

MEDIA RELEASE

December 5, 2018

SCOTIA GROUP JAMAICA REPORTS FISCAL 2018 RESULTS

Scotia Group reports net income of \$12.8 billion which represents an increase of \$364 million or 3% over the prior year.

Today, the Board of Directors approved a final dividend of 51 cents per stock unit in respect of this financial year, which is payable on January 18, 2019 to stockholders on record as at December 27, 2018.

David Noel, President and CEO said "The business recorded solid performance during the fiscal year. Loan growth increased by 10% over prior year compared to flat year over year results in the 2017 fiscal. We saw strong performances in Retail, Small Business and Commercial portfolios. Revenues from foreign exchange activities, along with good underlying expense management were the other drivers of performance. These were offset by interest rate headwinds especially on our investment portfolio.

For the fourth quarter we recorded \$1.6 billion in net income versus \$4.4 billion in Q3. The quarter over quarter results were negatively impacted by foreign exchange revaluation losses, gains on the sale of investments in Q3 not repeated in Q4, accruals for one-time structural transformation costs, as well as increases in fraud losses for Q4.

A significant priority for us this year has been restructuring our operations to better serve our customers in our core business lines as well as to improve our operational efficiency. The Pulse, our customer feedback system, has yielded positive results. The feedback received indicates our customers' growing preference for the convenience of digital channels which offer a more cost effective way to conduct transactions. Branch transactions now represent 13% of overall transactions versus digital transactions which account for 21% of total transactions. Other important enhancements made to our digital offering include the recent launch of security alerts for card transactions and the introduction of Intelligent ATMs.

In the 2019 fiscal year, we will be increasing investments in our branch operations. Renovations at our Head Office branch will incorporate digital technology to create a new banking experience. As a result of this renovation, we will also amalgamate operations of the Scotiabank Centre and King Street branches. On completion, the new Head Office branch will be a world-class facility, and a first of its kind in Jamaica.

As we continue to make changes to transform our business, I would like to thank our valued customers for their loyalty and our shareholders for their support. We are confident that we are employing the right strategy for long-term success."

Financial Highlights

	Year ended 31-Oct-18 \$millions	Year ended 31-Oct-17 \$millions
Total Revenues	42,211	41,671
Total Operating Expenses	22,001	21,291
Net Profit after Tax	12,771	12,407
Return on equity	11.54%	12.58%
Productivity Ratio	52.12%	51.09%
Operating Leverage	-2.0%	4.6%
Earnings per share (cents)	410	391
	31-Oct-18 \$millions	31-Oct-17 \$millions
Total Assets	521,862	490,883
Investments	156,491	158,756
Loans (net of provisions for losses)	182,607	166,493
Deposits by the public	287,948	260,559
Liabilities under repurchase agreements and other client obligations	23,829	38,511
Policyholders' Fund	45,292	45,171
Stockholders' equity	115,648	102,431



Scotia Group Jamaica Limited
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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

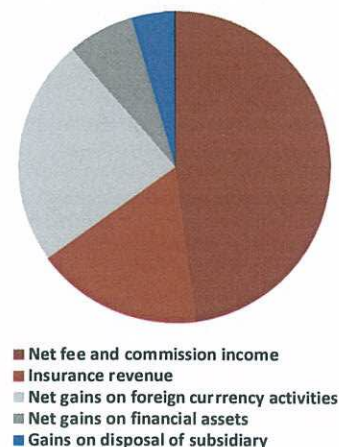
Total revenues excluding impairment losses on loans for the year ended October 31, 2018 was \$42.2 billion, representing an increase of \$0.5 billion or 1% above prior year. There was increased loan and transaction volumes across our business lines, this was offset by reduced net interest margins as a result of lower interest rates due to a stable macroeconomic environment and increased competition. Net interest income after impairment losses for the period was \$23.3 billion, down \$1.2 billion or 5% compared to the previous year.

