

MEDIA RELEASE

September 12, 2018

SCOTIA GROUP JAMAICA REPORTS THIRD QUARTER OF FISCAL 2018 RESULTS

Scotia Group reports net income of \$11.2 billion for the nine months ended July 31, 2018, which represents an increase of \$2.2 billion or 24% over the corresponding period last year. Included in the results are gains on the sale of a subsidiary of \$0.7 billion, and asset tax expense of \$1.1 billion recorded in Q1/2018.

Today, the Board of Directors approved an interim dividend of 48 cents per stock unit in respect of this financial year, which is payable on October 24, 2018 to stockholders on record as at October 2, 2018.

David Noel, President and CEO said “We are pleased to report solid performance over the past nine months with loan growth of 8%, total revenues increasing 7%, and expenses remaining flat. We continue to simplify our operating model to focus on growing our core businesses, enhancing our digital capabilities, and reducing our structural costs. While we have made good progress on our strategic priorities, we will continue to make the structural changes necessary to improve efficiency, enhance our customer experience, and prepare us for long term success in a changing global environment.

Our digital strategy continues to deliver new milestones as evidenced by a 24% increase in the number of mobile banking customers. Non-branch transactions (mobile, online, ATM and Point of sale) continue to grow and now account for more than 85% of all transactions as at July 2018. Our ATMs and digital channels allow us to more efficiently process transactions with lower operating costs, and deliver a more convenient customer experience with lower or no fees.

We would like to thank our valued customers for their continued loyalty and support over the years. We are committed to continue offering you excellent customer service and service delivery in this challenging ever changing economic environment”.

Financial Highlights

	9 months ended 31-Jul-18 \$millions	9 months ended 31-Jul-17 \$millions
Total Revenues	33,036	30,963
Total Operating Expenses	16,261	16,116
Net Profit after Tax	11,157	8,989
Return on equity	13.86%	12.48%
Productivity Ratio	49.22%	52.05%
Operating Leverage	5.8%	4.1%
Earnings per share (cents)	359	283
	31-Jul-18 \$millions	31-Jul-17 \$millions
Total Assets	535,147	501,184
Investments	157,607	160,889
Loans (net of provisions for losses)	176,975	163,882
Deposits by the public	302,229	266,132
Liabilities under repurchase agreements and other client obligations	28,294	46,382
Policyholders' Fund	45,058	45,221
Stockholders' equity	112,905	96,987

	3 months ended 31-Jul-18 \$millions	3 months ended 30-Apr-18 \$millions	3 months ended 31-Jul-17 \$millions
Total Revenues	11,383	10,060	10,303
Total Operating Expenses	5,056	4,837	5,001
Net Profit after Tax	4,399	3,346	3,296
Return on equity	15.85%	12.51%	13.39%
Productivity Ratio	44.42%	48.08%	48.54%
Dividends per share (cents)	48	48	45



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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the nine months ended July 31, 2018 was \$33.0 billion, representing an increase of \$2.1 billion or 7% above prior year. While there were 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 \$17.9 billion, down \$0.5 billion or 3% when compared to the same period in 2017.

The major year over year movement across our business lines were as follows:

Treasury (+47%): Revamped foreign exchange trading strategy through coordinated efforts among the various channels, despite lower yields on the investment portfolio.

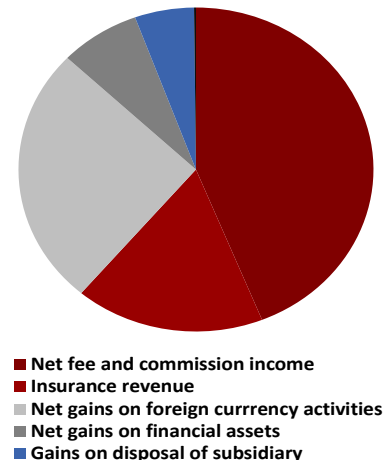
Investment Management (+8%): Growth in the Funds and other Assets under Management, FX revenues and net gains on financial assets.

