

MEDIA RELEASE

SCOTIA GROUP JAMAICA REPORTS FIRST QUARTER OF FISCAL 2018 RESULTS

Scotia Group reports net income of \$3.4 billion for the three months ended January 31, 2018, which represents an increase of \$1.2 billion or 54% over the corresponding period last year. This quarter's results include gains on the sale of a subsidiary of \$753 million, and asset tax expense of \$1.1 billion.

Today, the Board of Directors approved an interim dividend of 48 cents per stock unit in respect of this first quarter, which is payable on April 18, 2018 to stockholders on record as at March 27, 2018.

David Noel, President and CEO, said "For our first quarter ended January 31, 2018, we are pleased to report strong financial results with year over year growth in profit after tax and total revenue of 54% and 15%, respectively.

Our performance was largely driven by growth in our core business as well as gains from the sale of our microfinancing business (Credi-Scotia). The continued focus on simplifying our operations and reducing our structural cost resulted in a 429 basis point improvement in our productivity ratio and a positive operating leverage of 8.4%.

A key part of our strategy remains our strong customer focus, to this end, we will be rolling out over the next quarter a new tool called "Pulse", which will allow us to obtain customer feedback more effectively. The Pulse will keep our customers at the heart of everything we do, ultimately allowing us to better meet their needs.

Our focus remains on our digital transformation strategy as we continue to educate and identify convenient and innovative ways to engage our customers in the utilization of our digital platform. The adoption rate on our digital banking channels continues to grow as customers respond positively to the convenience, ease of use, and lower fees on those channels. Of note, online transactions continue to increase and exceed our branch transactions.

As we move forward, Scotia Group will continue to focus on strategic imperatives that will drive long term growth and value for our shareholders and customers".

Financial Highlights

| | 3 months ended 31-Jan-18 \$millions | 3 months ended 31-Jan-17 \$millions |
|--|---|---|
| Total Revenues | 11,593 | 10,053 |
| Total Operating Expenses | 6,367 | 5,952 |
| Net Profit after Tax | 3,412 | 2,211 |
| Return on equity | 13.17% | 9.45% |
| Productivity Ratio | 54.92% | 59.21% |
| Operating Leverage | 8.4% | 4.3% |
| Earnings per share (cents) | 110 | 70 |
| | 31-Jan-18 \$millions | 31-Jan-17 \$millions |
| Total Assets | 502,039 | 480,146 |
| Investments | 164,643 | 161,146 |
| Loans (net of provisions for losses) | 167,550 | 168,246 |
| Deposits by the public | 272,979 | 249,323 |
| Liabilities under repurchase agreements and other client obligations | 32,457 | 44,118 |
| Policyholders' Fund | 44,829 | 45,160 |
| Stockholders' equity | 104,897 | 92,799 |



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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the three months ended January 31, 2018 was \$11.6 billion, representing an increase of \$1.5 billion or 15% above prior year. There was increased retail loan and transaction volumes across our business lines, which augured the offset from the impact of reduced net interest margins. Gain on sale of subsidiary of \$753 million was also recorded during the first quarter. Net interest income after impairment losses for period was \$6.6 billion, \$437 million or 7% above the same period in 2017.

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

Retail (-2%): There was growth in residential mortgages and personal loans, however results reflect the impact of lower margins.

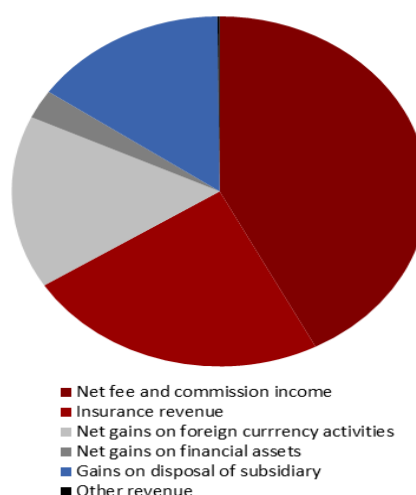
Commercial (+4%): Reflects growth primarily in JMD loans and deposits, as well as merchant services' revenues.

Insurance Services (+56%): 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 (+14%): Reflects growth in the Funds and other Assets under Management, FX revenues and net gains on financial assets.

Treasury (+22%): Revamped foreign exchange trading strategy through coordinated efforts among the various channels, despite lower yields on the investment portfolio.

Sources of Non-Interest Revenue



OTHER REVENUE

Other income, defined as all income other than interest income, was \$4.9 billion for the period, up \$1.5 billion or 45% from last year.