OTHER REVENUE

Other income, defined as all income other than interest income, was \$17 billion for the year ended October 31, 2018, up \$1.9 billion or 13% from last year.

- Net fees and commission income amounted to \$8.1 billion down \$511 million or 6% 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 increased by \$146.6 million to \$2.9 billion or 5% due to growth in core insurance business
- Net gains on foreign currency activities and financial assets amounted to \$5.2 billion, up \$1.6 billion or 46% above last year due to increased market activities.
- Gain on disposal of subsidiary relates to Scotia Jamaica Micro Finance Company Limited (Credi-Scotia), which was sold effective December 1, 2017.

Sources of Non-Interest Revenue



CREDIT QUALITY

Impairment losses on loans were down \$260.5 million or 12% from last year, due to lower provisioning requirements on a reduced non-accrual loan (NAL) portfolio. The quality of both our retail and commercial credit portfolios continues to improve. NALs as at October 31, 2018 totaled \$3.7 billion compared to \$4.5 billion last year.

The Group's NALs is 2.0% of gross loans down from 2.7% last year, and represent 0.7% of total assets. The Group's aggregate loan loss provision as at October 31, 2018 was \$4.6 billion, representing over 100% coverage of the total non-performing loans.

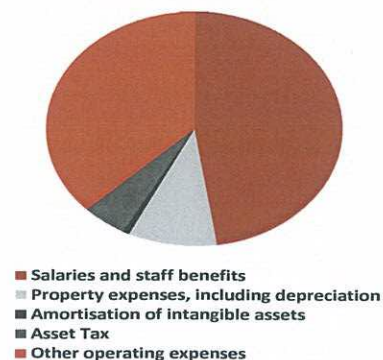


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OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$22 billion for the year, an increase of \$709 million or 3% compared to prior year. Salaries and staff benefit costs decreased by \$194 million or 2%, while other operating expenses grew by \$848 million inclusive of one-time redundancy costs. Our productivity ratio at the end of the year was 52.12% up marginally from the 51.09% recorded for last year.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$30.9 billion or 6% to \$522 billion as at October 31, 2018. The growth was attributable mainly to an overall increase of \$16.1 billion in loans and \$10.8 billion in other assets resulting from higher retirement benefit asset on our defined benefit pension plan scheme.

Cash Resources

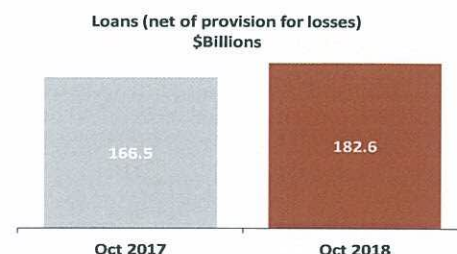
Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$122.8 billion, up by \$6.3 billion or 5% compared to last year due to increased liquidity from inflows of retail and commercial deposits. We continued to maintain adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

Securities

Total investment securities, including pledged assets, decreased by \$2.3 billion to \$156.5 billion due to a higher volume of short term placements when compared to prior year, coupled with lower balances being held in our investment company arising from an increase in our Clients' off-balance sheet holdings.

Loans

Our loan portfolio grew by \$16.1 billion or 10% year over year, with loans after impairment loss provisions, increasing to \$182.6 billion. We continue to see solid performance across our business lines quarter over quarter and year over year.

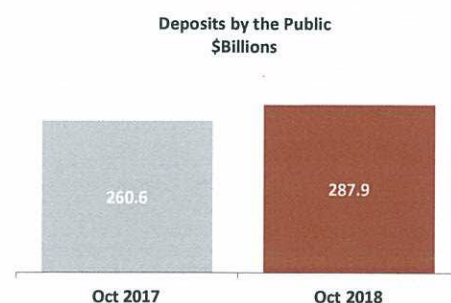


LIABILITIES

Total liabilities were \$406.2 billion as at October 31, 2018 an increase of \$17.8 billion or 5% above last year, driven mainly by increases in our retail and commercial customer deposit base.