OTHER REVENUE

Other income, defined as all income other than interest income, was \$13.9 billion for the period, up \$2.9 billion or 26% from last year.

- Net fees and commission income amounted to \$6.1 billion down \$477 million or 7% compared to last year, impacted by the ongoing shift from branch transactions to online and mobile transactions which attract lower fees. We note however that the cost of serving our customers through these alternate channels is lower.
- Insurance revenue increased by \$134.8 million to \$2.4 billion or 6%, 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 \$4.6 billion, up \$2.5 billion or over 100% compared to last year based on increased market activities and revaluation gains.
- 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

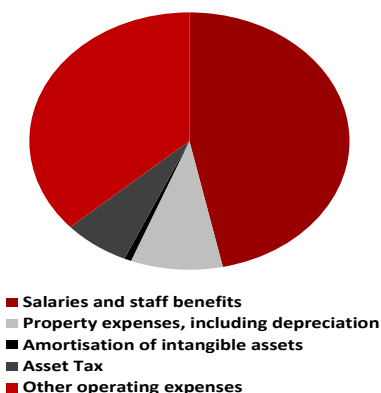
Impairment losses on loans were down \$310 million or 21% from last year, due to lower provisioning requirements on a reduced non-accrual loan (NAL) portfolio. The quality of both our retail and commercial credit portfolios continues to improve. NALs as at July 31, 2018 totaled \$4.0 billion compared to \$4.3 billion last year.

The Group's NALs are 2.3% of gross loans and 0.8% of total assets. The Group's aggregate loan loss provision as at July 31, 2018 was \$5.5 billion, representing over 100% coverage of the total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$16.3 billion for the nine month period, an increase of \$145 million or 1% compared to prior year. Salaries and staff benefit costs decreased by \$414 million, while other operating expenses grew by \$575 million. Our productivity ratio continues to improve, moving from 52% last year to 49%.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$33.9 billion or 7% to \$535 billion as at July 31, 2018. The growth was mainly attributable to an overall increase of \$13.1 billion in loans, \$11.6 billion from higher cash resources and \$12.5 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 \$145.7 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.

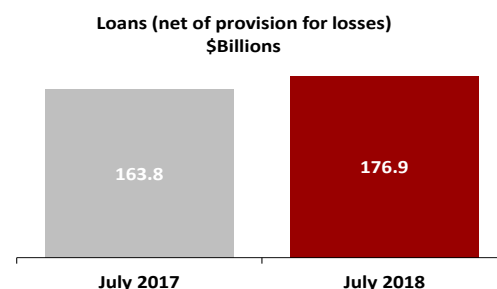
Securities

Total investment securities, including pledged assets, decreased by \$3.3 billion or 2% to \$157.6 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 \$13.1 billion or 8% year over year, with loans after impairment losses increasing to \$176.9 billion. We continue to see solid performance across our business lines quarter over quarter and year over year.

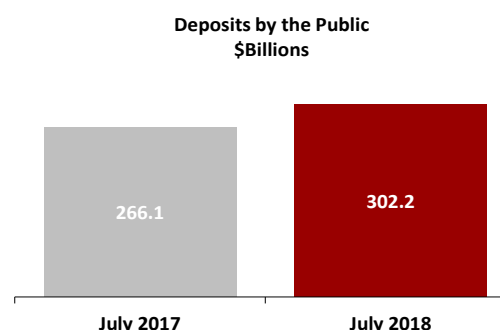


LIABILITIES

Total liabilities were \$422.2 billion as at July 31, 2018 an increase of \$21.7 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 \$302.2 billion, up from \$266.1 billion in the previous year. This \$36.1 billion or 14% 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 \$18 billion or 39% compared to the prior period. Our fund and asset management portfolios grew by \$19.6 billion or 14% 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 \$45.1 billion as at July 31, 2018 compared to \$45.2 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$112.9 billion, increasing by \$16 billion or 16% 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

The **Scotiabank Nutrition for Learning Programme** is now the major initiative through which the Bank gives back to the community. Endorsed by the Ministry of Education, the programme is focused on combatting obesity in children. It aligns with Jamaica's Vision 2030 by supporting two national outcomes, 'A Healthy and Stable Population, and World-Class Education and Training'.