- Net fees and commission income amounted to \$2.1 billion down \$148 million compared to last year impacted by continuous customer education on alternatives to reduce fees and increased free transactions.
- Insurance revenue increased by \$566 million to \$1.2 billion 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 \$925 million, up \$401 Million above last year based on 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.

CREDIT QUALITY

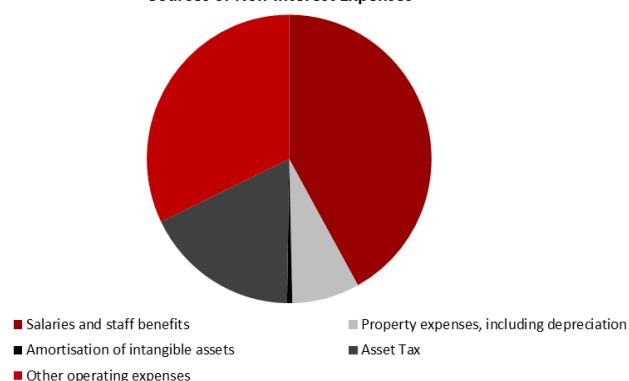
Impairment losses on loans were down \$427 million from last year, due to higher recoveries and lower provisioning requirements on a reduced non-accrual loan (NAL) portfolio. The quality of both our retail and commercial credit portfolios continues to improve. NALs as at January 31, 2018 totaled \$4.2 billion compared to \$4.3 billion last year.

The Group's NALs is 2.5% of gross loans and 0.8% of total assets. The Group's aggregate loan loss provision as at January 31, 2018 was \$5.2 billion, representing over 100% coverage of the total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$6.4 billion for the year, an increase of \$415 million or 7% compared to prior year. Salaries and staff benefit costs increased by \$189 million, while other operating expenses grew by \$184 million. Asset tax increased by \$51 million or 5% to \$1.2 billion due to the increase in the Group's assets. Our productivity ratio however continues to improve, moving from 59.21% last year to 54.92%.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$21.9 billion or 5% to \$502 billion as at January 31, 2018. The growth was attributable mainly to an overall increase of \$11.6 billion from higher cash resources. There was also an increase of \$3.5 billion in securities and pledged assets and \$7.5 billion in other assets resulting from higher retirement benefit asset on our defined benefit pension plan scheme.

Cash Resources

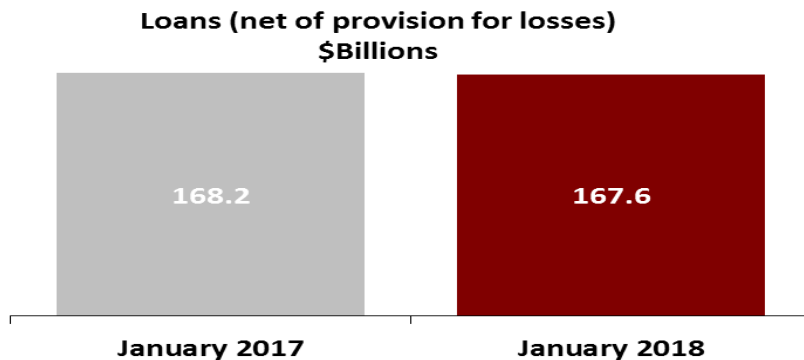
Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$119.6 billion, up by \$11.6 billion compared to last year due to increased liquidity from inflows of retail and commercial deposits. We continued to maintain adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

Securities

Total investment securities, including pledged assets, increased by \$3.5 billion to \$164.6 billion due to a higher volume of acquisitions to the investment portfolio.

Loans

Our loan portfolio was \$167.6 billion, down marginally from \$168.2 billion last year due to 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.

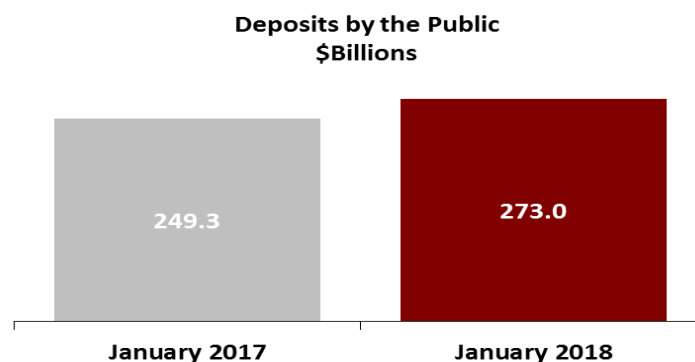


LIABILITIES

Total liabilities were \$397 billion as at January 31, 2018 an increase of \$13.4 billion or 3% from last year, driven by increases in our retail and commercial customer deposit base.