Deposits

Deposits by the public increased to \$287.9 billion, up from \$260.6 billion in the previous year. This \$27.3 billion or 10% 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 placements by clients of Scotia Investments in addition to other wholesale funding. Our strategic focus is to grow mutual funds and unit trusts, consequently these obligations (net) decreased by \$14.6 billion or 38% compared to the prior year. Our fund and asset management portfolios grew by \$19.8 billion or 14% above prior year.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund stood at \$45.3 billion as at October 31, 2018 compared to \$45.2 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$115.6 billion, increasing by \$13.2 billion or 13% 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

The Scotiabank Nutrition for Learning Programme continues to be the major initiative through which the Bank gives back to the community. Over 14,000 children will be impacted by this initiative. The Programme is intended to bring nutrition in children to the forefront, to improve educational outcomes such as attendance and academic performance, as well as introduce healthy eating to children at the early childhood and primary levels.

At the beginning of the school year in September, 13 schools were awarded with funds to enhance their meal programmes to assist with the preparation of healthier meals for children in schools. Since April this year, Scotiabank along with Chef Jacqui Tyson trained 55 canteen staff, vice principals and members of the PTA from the 34 institutions which are beneficiaries of the Scotiabank Nutrition for Learning Programme.

In addition, contributions were made to 84 high school scholars continuing in the Scotia Foundation Shining Star Scholarship Programme.

During Q4, 50 young cricketers from across the island also benefitted from a week long intensive skills training sessions, as part of the sixth staging of the Scotiabank Kiddy Cricket Camp. The students, including eight girls, were all selected based on the abilities they demonstrated throughout the season.



Principal and students of Marlie Mount Primary and Infant show off the cheque contributed through the Bank's Nutrition for Learning programme.

Scotia Group Jamaica Limited takes this opportunity to thank you, our customers, for your continued support and loyalty by allowing us to be your financial services provider.



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Consolidated Statement of Revenue and Expenses
Year ended October 31, 2018

(\$ Thousands)	For the three months ended			For the Year ended	
	October 2018	July 2018	October 2017	October 2018	October 2017
Interest Income	6,874,848	7,074,539	7,707,669	28,411,098	30,965,937
Interest Expense	(785,322)	(775,175)	(989,587)	(3,203,320)	(4,321,834)
Net Interest Income	6,089,526	6,299,364	6,718,082	25,207,778	26,644,103
Impairment losses on loans	(743,887)	(620,076)	(694,564)	(1,917,989)	(2,178,492)
Net interest income after impairment losses	5,345,639	5,679,288	6,023,518	23,289,789	24,465,611
Net fee and commission income	2,013,818	2,002,621	2,048,098	8,127,028	8,638,362
Insurance revenue	528,696	525,319	516,949	2,931,627	2,785,032
Net gains on foreign currency activities	396,112	1,951,490	828,401	4,001,556	2,494,427
Net gains on financial assets	140,502	597,873	586,557	1,160,818	1,034,352
Gain on disposal of subsidiary	-	-	-	753,145	-
Other revenue	6,394	6,153	9,793	29,297	75,015
	3,085,522	5,083,456	3,989,798	17,003,471	15,027,188
Total Operating Income	8,431,161	10,762,744	10,013,316	40,293,260	39,492,799
Operating Expenses					
Salaries and staff benefits	2,861,594	2,450,667	2,641,548	10,446,820	10,641,141
Property expenses, including depreciation	629,009	516,165	543,993	2,140,995	2,113,257
Amortisation of intangible assets	38,345	41,140	51,647	154,552	146,897
Asset tax	-	-	-	1,089,022	1,068,710
Other operating expenses	2,210,919	2,048,283	1,937,964	8,169,243	7,321,336
	5,739,867	5,056,255	5,175,152	22,000,632	21,291,341
Profit before taxation	2,691,294	5,706,489	4,838,164	18,292,628	18,201,458
Taxation	(1,077,807)	(1,307,159)	(1,419,603)	(5,521,712)	(5,794,168)
Profit for the year	1,613,487	4,399,330	3,418,561	12,770,916	12,407,290
Attributable to:-					
Equityholders of the Company	1,613,487	4,399,330	3,362,655	12,770,916	12,174,742
Non-Controlling Interest	-	-	55,906	-	232,548
Earnings per share (cents)	52	141	108	410	391
Return on average equity (annualized)	5.65%	15.85%	13.49%	11.54%	12.58%
Return on assets (annualized)	1.24%	3.29%	2.74%	2.45%	2.48%
Productivity ratio	62.56%	44.42%	48.33%	52.12%	51.09%