Since April 2018, the Programme has been expanded from 10 schools, to reach 34 institutions in all parishes, and is bolstered by a commitment of \$24 million in the first year. Through this programme we will directly impact 13,000 students in 24 primary schools, 6 early childhood centers and 4 special needs child care facilities. Beneficiaries of the programme are receiving training for canteen staff, education of children on healthy eating, kitchen equipment, funds for food supplies, and vegetable gardens in schools.



A container garden was set up at the Allman Town Primary as part of the Labour Day activities.

Over the last quarter, 137 canteen cooks and other staff members from 33 institutions were trained in the preparation of healthy meals. ScotiaVolunteers also played a critical role in the delivery of the education and awareness component of the programme, with 90 volunteers teaching 'Healthy Eating' in 21 schools in observance of National Teachers' Day and Read Across Jamaica Day, and creating vegetable gardens in 5 institutions on National Labour Day.



Prep School Cricket MVP's collect their prize cheques at the competition's awards ceremony.

Other youth development initiatives were focused on the sport of cricket. Students from the top eight schools in the Scotiabank Kiddy Cricket competition demonstrated their skills during lunch at the recently held West Indies vs. Bangladesh series at Sabina Park. This is the eighteenth year of this competition that introduces boys and girls, ages 7-12, to the game of cricket in a fun way. After 13 years of supporting the Jamaica Cricket Association through the Prep School Cricket Competition, we celebrated our final event on June 24 with the Awards ceremony. During the period of our sponsorship over 13,000 students were positively influenced by learning the sport, developing team work and leadership skills.

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. To our shareholders, we thank you for the commitment, trust and confidence you continue to show in the management of the Group.



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

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	July 2018	April 2018	July 2017	July 2018	July 2017
Interest Income	7,074,539	6,975,280	7,859,178	21,536,250	23,258,268
Interest Expense	(775,175)	(792,486)	(1,098,223)	(2,417,998)	(3,332,247)
Net Interest Income	6,299,364	6,182,794	6,760,955	19,118,252	19,926,021
Impairment losses on loans	(620,076)	(560,252)	(508,462)	(1,174,102)	(1,483,928)
Net interest income after impairment losses	5,679,288	5,622,542	6,252,493	17,944,150	18,442,093
Net fee and commission income	2,002,621	2,010,418	2,167,931	6,113,210	6,590,264
Insurance revenue	525,319	707,090	566,854	2,402,931	2,268,083
Net gains on foreign currency activities	1,951,490	861,203	570,099	3,605,444	1,666,026
Net gains on financial assets	597,873	290,405	228,388	1,020,316	447,795
Gains on disposal of subsidiary	-	-	-	753,145	-
Other revenue	6,153	8,337	9,147	22,903	65,222
	5,083,456	3,877,453	3,542,419	13,917,949	11,037,390
Total Operating Income	10,762,744	9,499,995	9,794,912	31,862,099	29,479,483
Operating Expenses					
Salaries and staff benefits	2,450,667	2,462,042	2,676,577	7,585,226	7,999,593
Property expenses, including depreciation	516,165	507,162	537,718	1,511,986	1,569,264
Amortisation of intangible assets	41,140	37,445	31,756	116,207	95,250
Asset tax	-	(30,721)	-	1,089,023	1,068,710
Other operating expenses	2,048,283	1,861,499	1,755,123	5,958,324	5,383,372
	5,056,255	4,837,427	5,001,174	16,260,766	16,116,189
Profit before taxation	5,706,489	4,662,568	4,793,738	15,601,333	13,363,294
Taxation	(1,307,159)	(1,316,415)	(1,497,959)	(4,443,905)	(4,374,565)
Profit for the period	4,399,330	3,346,153	3,295,779	11,157,428	8,988,729
Attributable to:-					
Equityholders of the Company	4,399,330	3,346,153	3,212,733	11,157,428	8,812,087
Non-Controlling Interest	-	-	63,046	-	176,642
Earnings per share (cents)	141	108	103	359	283
Return on average equity (annualized)	15.85%	12.51%	13.39%	13.86%	12.48%
Return on assets (annualized)	3.29%	2.59%	2.56%	2.78%	2.34%
Productivity ratio	44.42%	48.08%	48.54%	49.22%	52.05%