Deposits

Deposits by the public increased to \$273 billion, up from \$249.3 billion in the previous year. This \$23.7 billion or 9% 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 based on the thrust to grow this business, consequently these obligations (net) decreased by \$11.7 billion or 26% compared to the prior period. Our fund and asset management portfolios grew by \$15.9 billion or 12% over 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 \$44.8 billion as at January 31, 2018 compared to \$45.2 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$104.9 billion, increasing by \$12 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.



OUR COMMITMENT TO THE COMMUNITY

During the quarter, Scotiabank continued its corporate social responsibility thrust through donations and Scotia Volunteer support of several charities and activities contributing \$9.9 million to various organizations, including the annual launch of the Salvation Army Red Kettle Appeal, “Debate mate” and the “Shaggy Make a Difference” Foundation.

Staff members through the Scotia Volunteers impacted their communities in various ways with an emphasis on children. They hosted several Christmas treats island wide; assisted with the staging of the Shaggy “Dare to Care” Concert that raised \$100 million towards improvement of the Bustamante Hospital for Children, and created packages of food for the Salvation Army.

The Foundation held its annual Scotia Scholars Reunion and Scholarship Awards function for new and continuing scholars. Twenty-two new Scotia Foundation Shining Star Scholars received trophies and certificates for outstanding performances in the 2017 Grade Six Achievement Test. The Foundation also hosted a selection of teenage spinal surgery beneficiaries who shared their appreciation for being included in the Scoliosis programme that was done in tandem with the Kingston Public Hospital.

For the second year The Bank has partnered with the Jamaica Junior Achievement to educate 8th/9th graders in schools across the island on Financial Literacy, in a programme entitled “Economics for Success”.

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.



President and CEO Scotia Group, David Noel, presents a \$1-million cheque to Salvation Army Christmas Kettle. Accepting the cheque is Maj. Oral Morris, Divisional Commander Eastern Jamaica Division, Salvation Army and his wife Maj. Marcia Morris, Divisional Director for Women's Ministries.



Scotia Foundation's Executive Director, Joylene Griffiths (left), presents a \$1,000,000 cheque to Debate Mate at the launch of the programme held at St. Michael's Primary.



Consolidated Statement of Revenue and Expenses
Period ended January 31, 2018

| Unaudited (\$ Thousands) | For the three months ended | | |
|---|----------------------------|-------------------|------------------|
| | January 2018 | October 2017 | January 2017 |
| Interest Income | 7,486,431 | 7,707,669 | 7,771,661 |
| Interest Expense | (850,337) | (989,587) | (1,146,047) |
| Net Interest Income | 6,636,094 | 6,718,082 | 6,625,614 |
| Impairment losses on loans | 6,226 | (694,564) | (420,718) |
| Net interest income after impairment losses | 6,642,320 | 6,023,518 | 6,204,896 |
| Net fee and commission income | 2,100,171 | 2,048,098 | 2,247,819 |
| Insurance revenue | 1,170,522 | 516,949 | 604,244 |
| Net gains on foreign currency activities | 792,751 | 828,401 | 469,959 |
| Net gains on financial assets | 132,038 | 586,557 | 54,323 |
| Gains on disposal of subsidiary | 753,145 | - | - |
| Other revenue | 8,413 | 9,793 | 50,863 |
| | 4,957,040 | 3,989,798 | 3,427,208 |
| Total Operating Income | 11,599,360 | 10,013,316 | 9,632,104 |
| Operating Expenses | | | |
| Salaries and staff benefits | 2,672,517 | 2,641,548 | 2,483,462 |
| Property expenses, including depreciation | 488,659 | 543,993 | 503,603 |
| Amortisation of intangible assets | 37,622 | 51,647 | 31,756 |
| Asset tax | 1,119,744 | - | 1,068,564 |
| Other operating expenses | 2,048,542 | 1,937,964 | 1,864,557 |
| | 6,367,084 | 5,175,152 | 5,951,942 |
| Profit before taxation | 5,232,276 | 4,838,164 | 3,680,162 |
| Taxation | (1,820,331) | (1,419,603) | (1,469,409) |
| Profit for the period | 3,411,945 | 3,418,561 | 2,210,753 |
| Attributable to:- | | | |
| Equityholders of the Company | 3,411,945 | 3,362,655 | 2,181,389 |
| Non-Controlling Interest | - | 55,906 | 29,364 |
| Earnings per share (cents) | 110 | 108 | 70 |
| Return on average equity (annualized) | 13.17% | 13.49% | 9.45% |
| Return on assets (annualized) | 2.72% | 2.74% | 1.82% |
| Productivity ratio | 54.92% | 48.33% | 59.21% |