Consolidated Statement of Comprehensive Income
Year ended October 31, 2018

(\$ Thousands)	For the three months ended			For the year ended	
	October 2018	July 2018	October 2017	October 2018	October 2017
Profit for the year	1,613,487	4,399,330	3,418,561	12,770,916	12,407,290
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan asset and obligations	4,374,445	191,881	5,784,482	7,636,885	6,459,498
Taxation	(1,458,148)	(63,960)	(1,928,161)	(2,545,628)	(2,153,166)
	2,916,297	127,921	3,856,321	5,091,257	4,306,332
Items that are or may be subsequently reclassified to profit or loss:					
Unrealised (losses) /gains on available for sale assets	(372,768)	1,372,086	50,429	2,214,797	397,873
Realised losses /(gains) on available for sale assets	6,524	(377,851)	(428,569)	(514,087)	(686,187)
Foreign currency translation	(13,502)	16,535	(5,503)	(11,166)	(11,431)
	(379,746)	1,010,770	(383,643)	1,689,544	(299,745)
Taxation	86,410	(231,364)	13,916	(361,294)	9,103
	(293,336)	779,406	(369,727)	1,328,250	(290,642)
Other comprehensive income, net of tax	2,622,961	907,327	3,486,594	6,419,507	4,015,690
Total comprehensive income for the year	4,236,448	5,306,657	6,905,155	19,190,423	16,422,980
Attributable to:-					
Stockholders of the company	4,236,448	5,306,657	6,834,376	19,190,423	16,166,559
Non-controlling Interest	-	-	70,779	-	256,421



Consolidated Statement of Financial Position
October 31, 2018

	October 31, 2018	October 31, 2017
(\$ Thousands)		
ASSETS		
CASH RESOURCES	122,762,983	116,476,559
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	24,175	8,155
INVESTMENT SECURITIES	134,732,786	120,292,580
PLEDGED ASSETS	21,433,179	37,253,225
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	300,473	1,203,495
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	182,607,258	166,493,591
OTHER ASSETS		
Customers' liability under acceptances, guarantees and letters of credit	13,232,396	12,228,668
Property, plant and equipment	5,303,898	5,322,155
Deferred taxation	67,105	176,310
Taxation recoverable	3,490,939	2,574,148
Retirement benefit asset	34,517,087	25,020,925
Other assets	2,428,094	2,074,311
Assets held for sale	-	664,416
Intangible assets	961,914	1,094,143
	<u>60,001,433</u>	<u>49,155,076</u>
TOTAL ASSETS	521,862,287	490,882,681
LIABILITIES		
Deposits by the public	287,948,379	260,559,467
Amounts due to banks and other financial institutions	10,312,649	10,168,548
	<u>298,261,028</u>	<u>270,728,015</u>
OTHER LIABILITIES		
Acceptances, guarantees and letters of credit	13,232,396	12,228,668
Securities sold under repurchase agreements	31,152	20,666,065
Capital management and government securities funds	23,797,925	17,844,600
Deferred taxation	10,790,027	7,800,934
Retirement benefit obligation	4,727,215	3,884,186
Liabilities held for sale	-	37,272
Other liabilities	10,082,485	10,090,219
	<u>62,661,200</u>	<u>72,551,944</u>
POLICYHOLDERS' LIABILITIES	45,292,329	45,171,156
STOCKHOLDERS' EQUITY		
Share capital	6,569,810	6,569,810
Reserve fund	3,249,976	3,249,976
Retained earnings reserve	37,891,770	31,891,770
Capital reserve	11,340	11,340
Loan loss reserve	2,377,843	2,687,050
Other reserves	9,964	9,964
Translation reserve	(23,425)	(12,259)
Cumulative remeasurement result from available for sale assets	1,902,761	565,980
Unappropriated profits	63,657,691	57,457,935
	<u>115,647,730</u>	<u>102,431,566</u>
TOTAL EQUITY AND LIABILITIES	521,862,287	490,882,681