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Consolidated Statement of Comprehensive Income
Period ended July 31, 2018

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	July 2018	April 2018	July 2017	July 2018	July 2017
Profit for the period	4,399,330	3,346,153	3,295,779	11,157,428	8,988,729
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	191,881	2,720,813	184,431	3,262,440	675,016
Taxation	(63,960)	(906,938)	(61,477)	(1,087,480)	(225,005)
	127,921	1,813,875	122,954	2,174,960	450,011
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains on available for sale assets	1,372,086	802,873	212,173	2,587,565	347,444
Realised gains on available for sale assets	(377,851)	(157,530)	(123,948)	(520,611)	(257,618)
Foreign currency translation	16,535	(1,757)	(7,091)	2,336	(5,928)
	1,010,770	643,586	81,134	2,069,290	83,898
Taxation	(231,364)	(115,102)	(58,186)	(447,704)	(4,813)
	779,406	528,484	22,948	1,621,586	79,085
Other comprehensive income, net of tax	907,327	2,342,359	145,902	3,796,546	529,096
Total comprehensive income for the period	5,306,657	5,688,512	3,441,681	14,953,974	9,517,825
Attributable to:-					
Equityholders of the Company	5,306,657	5,688,512	3,371,307	14,953,974	9,332,183
Non-Controlling Interest	-	-	70,374	-	185,642

Consolidated Statement of Financial Position
July 31, 2018

Unaudited (\$ Thousands)	July 31, 2018	October 31, 2017	July 31, 2017
ASSETS			
CASH RESOURCES	145,731,669	116,476,559	134,130,477
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	17,496	8,155	423,196
INVESTMENT SECURITIES	130,487,683	120,292,580	113,173,896
PLEDGED ASSETS	26,801,564	37,253,225	45,789,474
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	300,230	1,203,495	1,502,666
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	176,975,223	166,493,591	163,881,640
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	13,606,989	12,228,668	11,538,849
Property, plant and equipment	5,319,644	5,322,155	5,387,718
Deferred taxation	115,292	176,310	85,572
Taxation recoverable	3,509,925	2,574,148	2,270,191
Retirement benefit asset	29,055,340	25,020,925	18,990,818
Other assets	2,225,660	2,074,311	2,847,563
Assets held for sale	-	664,416	-
Intangible assets	1,000,259	1,094,143	1,161,938
	54,833,109	49,155,076	42,282,649
TOTAL ASSETS	535,146,974	490,882,681	501,183,998
LIABILITIES			
Deposits by the public	302,229,112	260,559,467	266,132,229
Amounts due to banks and other financial institutions	9,836,006	10,168,548	10,389,476
	312,065,118	270,728,015	276,521,705
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	13,606,989	12,228,668	11,538,849
Securities sold under repurchase agreements	10,697,206	20,666,065	28,346,644
Capital management and government securities funds	17,597,225	17,844,600	18,034,932
Deferred taxation	9,511,803	7,800,934	6,084,751
Retirement benefit obligation	3,884,063	3,884,186	3,761,597
Liabilities held for sale	-	37,272	-
Other liabilities	9,821,262	10,090,219	10,999,900
	65,118,548	72,551,944	78,766,673
POLICYHOLDERS' LIABILITIES	45,058,462	45,171,156	45,221,269
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	36,891,770	31,891,770	30,291,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	3,202,250	2,687,050	3,096,024
Other reserves	9,964	9,964	9,964
Translation reserve	(9,923)	(12,259)	(4,565)
Cumulative remeasurement result from available for sale assets	2,182,595	565,980	942,886
Unappropriated profits	60,797,064	57,457,935	52,820,100
	112,904,846	102,431,566	96,987,305
Non-controlling interest	-	-	3,687,046
	112,904,846	102,431,566	100,674,351
TOTAL EQUITY AND LIABILITIES	535,146,974	490,882,681	501,183,998