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Consolidated Statement of Comprehensive Income
Period ended January 31, 2018

| Unaudited (\$ Thousands) | For the three months ended | | |
|---|----------------------------|-----------------|-----------------|
| | January 2018 | October 2017 | January 2017 |
| Profit for the period | 3,411,945 | 3,418,561 | 2,210,753 |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurement of defined benefit plan / obligations | 349,746 | 5,784,482 | 178,060 |
| Taxation | (116,582) | (1,928,161) | (59,354) |
| | 233,164 | 3,856,321 | 118,706 |
| Items that may be subsequently reclassified to profit or loss: | | | |
| Unrealised gains / (losses) on available for sale assets | 412,606 | 50,429 | (46,519) |
| Realised losses / (gains) on available for sale assets | 14,770 | (428,569) | 71,695 |
| Foreign currency translation | (12,442) | (5,503) | (3,781) |
| | 414,934 | (383,643) | 21,395 |
| Taxation | (101,238) | 13,916 | 8,999 |
| | 313,696 | (369,727) | 30,394 |
| Other comprehensive income, net of tax | 546,860 | 3,486,594 | 149,100 |
| Total comprehensive income for the period | 3,958,805 | 6,905,155 | 2,359,853 |
| Attributable to:- | | | |
| Equityholders of the Company | 3,958,805 | 6,834,376 | 2,343,816 |
| Non-Controlling Interest | - | 70,779 | 16,037 |



Consolidated Statement of Financial Position
January 31, 2018

| Unaudited (\$ Thousands) | January 31, 2018 | October 31, 2017 | January 31, 2017 |
|--|--------------------|--------------------|--------------------|
| ASSETS | | | |
| CASH RESOURCES | 119,604,472 | 116,476,559 | 108,032,529 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | 40,136 | 8,155 | 426,074 |
| INVESTMENT SECURITIES | 133,692,461 | 120,292,580 | 114,055,095 |
| PLEDGED ASSETS | 30,310,076 | 37,253,225 | 44,861,364 |
| GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS | 600,573 | 1,203,495 | 1,804,078 |
| LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES | 167,549,918 | 166,493,591 | 168,246,409 |
| OTHER ASSETS | | | |
| Customers' liability under acceptances, guarantees and letters of credit | 13,006,154 | 12,228,668 | 13,395,280 |
| Property, plant and equipment | 5,257,976 | 5,322,155 | 5,422,585 |
| Deferred taxation | 184,483 | 176,310 | 92,388 |
| Taxation recoverable | 2,948,161 | 2,574,148 | 2,656,917 |
| Retirement benefit asset | 25,393,709 | 25,020,925 | 17,757,019 |
| Other assets | 2,392,472 | 2,074,311 | 2,209,587 |
| Assets held for sale | - | 664,416 | - |
| Intangible assets | 1,058,840 | 1,094,143 | 1,186,549 |
| | 50,241,795 | 49,155,076 | 42,720,325 |
| TOTAL ASSETS | 502,039,431 | 490,882,681 | 480,145,874 |
| LIABILITIES | | | |
| Deposits by the public | 272,978,921 | 260,559,467 | 249,322,749 |
| Amounts due to banks and other financial institutions | 10,046,390 | 10,168,548 | 10,721,314 |
| | 283,025,311 | 270,728,015 | 260,044,063 |
| OTHER LIABILITIES | | | |
| Acceptances, guarantees and letters of credit | 13,006,154 | 12,228,668 | 13,395,280 |
| Securities sold under repurchase agreements | 15,256,014 | 20,666,065 | 28,462,766 |
| Capital management and government securities funds | 17,200,867 | 17,844,600 | 15,654,977 |
| Deferred taxation | 8,096,407 | 7,800,934 | 5,836,911 |
| Retirement benefit obligation | 3,636,783 | 3,884,186 | 3,283,341 |
| Liabilities held for sale | - | 37,272 | - |
| Other liabilities | 12,092,215 | 10,090,219 | 11,903,993 |
| | 69,288,440 | 72,551,944 | 78,537,268 |
| POLICYHOLDERS' LIABILITIES | 44,828,874 | 45,171,156 | 45,160,152 |
| 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 | 33,891,770 | 31,891,770 | 27,291,770 |
| Capital reserve | 11,340 | 11,340 | 11,340 |
| Loan loss reserve | 3,059,912 | 2,687,050 | 3,192,532 |
| Other reserves | 9,964 | 9,964 | 9,964 |
| Translation reserve | (24,701) | (12,259) | (2,912) |
| Cumulative remeasurement result from available for sale assets | 892,118 | 565,980 | 914,868 |
| Unappropriated profits | 57,236,617 | 57,457,935 | 51,562,023 |
| | 104,896,806 | 102,431,566 | 92,799,371 |
| Non-controlling interest | - | - | 3,605,020 |
| | 104,896,806 | 102,431,566 | 96,404,391 |
| TOTAL EQUITY AND LIABILITIES | 502,039,431 | 490,882,681 | 480,145,874 |