Director

Director

Consolidated Statement of Changes in Shareholders' Equity
 October 31, 2018

(\$ 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 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	-	-	-	-	-	-	-	(12,253)	-	(12,253)	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)	(3,153)	(584,387)
Total Comprehensive Income	-	-	-	-	(302,256)	-	-	(12,253)	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	(12,253)	57,457,935	102,431,566	-	102,431,566
Balance as at 31 October 2017	6,569,810	3,249,976	31,891,770	11,340	565,980	2,687,050	9,964	(12,253)	57,457,935	102,431,566	-	102,431,566
Net Profit	-	-	-	-	-	-	-	-	12,770,916	12,770,916	-	12,770,916
Other Comprehensive Income												
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	-	5,091,257	5,091,257	-	5,091,257
Foreign Currency Translation	-	-	-	-	-	-	-	(11,166)	-	(11,166)	-	(11,166)
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	1,704,950	-	-	-	-	1,704,950	-	1,704,950
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(365,534)	-	-	-	-	(365,534)	-	(365,534)
Total Comprehensive Income	-	-	-	-	1,339,416	-	-	(11,166)	17,862,173	19,190,423	-	19,190,423
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	6,000,000	-	-	-	-	-	(6,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	(309,207)	-	-	309,207	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	(2,635)	-	-	-	2,635	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	(5,974,259)	(5,974,259)	-	(5,974,259)
Balance as at 31 October 2018	6,569,810	3,249,976	37,891,770	11,340	1,902,761	2,377,843	9,964	(23,425)	63,657,691	115,647,730	-	115,647,730