Director

Director

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

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Available for Sale financial assets	Cumulative Remeasurement result from	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	-	-	-	-	-	-	-	8,812,087	8,812,087	176,642	8,988,729		
Other Comprehensive Income													
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	450,011	450,011	-	450,011		
Foreign Currency Translation	-	-	-	-	-	-	-	(4,565)	(4,565)	(1,364)	(5,929)		
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	274,043	-	-	-	274,043	10,142	284,185		
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(199,393)	-	-	-	(199,393)	222	(199,171)		
Total Comprehensive Income	-	-	-	-	74,650	-	-	9,262,098	9,332,183	185,642	9,517,825		
Transfers between reserves													
Transfer to Retained Earnings Reserve	-	-	5,500,000	-	-	-	-	(5,500,000)	-	-	-		
Transfer to Loan Loss Reserve	-	-	-	-	-	(47,851)	-	47,851	-	-	-		
Dividends Paid	-	-	-	-	-	-	-	(4,200,651)	(4,200,651)	(131,360)	(4,332,011)		
Balance as at 31 July 2017	6,569,810	3,249,976	30,291,770	11,340	942,886	3,096,024	9,964	52,820,100	96,987,305	3,687,046	100,674,351		
Balance as at 31 October 2017	6,569,810	3,249,976	31,891,770	11,340	565,980	2,687,050	9,964	57,457,935	102,431,566	-	102,431,566		
Net Profit	-	-	-	-	-	-	-	11,157,428	11,157,428	-	11,157,428		
Other Comprehensive Income													
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	2,174,960	2,174,960	-	2,174,960		
Foreign Currency Translation	-	-	-	-	-	-	-	2,336	2,336	-	2,336		
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	1,989,135	-	-	-	1,989,135	-	1,989,135		
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(369,885)	-	-	-	(369,885)	-	(369,885)		
Total Comprehensive Income	-	-	-	-	1,619,250	-	-	2,336	13,332,388	14,953,974	14,953,974		
Transfers between reserves													
Transfer to Retained Earnings Reserve	-	-	5,000,000	-	-	-	-	(5,000,000)	-	-	-		
Transfer to Loan Loss Reserve	-	-	-	-	-	515,200	-	(515,200)	-	-	-		
Transfer to Unappropriated Profits	-	-	-	-	(2,635)	-	-	2,635	-	-	-		
Dividends Paid	-	-	-	-	-	-	-	(4,480,694)	(4,480,694)	-	(4,480,694)		
Balance as at 31 July 2018	6,569,810	3,249,976	36,891,770	11,340	2,182,595	3,202,250	9,964	60,797,064	112,904,846	-	112,904,846		

Condensed Statement of Consolidated Cash Flows
Period ended July 31, 2018
Unaudited
(\$ Thousands)
2018
2017
Cash flows provided by / (used in) operating activities

Profit for the period	11,157,428	8,988,729
Items not affecting cash:		
Depreciation	378,834	423,811
Impairment losses on loans	1,174,102	1,483,928
Amortisation of intangible assets	116,207	95,251
Taxation	4,443,905	4,374,565
Net interest income	(19,118,252)	(19,926,021)
Loss on disposal of property	1,494	(45,224)
Gain on sale of subsidiary	(753,145)	-
	(2,599,427)	(4,604,961)
Changes in operating assets and liabilities		
Loans	(11,677,151)	1,456,665
Deposits	41,412,729	20,396,786
Policyholders reserve	(112,694)	456,684
Securities sold under repurchase agreement	(9,875,737)	(3,284,092)
Financial assets at fair value through profit and loss	(9,286)	130,838
Interest received	21,589,681	23,416,972
Interest paid	(2,524,450)	(3,343,643)
Taxation paid	(5,538,742)	(4,338,362)
Amounts with parent and fellow subsidiaries	(10,028,682)	(2,170,949)
Assets held for sale, net	95,265	-
Other	(5,153,219)	(10,933,517)
	15,578,287	17,182,421