Director

Director

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

| Unaudited (\$ 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 | 91,555,773 | 3,632,764 | 95,488,537 |
| Net Profit | - | - | - | - | - | - | - | - | 2,181,389 | 2,181,389 | 29,364 | 2,210,753 |
| Other Comprehensive Income | | | | | | | | | | | | |
| Re-measurement of defined benefit plan obligations | - | - | - | - | - | - | - | - | 118,706 | 118,706 | - | 118,706 |
| Foreign Currency Translation | - | - | - | - | - | - | - | (2,912) | - | (2,912) | (869) | (3,781) |
| Unrealised losses on available-for-sale securities, net of taxes | - | - | - | - | (4,796) | - | - | - | - | (4,796) | (14,038) | (18,854) |
| Realised losses on available-for-sale securities, net of taxes | - | - | - | - | 51,428 | - | - | - | - | 51,428 | 1,601 | 53,029 |
| Total Comprehensive Income | - | - | - | - | 46,632 | - | - | (2,912) | 2,300,095 | 2,343,815 | 16,038 | 2,359,853 |
| Transfers between reserves | | | | | | | | | | | | |
| Transfer to Retained Earnings Reserve | - | - | 2,500,000 | - | - | - | - | - | (2,500,000) | - | - | - |
| Transfer to Loan Loss Reserve | - | - | - | - | - | 46,657 | - | - | (46,657) | - | - | - |
| Dividends Paid | - | - | - | - | - | - | - | - | (1,400,217) | (1,400,217) | (43,782) | (1,443,999) |
| Balance as at 31 January 2017 | 6,569,810 | 3,249,976 | 27,291,770 | 11,340 | 914,868 | 3,192,532 | 9,964 | (2,912) | 51,562,023 | 92,799,371 | 3,605,020 | 96,404,391 |
| Balance as at 31 October 2017 | 6,569,810 | 3,249,976 | 31,891,770 | 11,340 | 965,980 | 2,697,050 | 9,964 | (12,259) | 57,457,935 | 102,431,566 | - | 102,431,566 |
| Net Profit | - | - | - | - | - | - | - | - | 3,411,945 | 3,411,945 | - | 3,411,945 |
| Other Comprehensive Income | | | | | | | | | | | | |
| Re-measurement of defined benefit plan obligations | - | - | - | - | - | - | - | - | 233,164 | 233,164 | - | 233,164 |
| Foreign Currency Translation | - | - | - | - | - | - | - | (12,442) | - | (12,442) | - | (12,442) |
| Unrealised gains on available-for-sale securities, net of taxes | - | - | - | - | 316,291 | - | - | - | - | 316,291 | - | 316,291 |
| Realised losses on available-for-sale securities, net of taxes | - | - | - | - | 9,847 | - | - | - | - | 9,847 | - | 9,847 |
| Total Comprehensive Income | - | - | - | - | 326,138 | - | - | (12,442) | 3,645,109 | 3,558,805 | - | 3,558,805 |
| Transfers between reserves | | | | | | | | | | | | |
| Transfer to Retained Earnings Reserve | - | - | 2,000,000 | - | - | - | - | - | (2,000,000) | - | - | - |
| Transfer to Loan Loss Reserve | - | - | - | - | - | 372,862 | - | - | (372,862) | - | - | - |
| Dividends Paid | - | - | - | - | - | - | - | - | (1,493,565) | (1,493,565) | - | (1,493,565) |
| Balance as at 31 January 2018 | 6,569,810 | 3,249,976 | 33,891,770 | 11,340 | 882,118 | 3,059,912 | 9,964 | (24,701) | 57,236,617 | 104,936,806 | - | 104,936,806 |