Condensed Statement of Consolidated Cash Flows
Year ended October 31, 2018

<i>(\$ Thousands)</i>	2018	2017
Cash flows (used in) / provided by operating activities		
Profit for the year	12,770,916	12,407,290
Items not affecting cash:		
Depreciation	567,648	537,843
Impairment losses on loans	3,192,042	3,761,229
Amortisation of intangible assets	154,552	146,897
Taxation	5,521,712	5,794,168
Net interest income	(25,207,778)	(26,644,103)
Loss/(Gain) on disposal of property	1,878	(46,460)
Increase in retirement benefit assets / obligations	(889,679)	(400,902)
Gain on sale of available for sale securities	-	(686,187)
Gain on sale of subsidiary	(753,145)	-
	(4,641,854)	(5,130,225)
Changes in operating assets and liabilities		
Loans	(19,306,138)	(4,143,757)
Deposits	33,348,951	14,639,510
Policyholders reserve	121,173	406,571
Securities sold under repurchase agreement	(20,527,216)	(10,932,603)
Financial assets at fair value through profit and loss	(15,608)	545,879
Interest received	28,531,067	31,279,851
Interest paid	(3,329,467)	(4,374,416)
Taxation paid	(6,847,675)	(5,562,246)
Amounts with parent and fellow subsidiaries	(6,324,460)	2,134,898
Assets held for sale, net	185,522	-
Other	(3,176,413)	(10,640,098)
	(1,982,118)	8,223,364
Cash flows provided by investing activities		
Investment securities and pledged assets	3,824,400	5,782,034
Acquisition of non-controlling interest	-	(3,747,724)
Net proceeds on sale of subsidiary	1,194,767	-
Purchase of property, plant, equipment and intangibles	(577,258)	(458,971)
Proceeds on sale of property, plant and equipment	3,665	80,306
	4,445,574	1,655,645
Cash flows used in financing activities		
Dividends paid	(5,974,259)	(5,732,227)
	(5,974,259)	(5,732,227)
Effect of exchange rate on cash and cash equivalents	329,260	(407,804)
Net change in cash and cash equivalents	(3,181,543)	3,738,978
Cash and cash equivalents at beginning of year	74,036,257	70,297,279
Cash and cash equivalents at end of year	70,854,714	74,036,257
Represented by :		
Cash resources	122,762,983	116,476,559
Less statutory reserves at Bank of Jamaica	(37,885,689)	(34,506,619)
Less amounts due from Bank of Jamaica greater than ninety days	-	(655,915)
Less amounts due from other banks greater than ninety days	(12,273,822)	(6,278,623)
Less accrued interest on cash resources	(83,815)	(42,462)
Pledged assets and repurchase agreements less than ninety days	1,343,971	1,328,557
Cheques and other instruments in transit, net	(3,008,914)	(2,285,240)
Cash and cash equivalents at the end of year	70,854,714	74,036,257



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Segmental Financial Information
October 31, 2018

(\$ Thousands)	Banking					Eliminations	Group
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	
Net external revenues	7,037,229	18,278,020	7,793,014	3,094,700	4,979,881	1,028,405	42,211,249
Revenues from other segments	(2,347,057)	405,571	1,634,393	249,262	56,243	1,295	-
Total revenues	4,690,172	18,683,591	9,427,407	3,343,962	5,036,124	1,029,700	42,211,249
Expenses	(586,333)	(13,803,172)	(6,673,444)	(1,506,962)	(1,228,131)	(44,816)	(23,918,621)
Profit before tax	4,103,839	4,880,419	2,753,963	1,837,000	3,807,993	984,884	18,292,628
Taxation	-	-	-	-	-	-	(5,521,712)
Profit for the year	-	-	-	-	-	-	12,770,916
Segment assets	177,823,742	120,517,664	82,562,123	37,606,313	60,359,317	28,948,515	484,740,263
Unallocated assets	-	-	-	-	-	-	37,122,024
Total assets	-	-	-	-	-	-	521,862,287
Segment liabilities	-	161,421,613	159,070,223	29,281,828	46,297,163	54,049	385,713,251
Unallocated liabilities	-	-	-	-	-	-	20,501,306
Total liabilities	-	-	-	-	-	-	406,214,557
Other segment items:	-	-	-	-	-	-	-
Capital expenditure	-	339,153	219,406	18,699	-	-	577,258
Impairment losses on loans	-	(1,898,664)	(16,938)	(2,387)	-	-	(1,917,989)
Depreciation and amortisation	-	387,412	196,496	133,322	4,970	-	722,200



Building for
the Future

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	-
Total revenues	3,470,031	19,034,155	10,109,248	3,501,541	5,445,219	93,455	41,671,291
Expenses	(556,335)	(13,744,386)	(6,525,093)	(1,231,573)	(1,288,681)	(44,473)	(23,469,833)
Profit before tax	2,913,696	5,289,769	3,584,155	2,269,968	4,156,538	48,982	18,201,458
Taxation	-	-	-	-	-	-	(5,794,168)
Profit for the year	163,571,362	114,999,461	70,042,301	61,920,634	57,151,482	21,183,941	463,683,175
Segment assets	-	-	-	-	-	-	27,199,506
Unallocated assets	-	-	-	-	-	-	490,882,681
Total assets	-	-	-	-	-	-	517,882,181
Segment liabilities	-	-	-	-	-	-	371,300,996
Unallocated liabilities	-	-	-	-	-	-	17,150,119
Total liabilities	-	-	-	-	-	-	388,451,115
Other segment items:	-	-	-	-	-	-	-
Capital expenditure	-	187,619	243,538	20,362.00	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



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2018

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 (St. Lucia) Inc.