Cash flows provided by / (used in) investing activities

Investments and pledged assets	2,091,336	3,984,228
Net proceeds on sale of subsidiary	1,275,750	-
Purchase of property, plant, equipment and intangibles	(404,191)	(417,547)
Proceeds on sale of property, plant and equipment	4,051	79,070
	2,966,946	3,645,751

Cash flows used in financing activities

Dividends paid	(4,480,694)	(4,332,011)
	(4,480,694)	(4,332,011)

Effect of exchange rate on cash and cash equivalents	3,555,561	87,819
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Net change in cash and cash equivalents	17,620,100	16,583,980
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Cash and cash equivalents at beginning of year	74,036,257	70,297,279
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Cash and cash equivalents at end of period	91,656,357	86,881,259
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Represented by :

Cash resources	145,731,669	134,130,477
Less statutory reserves at Bank of Jamaica	(38,545,210)	(34,504,262)
Less amounts due from Bank of Jamaica greater than ninety days	-	(662,738)
Less amounts due from other banks greater than ninety days	(12,751,743)	(10,088,853)
Less accrued interest on cash resources	(117,283)	(90,318)
Pledged assets, t/bills and repurchase agreements assets less than ninety days	300,000	1,500,000
Cheques and other instruments in transit, net	(2,961,076)	(3,403,047)
Cash and cash equivalents at end of period	91,656,357	86,881,259

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Segmental Financial Information

July 31, 2018

Unaudited (\$ Thousands)	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net External Revenues	5,310,458	13,738,622	5,846,365	2,384,112	4,102,778	1,653,866	-	33,036,201
Revenues from other segments	(1,867,575)	258,800	1,379,574	178,341	50,102	1,295	(537)	-
Total Revenues	3,442,883	13,997,422	7,225,939	2,562,453	4,152,880	1,655,161	(537)	33,036,201
Expenses	(548,322)	(9,765,135)	(4,954,522)	(1,143,203)	(932,115)	(33,555)	(58,016)	(17,434,868)
Profit Before Tax	2,894,561	4,232,287	2,271,417	1,419,250	3,220,765	1,621,606	(58,553)	15,601,333
Taxation								(4,443,905)
Profit for the period								11,157,428
Segment assets	195,657,218	118,567,745	78,659,959	44,729,122	60,163,188	27,157,163	(21,534,243)	503,400,152
Unallocated assets								31,746,822
Total Assets								535,146,974
Segment liabilities	-	163,860,516	168,996,472	33,935,323	46,105,980	39,334	(8,883,458)	404,054,167
Unallocated liabilities								18,187,961
Total liabilities								422,242,128
Other Segment items:								
Capital Expenditure	-	280,199	109,911	14,081	-	-	-	404,191
Impairment losses on loans	-	(1,101,459)	(70,108)	(2,535)	-	-	-	(1,174,102)
Depreciation and amortisation	-	259,690	131,727	99,907	3,717	-	-	495,041