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Condensed Statement of Consolidated Cash Flows
Period ended January 31, 2018

| Unaudited | | |
|--|-------------------|-------------------|
| (\$ Thousands) | 2018 | 2017 |
| Cash flows provided by / (used in) operating activities | | |
| Profit for the period | 3,411,945 | 2,210,753 |
| Items not affecting cash: | | |
| Depreciation | 133,990 | 159,961 |
| Impairment losses on loans | (6,226) | 420,718 |
| Amortisation of intangible assets | 37,622 | 31,756 |
| Taxation | 1,820,331 | 1,469,409 |
| Net interest income | (6,636,094) | (6,625,614) |
| Gain on disposal of property | (168) | (45,224) |
| Gain on sale of subsidiary | (753,145) | - |
| | (1,991,745) | (2,378,241) |
| Changes in operating assets and liabilities | | |
| Loans | (1,067,952) | (1,817,993) |
| Deposits | 11,770,394 | 1,207,943 |
| Policyholders reserve | (342,282) | 395,567 |
| Securities sold under repurchase agreement | (5,360,736) | (3,138,742) |
| Financial assets at fair value through profit and loss | (31,327) | 128,050 |
| Interest received | 7,481,740 | 8,032,168 |
| Interest paid | (897,496) | (1,180,887) |
| Taxation paid | (1,147,157) | (982,186) |
| Amounts with parent and fellow subsidiaries | 6,867,369 | 274,163 |
| Assets held for sale, net | 95,265 | - |
| Other | (565,485) | (2,794,013) |
| | 14,810,588 | (2,254,171) |
| Cash flows provided by / (used in) investing activities | | |
| Investments and pledged assets | (6,035,635) | 4,049,280 |
| Net proceeds on sale of subsidiary | 1,275,750 | - |
| Purchase of property, plant, equipment and intangibles | (73,304) | (149,683) |
| Proceeds on sale of property, plant and equipment | 1,342 | 79,070 |
| | (4,831,847) | 3,978,667 |
| Cash flows used in financing activities | | |
| Dividends paid | (1,493,565) | (1,443,999) |
| | (1,493,565) | (1,443,999) |
| Effect of exchange rate on cash and cash equivalents | (588,747) | (226,628) |
| Net change in cash and cash equivalents | 7,896,429 | 53,869 |
| Cash and cash equivalents at beginning of year | 74,036,257 | 70,297,279 |
| Cash and cash equivalents at end of period | 81,932,686 | 70,351,148 |
| Represented by : | | |
| Cash resources | 119,604,472 | 108,032,529 |
| Less statutory reserves at Bank of Jamaica | (34,805,280) | (29,551,055) |
| Less amounts due from Bank of Jamaica greater than ninety days | (862,738) | - |
| Less amounts due from other banks greater than ninety days | - | (7,958,187) |
| Less accrued interest on cash resources | (67,060) | (56,485) |
| Pledged assets and repurchase agreements' assets less than ninety days | 727,130 | 1,979,167 |
| Cheques and other instruments in transit, net | (2,663,838) | (2,094,821) |
| Cash and cash equivalents at end of period | 81,932,686 | 70,351,148 |

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Segmental Financial Information
January 31, 2018