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

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual audited consolidated financial statements for the year ended October 31, 2017, which was prepared in accordance with International Financial Reporting Standards (IFRS).

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.

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 as collateral under repurchase agreements with counterparties.

(\$ Millions)	<u>2018</u>	<u>2017</u>
Investments pledged as collateral for securities sold under repurchase agreements	33	18,554
Capital Management and Government Securities funds	19,846	13,398
Securities with regulators, clearing houses and other financial institutions	<u>1,554</u>	<u>5,301</u>
	<u>21,433</u>	<u>37,253</u>

5. Insurance and investment contracts

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



6. Loan loss provision

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

7. Property, plant and equipment

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

8. Cash and cash equivalents

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

9. Employee benefits

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

(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.

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.



Building for
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11. Subsequent Event

On November 27, 2018 the Bank announced that it will enter into a 20-year distribution agreement with Sagicor Financial Corporation Limited ("Sagicor") through which an enhanced suite of market-leading insurance products and solutions, underwritten by Sagicor, will be offered to Scotiabank customers in Jamaica. As part of this partnership, Scotiabank has entered into an agreement to sell its insurance subsidiary - Scotia Jamaica Life Insurance Company Limited. These agreements are subject to regulatory approval and customary closing conditions. The transaction is also subject to the closing of the announced transaction whereby Sagicor will be acquired by Alignvest Acquisition II Corporation subject to conditions in and pursuant to a plan of arrangement, and the surviving entity will continue the Sagicor brand and be publicly-listed on the Toronto Stock Exchange.

This transaction is in line with the Group's strategic direction to simplify its operations, focus on growth in core businesses and deliver value to shareholders. Until the relevant approvals are obtained, conditions met, and the transaction closes, operations will continue as usual.



SCOTIA GROUP JAMAICA LIMITED
TOP TEN (10) LARGEST SHAREHOLDERS
AS AT 31 OCTOBER 2018

RANK	SHAREHOLDER	HOLDINGS AS AT 31 OCTOBER 2018
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	62,522,351
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION	31,002,498
6	NCB INSURANCE CO. LTD A/C WT109	26,291,176
7	GRACEKENNEDY LIMITED PENSION SCHEME	20,897,463
10	SDBG A/C 560-03	13,208,959
8	SDBG A/C 560-01	12,961,606
9	JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	12,949,865

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2018

DIRECTORS	HOLDINGS AS AT 31 OCTOBER 2018
ALEXANDER, BARBARA OLIVE LOUISE	108,000
FORRESTER, TERRANCE	0
CRAWFORD, ERIC	45,000
GORDON, DEBBIE-ANN	0
CRAWFORD, ALEXANDER	0
FOWLER, ANGELA	0
FOWLER, ROBERT/ FOWLER, ANGELA	47,766
HALL, JEFFREY MCGOWAN	0
HALL, JEFFREY MCGOWAN/CHUA, DR. SWEE TEEN	40,000
HALL, JEI HAN CHUA	0
HALL, LI ANN	0
HART, ANTONY MARK DESNOES	0
HART, CANDACE	0
HART, CAMERON GABRIELLE	0
HART, ETHAN SAMUEL	0
HART, MAYA ALEXANDRA	0
KING, BRENDAN	0
BRYAN, SANDRA	0
KING, CONOR	0
KING, RYAN	0
KING, SHANNON	0
NOEL, DAVID	0
NOEL, DAVID/NOEL, FRANCENE	40,000
NOEL, EDEN	0
NOEL, ZACHARY	0
MCCONNELL, WILLIAM DAVID	0
MCCONNELL, TANIA	0
MCCONNELL, DAVID	0
MCCONNELL, LEAH	0
MCCONNELL, WILLIAM K.	0
REID, LESLIE	0
REID, WILLIAM	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2018

