scotia Group, David Noel, commented "During the quarter we saw steady growth in our core business performance with loan growth of $18.1 billion or 11% year over year. The major drivers of this were a 16% increase in loans to commercial customers and a 14% increase in mortgages. This demonstrates a positive customer response to the ongoing changes we have been making and augurs well for the future. Other Income for the Group grew by $352 million or 7% year over year largely as a result of foreign exchange revenues from Scotia Investments and Scotia Group.

Despite the improvement in core business performance, overall results were affected by the lower interest rate environment, resulting in reduced margins and net interest income. Operating expenses also increased during the quarter due partly to expenses related to one time structural changes and increased investments in technology to support our digital strategy and growth over the medium and long term. These investments in our new intelligent ATMs, enhancements to our mobile and online banking platform, our recently launched transaction alerts which provide customers with real-time information on banking transactions, and ongoing rollout of EMV Chip cards will position us as digital leaders in a rapidly changing world. We are also committed to continuing to innovate for our customers and we are the first bank in the Caribbean to partner with a telecom provider to allow free access (zero data charges) to our mobile App for customers using a Digicel smartphone.

Changes in our accounting methodologies due to the adoption of IFRS 9 also increased our expected credit losses by $860 million. The increased provision does not reflect increased delinquency or a decline in credit quality which continues to be strong, but rather an expected credit loss versus an incurred loss model. The decline in year over year results would also have been impacted by one-off gains from the sale of our Microfinance subsidiary during Q1 last year as noted above.

This year we will also be making a significant investment to modernize our Head Office branch in downtown Kingston and piloting innovations to our branch operations which are designed to improve our customers' overall in-branch experience and wait times. Our mandate is to continue to invest in technology that will transform the Jamaican banking landscape and enhance our customers' experience at all touch points.

Scotiabank

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Building for the Future

I would like to thank all our shareholders and customers for their support and for continuing to choose Scotiabank as their financial partner. "

Today, the Board of Directors approved an interim dividend of 51 cents per stock unit in respect of the first quarter, which is payable on April 25, 2019 to stockholders on record as at April 3, 2019.

GROUP FINANCIAL PERFORMANCE

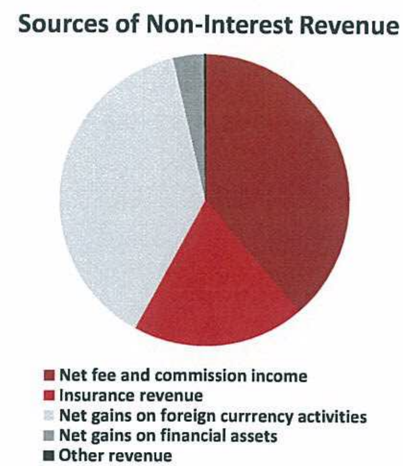
TOTAL REVENUES

Total revenues excluding expected credit losses for the three months ended January 31, 2019 was $11.5 billion, in line with the comparative period last year. Excluding the one-off impact of gains from sale of subsidiary last year, total revenues grew by 6%. Loan and transaction volumes continued to grow across our business lines, however lower interest rates due to a stable macroeconomic environment and increased competition, resulted in margin compression. Net interest income after expected credit losses for the first quarter was $5.3 billion, down $1.3 billion or 20% when compared to the comparative period last year.

OTHER REVENUE

Other income, defined as all income other than interest income, was $5.3 billion for the period, up $352 million or 7% from last year.

- Net fee and commission income amounted to $2 billion down $46.1 million or 2% compared to last year, impacted by continuous customer education on alternatives to reduce fees, and the ongoing shift to online and mobile transactions which attract lower fees.
- Insurance revenue decreased by $149.1 million or 13% to $1.0 billion due mainly to lower actuarial reserve releases year over year, offset by higher premium income.
- Net gains on foreign currency activities and financial assets amounted to $2.2 billion, up $1.3 billion or 140% above last year due to increased market activities.



CREDIT QUALITY

Expected credit losses were up $860.5 million above last year, impacted by the initial adoption of IFRS 9, (Financial Instruments) which resulted in a significant change to the Group's impairment methodology. The quality of both our retail and commercial credit portfolios remains strong. NALs as at January 31, 2019 totaled $3.4 billion compared to $4.2 billion last year.

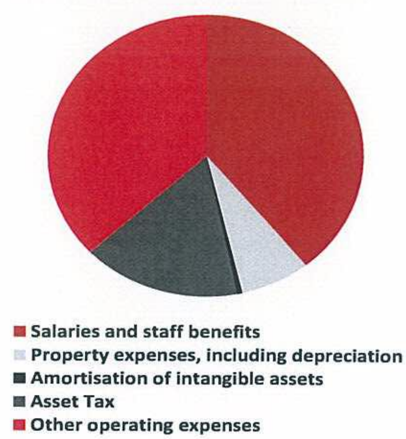
The Group's NALs represent 1.8% of gross loans down from 2.5% last year, and represent 0.7% of total assets. The Group's aggregate expected credit losses for loans as at January 31, 2019 was $5.9 billion, representing over 100% coverage of the total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating expenses amounted to $7.3 billion for the quarter, an increase of $969 million or 15% compared to prior year. Salaries and staff benefit costs increased by $195 million or 7%, while other operating expenses grew by $666 million primarily due to increased technology investments to support our digital strategy. Asset tax expenses increased by $69 million or 6% to $1.2 billion due to the increase in the Group's assets.

Our productivity ratio at the end of the quarter was 63.77% compared to the 54.92% recorded for last year.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by $35 billion or 7% to $537 billion as at January 31, 2019. The growth was attributable mainly to an overall increase of $18.1 billion in loans, and $10 billion in other assets resulting from a higher 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 $131.7 billion, up by $12.1 billion or 10% compared to 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.