| Unaudited (\$ Thousands) | Banking | | | Investment Management Services | Insurance Services | Other | Eliminations | Group |
|-------------------------------|------------------|------------------|--------------------------------|--------------------------------------|-----------------------|----------------|----------------|--------------------|
| | Treasury | Retail | Corporate and Commercial | | | | | |
| Net External Revenues | 1,673,639 | 4,793,620 | 1,965,493 | 803,258 | 1,715,079 | 642,045 | - | 11,593,134 |
| Revenues from other segments | (522,710) | (63,499) | 525,019 | 53,956 | 14,729 | 1,295 | (8,790) | - |
| Total Revenues | 1,150,929 | 4,730,121 | 2,490,512 | 857,214 | 1,729,808 | 643,340 | (8,790) | 11,593,134 |
| Expenses | (456,147) | (3,251,389) | (1,748,892) | (447,458) | (387,221) | (50,278) | (19,473) | (6,360,858) |
| Profit Before Tax | 694,782 | 1,478,732 | 741,620 | 409,756 | 1,342,587 | 593,062 | (28,263) | 5,232,276 |
| Taxation | | | | | | | | (1,820,331) |
| Profit for the period | | | | | | | | 3,411,945 |
| Segment assets | 176,478,707 | 115,540,452 | 70,804,385 | 52,768,382 | 58,473,603 | 25,600,051 | (25,551,636) | 474,113,944 |
| Unallocated assets | | | | | | | | 27,925,487 |
| Total Assets | | | | | | | | 502,039,431 |
| Segment liabilities | - | 155,399,016 | 149,767,836 | 40,584,595 | 46,273,412 | 87,152 | (12,937,591) | 379,174,420 |
| Unallocated liabilities | | | | | | | | 17,968,205 |
| Total liabilities | | | | | | | | 397,142,625 |
| Other Segment items: | | | | | | | | |
| Capital Expenditure | - | 44,686 | 22,295 | - | 6,323 | - | - | 73,304 |
| Impairment losses on loans | - | (16,118) | 9,922 | (30) | - | - | - | (6,226) |
| Depreciation and amortisation | - | 90,953 | 46,069 | 33,338 | 1,252 | - | - | 171,612 |

**BUILDING
THE ECONOMY OF
EVERYONE**

Segmental Financial Information
January 31, 2017

| Unaudited (\$ Thousands) | Banking | | Corporate and Commercial | Investment Management Services | Insurance Services | Other | Eliminations | Group |
|-------------------------------|----------------|------------------|--------------------------------|--------------------------------------|-----------------------|--------------|--------------|--------------------|
| | Treasury | Retail | | | | | | |
| Net External Revenues | 1,087,300 | 5,060,824 | 2,092,456 | 730,501 | 1,077,670 | 4,071 | - | 10,052,822 |
| Revenues from other segments | (144,721) | (221,668) | 304,207 | 24,581 | 28,585 | 5,500 | 3,516 | - |
| Total Revenues | 942,579 | 4,839,156 | 2,396,663 | 755,082 | 1,106,255 | 9,571 | 3,516 | 10,052,822 |
| Expenses | (396,567) | (3,465,759) | (1,596,655) | (502,822) | (385,973) | (7,384) | (17,500) | (6,372,660) |
| Profit Before Tax | 546,012 | 1,373,397 | 800,008 | 252,260 | 720,282 | 2,187 | (13,984) | 3,680,162 |
| Taxation | | | | | | | | (1,469,409) |
| Profit for the period | | | | | | | | 2,210,753 |
| Segment assets | 145,466,650 | 113,256,466 | 74,255,787 | 70,504,583 | 56,988,524 | 21,175,531 | (21,489,101) | 460,158,440 |
| Unallocated assets | | | | | | | | 19,987,434 |
| Total Assets | | | | | | | | 480,145,874 |
| Segment liabilities | 888,773 | 144,781,206 | 134,222,707 | 55,657,074 | 45,954,766 | 31,998 | (12,448,648) | 369,087,876 |
| Unallocated liabilities | | | | | | | | 14,653,607 |
| Total liabilities | | | | | | | | 383,741,483 |
| Other segment items: | | | | | | | | |
| Capital expenditure | - | 99,286 | 37,914 | 10,508 | 1,975 | - | - | 149,683 |
| Impairment losses on loans | - | 399,912 | 21,991 | (1,185) | - | - | - | 420,718 |
| Depreciation and amortisation | - | 103,956 | 52,546 | 33,962 | 1,253 | - | - | 191,717 |

**BUILDING
THE ECONOMY OF
EVERYONE**

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
January 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.



3. Financial Assets (continued)

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.

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>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| Investments pledged as collateral for securities | | |
| sold under repurchase agreements | 12,023 | 27,366 |
| Capital Management and Government Securities funds | 12,574 | 11,713 |
| Securities with regulators, clearing houses and other | | |
| financial institutions | <u>5,713</u> | <u>5,782</u> |
| | <u>30,310</u> | <u>44,861</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.



9. Employee benefits (continued)

(i) Defined Benefit Plan (continued)

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, 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.