DIRECTORS	HOLDINGS AS AT 31 OCTOBER 2018
RICHARDS, AUDREY	5,000
<i>RICHARDS, LINDSAY</i>	0
<i>RICHARDS, DOMINIC</i>	0
SMITH, EVELYN	0
<i>SMITH, JOSEPH ALEXANDER</i>	0
<i>SMITH, ANNECIA</i>	0
<i>SMITH, NELSON ALEXANDER</i>	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2018

SENIOR MANAGERS	HOLDINGS AS AT 31 OCTOBER 2018
BRIGHT, ALSTON CARL	153,172
<i>BRIGHT, ARTHUR</i>	0
<i>BRIGHT-FEARSON, SHARON</i>	0
<i>BRIGHT, ALSTON CARL/BRIGHT JONATHAN</i>	56,700
DANIEL, KIYOMI	0
FORBES -PATRICK, YANIQUE	0
<i>FORBES, BLOSSOM</i>	0
<i>FORBES, SHAUN</i>	0
<i>PATRICK, XAVIER</i>	0
<i>PATRICK, ZACHARY</i>	0
FRASER, RICHARD	0
<i>KINACH, ANDREA VANESSA</i>	0
<i>FRASER, EMILIA</i>	0
<i>FRASER, ZARA</i>	0
GAUDET, MARCIA	0
<i>LECLAIR, PATRICE</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 HARVEY</i>	1,000
HEYWOOD, NADINE	0
<i>HEYWOOD, GRANT ALEXANDER MAUNSELL</i>	0
<i>HEYWOOD, ZOE MONIQUE MAUNSELL</i>	0
MAIR, HORACE NEIL CRAIG	46,668
<i>MAIR, JODI ANN</i>	0
<i>MAIR, DANIEL GEORGE</i>	0
<i>MAIR, JOSHUA HORACE</i>	0
<i>MAIR, LUKE CRAIG</i>	0
MAUCIERI, JEAN	0
MILLER, HUGH G	76,591
<i>MILLER, SHEILA OPHELIA</i>	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2018

SENIOR MANAGERS	HOLDINGS AS AT 31 OCTOBER 2018
MITCHELL, LISSANT	0
MITCHELL, LISSANT L./MITCHELL, ELMAY	40,000
MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG	4,500
NELSON, MORRIS	643
NELSON, KALLICIA	0
STOKES, ADRIAN	0
STOKES, LUCAS	0
SYLVESTER, COURTNEY A.	257,353
SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN	124,764
SYLVESTER, BENJAMIN	0
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	102,314
WHITE, ROSALEE KEESH-ANN	0
WHITE, CALEB- ANTHONY	0
WHITE, EDEN-GRACE ALEXANDRA	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2018

SENIOR MANAGERS	HOLDINGS AS AT 31 OCTOBER 2018
WHITE, NAADIA	8,126
<i>WHITE, DAVID ANTHONY</i>	0
<i>WHITE, KIMBERLY DE-JANA</i>	0
<i>WHITE, KRISTOPHE JABLONSKI</i>	0
WILKIE -CHANNER, SHELEE NADINE	102,865
<i>WILKIE-CHANNER, SHELEE/CHANNER, LENNOX DECORDOVA</i>	21,048
<i>CHANNER, KYRA-JADE ALYSSA</i>	0
<i>CHANNER, MAYA-PAIGE OLIVIA</i>	0
WRIGHT, MICHELLE	45,504
WRIGHT, SALIANN	34,429
<i>WRIGHT, GLADSTONE SIDONIA</i>	402,688
<i>WRIGHT, KERRY-ANN</i>	0