**BUILDING
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EVERYONE**

Segmental Financial Information

July 31, 2017

Unaudited (\$ Thousands)	Banking		Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
	Treasury	Retail						
Net External Revenues	3,713,065	14,809,760	6,037,296	2,254,339	4,096,938	52,013	-	30,963,411
Revenues from other segments	(1,370,478)	(417,328)	1,572,007	110,107	83,413	14,879	7,400	-
Total Revenues	2,342,587	14,392,432	7,609,303	2,364,446	4,180,351	66,892	7,400	30,963,411
Expenses	(521,841)	(10,086,872)	(4,816,896)	(1,163,202)	(923,846)	(34,151)	(53,309)	(17,600,117)
Profit Before Tax	1,820,746	4,305,560	2,792,407	1,201,244	3,256,505	32,741	(45,909)	13,363,294
Taxation								(4,374,565)
Profit for the period								8,988,729
Segment assets	171,887,161	113,662,355	67,659,005	69,833,562	56,522,547	21,211,711	(20,992,163)	479,784,178
Unallocated assets								21,399,820
Total Assets								501,183,998
Segment liabilities	50,022	150,249,920	146,799,912	54,585,017	45,936,708	41,364	(11,922,022)	385,740,921
Unallocated liabilities								14,768,726
Total liabilities								400,509,647
Other Segment items:								
Capital Expenditure	-	295,030	96,676	19,943	5,898	-	-	417,547
Impairment losses on loans	-	1,440,851	54,921	(11,844)	-	-	-	1,483,928
Depreciation and amortisation	-	275,010	138,826	101,507	3,719	-	-	519,062

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SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 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 – Group (100%) and Scotia Investments Jamaica Limited – Group (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	11,148	24,566
Capital Management and Government Securities funds	13,329	12,849
Securities with regulators, clearing houses and other		
financial institutions	<u>2,325</u>	<u>8,374</u>
	<u>26,802</u>	<u>45,789</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
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 JULY 2018

DIRECTORS	HOLDINGS AS AT 31 JULY 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
FOWLER, ANGELA*	0
<i>FOWLER, ROBERT/ FOWLER, ANGELA</i>	47,766
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 ANN</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, DAVID/NOEL, FRANCENE</i>	40,000
<i>NOEL, EDEN</i>	0
<i>NOEL, ZACHARY</i>	0
MCCONNELL, WILLIAM DAVID*	0
<i>MCCONNELL, TANIA</i>	0
<i>MCCONNELL, DAVID</i>	0
<i>MCCONNELL, LEAH</i>	0
<i>MCCONNELL, WILLIAM K.</i>	0
REID, LESLIE*	0
<i>REID, WILLIAM</i>	0
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

Notes:

Effective 4 May 2018, Angela Fowler, William D. McConnell, Leslie Reid and Audrey Richards were appointed to the Board of Directors

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

SENIOR MANAGERS	HOLDINGS AS AT 31 JULY 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

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

SENIOR MANAGERS	HOLDINGS AS AT 31 JULY 2018
MILLER, HUGH G	76,591
<i>MILLER, SHEILA OPHELIA</i>	0
MITCHELL, LISSANT	0
<i>MITCHELL, LISSANT L./MITCHELL, ELMAY</i>	40,000
<i>MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG</i>	4,500
NELSON, MORRIS	643
<i>NELSON, KALLICIA</i>	0
STOKES, ADRIAN	0
<i>STOKES, LUCAS</i>	0
SYLVESTER, COURTNEY A.	257,353
<i>SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN</i>	124,764
<i>SYLVESTER, BENJAMIN</i>	0
<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	102,314
<i>WHITE, ROSALEE KEESH-ANN</i>	0
<i>WHITE, CALEB- ANTHONY</i>	0
<i>WHITE, EDEN-GRACE ALEXANDRA</i>	0
WHITE, NAADIA	8,126
<i>WHITE, DAVID ANTHONY</i>	0
<i>WHITE, KIMBERLY DE-JANA</i>	0
<i>WHITE, KRISTOPHE JABLONSKI</i>	0

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

SENIOR MANAGERS	HOLDINGS AS AT 31 JULY 2018
WHITELOCKE, GLADSTONE	54,000
<i>WHITELOCKE, ELAINE</i>	113,404
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

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

RANK	SHAREHOLDER	HOLDINGS AS AT 31 July 2018
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	62,449,704
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION	30,145,366
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	12,799,865
10	SDBG A/C 560-03	13,193,161
9	SDBG A/C 560-01	13,112,220