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

| RANK | SHAREHOLDER | HOLDINGS AS AT 31 JANUARY 2018 |
|-------------|--|---|
| 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 | 29,673,298 |
| 6 | NCB INSURANCE CO. LTD A/C WT109 | 26,291,176 |
| 7 | GRACEKENNEDY LIMITED PENSION SCHEME | 20,897,463 |
| 8 | JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA | 15,451,997 |
| 9 | SDBG A/C 560-01 | 15,106,116 |
| 10 | SDBG A/C 560-03 | 13,127,950 |

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

| DIRECTORS | HOLDINGS AS AT 31 JANUARY 2018 |
|--|---------------------------------------|
| 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 |
| NOEL, DAVID | 0 |
| <i>NOEL, EDEN</i> | 0 |
| <i>NOEL, FRANCENE</i> | 0 |
| <i>NOEL, ZACHARY</i> | 0 |
| SMITH, EVELYN | 0 |
| <i>SMITH, ANNECIA</i> | 0 |
| <i>SMITH, JOSEPH ALEXANDER</i> | 0 |
| <i>SMITH, NELSON ALEXANDER</i> | 0 |

Notes:

****Effective 7 December 2017, Andrew Mahfood resigned from the Board of Directors***

Effective 31 October 2017, Jacqueline Sharp resigned from the Board of Directors

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

| SENIOR MANAGERS | HOLDINGS AS AT 31 JANUARY 2018 |
|--|---------------------------------------|
| BRIGHT, ALSTON CARL | 144,683 |
| <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, 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 |
| *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 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 |

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

| SENIOR MANAGERS | HOLDINGS AS AT 31 JANUARY 2018 |
|---|---------------------------------------|
| 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 |
| <i>NELSON, KALLICIA</i> | 0 |
| <i>NELSON, KARLENE</i> | 0 |
| <i>NELSON, KYLE</i> | 0 |
| | |
| NOEL, DAVID | 0 |
| <i>NOEL, FRANCENE</i> | 0 |
| <i>NOEL, EDEN</i> | 0 |
| <i>NOEL, ZACHARY</i> | 0 |
| | |
| STOKES, ADRIAN | 0 |
| <i>STOKES, LUCAS</i> | 0 |
| | |
| SYLVESTER, COURTNEY A. | 248,864 |
| <i>SYLVESTER, BENJAMIN</i> | 0 |
| <i>SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN</i> | 124,764 |
| <i>SYLVESTER, EMMANUEL</i> | 0 |
| <i>SYLVESTER, JESSICA</i> | 0 |
| | |
| THOMPSON-JAMES, JULIE | 0 |
| <i>JAMES, ARIANNE ELIZABETH</i> | 0 |
| <i>JAMES, MARCUS HASTINGS/ JAMES, MATTHEW ERIC HASTINGS</i> | 1,000 |
| <i>JAMES, MARCUS HASTINGS/ JAMES, ALYSSA MILAN</i> | 500 |
| <i>JAMES, MARCUS HASTINGS</i> | 6,300 |
| <i>JAMES, MATTHEW</i> | 0 |
| | |
| TUGWELL HENRY, AUDREY | 0 |
| <i>TUGWELL HENRY, AUDREY MAUD/HENRY, PETER</i> | 29,996 |
| <i>HENRY, PETER-GAYE</i> | 0 |
| <i>HENRY, STEVEN</i> | 0 |
| | |
| WHITE, GARY-VAUGHN | 96,389 |
| <i>WHITE, CALEB- ANTHONY</i> | 0 |
| <i>WHITE, EDEN-GRACE ALEXANDRA</i> | 0 |
| <i>WHITE, ROSALEE KEESH-ANN</i> | 0 |
| | |
| *WHITE, NAADIA | 0 |
| <i>WHITE, DAVID ANTHONY</i> | 0 |

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

| SENIOR MANAGERS | HOLDINGS AS AT 31 JANUARY 2018 |
|---|---------------------------------------|
| WHITE, KIMBERLY DE-JANA | 0 |
| WHITE, KRISTOPHE JABLONSKI | 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 |
| | |
| WRIGHT, MICHELLE | 41,001 |
| | |
| WRIGHT, SALIANN | 31,169 |
| WRIGHT, GLADSTONE SIDONIA | 402,688 |
| WRIGHT, KERRY-ANN | 0 |
| | |

Notes:

****As of 1 January 2018, Kiyomi Daniel and Marcia Gaudet were appointed Senior Managers.***

****Effective 31 December 2017, Rosemarie Pilliner resigned as a Senior Manager.***

****Effective 17 November 2018, Frederick Williams resigned as a Senior Manager.***

****Effective 1 November 2017, Naadia White was appointed as a Senior Manager.***

****Effective 31 October 2017, Jacqueline Sharp resigned as a Senior Manager.***