MEDIA RELEASE

September 11, 2019

SCOTIA GROUP JAMAICA REPORTS THIRD QUARTER OF FISCAL 2019 RESULTS

Scotia Group reports net income of $9.8 billion for the nine months ended July 31, 2019 which was 12% lower than $11.2 billion for the corresponding period last year. Excluding gains on the sale of a subsidiary of $753 million included in prior year, and additional IFRS 9 related provisions of $625 million in the current year, net income is on par with prior year.

Today, the Board of Directors approved an interim dividend of 51 cents and a special dividend of 74 cents per stock unit in respect of the third quarter, which is payable on October 23, 2019 to stockholders on record as at October 1, 2019. The Group has taken a decision to distribute accumulated earnings built up over several years. After factoring this distribution our capital remains strong to take advantage of future growth opportunities.

Financial Highlights

	9 months ended 31-Jul-19 $millions	9 months ended 31-Jul-18 $millions
Total revenues	33,828	33,036
Total operating expenses	18,382	16,261
Net profit after tax	9,788	11,157
Return on equity	11.19%	13.86%
Productivity ratio	54.34%	49.22%
Operating leverage	-10.7%	5.8%
Earnings per share (cents)	315	359
	31-Jul-19 $millions	**31-Jul-18 $millions**
Total assets	537,496	535,147
Investments	145,470	157,607
Loans (net of allowances for credit losses)	198,429	176,975
Deposits by the public	303,578	302,229
Liabilities under repurchase agreements and other client obligations	21,155	28,294
Policyholders' fund	45,017	45,058
Stockholders' equity	116,181	112,905

	3 months ended 31-Jul-19 $millions	3 months ended 30-Apr-19 $millions	3 months ended 31-Jul-18 $millions
Total revenues	11,737	10,587	11,383
Total operating expenses	5,638	5,407	5,056
Net profit after tax	4,173	3,290	4,399
Return on equity	14.15%	11.21%	15.85%
Productivity ratio	48.04%	51.08%	44.42%
Dividends per share (cents)	125	245	48

David Noel, President and CEO of Scotia Group Jamaica notes "We celebrated 130 years of unbroken service in Jamaica on August 24th. The Group continues to deliver solid financial results with strong growth in our core business lines, somewhat tempered by the effects of margin compression and additional costs associated with investing for the future, this continues to demonstrate the success of our intense focus on our customers.

Our loan portfolio recorded double digit growth increasing by 12% over the previous year. Contributing to this growth was our reduced residential mortgage rate of 6.99% which has been extended to the end of this financial year.

We recently announced a $500 Million renovation of our flagship Scotia Centre branch, with state-of-the-art features designed around an enhanced customer experience focused on financial advice and solutions. We are also making a $1 Billion investment in our head office building to create an environment that improves our employee experience and encourages collaboration. Additionally, we have been making significant investments in our ATM network which is our most used channel. This year alone we have rolled out over 50 new ATMs including Intelligent Deposit Machines which have an improved interface and touch screen capability to replicate the experience on your phone. These machines will allow customers to pay bills and make envelope-free deposits for cash and cheques.

We are proud of these achievements as we continue to serve our customers and contribute to the growth and development of Jamaica.

I would like to thank all our shareholders and customers for the confidence and trust they have placed in our bank and for partnering with us to achieve their financial goals."

GROUP FINANCIAL PERFORMANCE

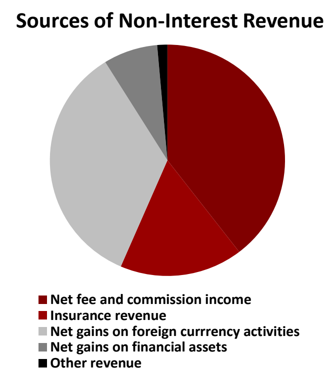
TOTAL REVENUES

Total revenues excluding expected credit losses for the nine months ended July 31, 2019 was $33.8 billion, up $792 million or 2% above the comparative period last year. Excluding the one-off impact of gains from sale of subsidiary last year, total revenues grew by 5%. Loan and transaction volumes continued to grow across our business lines, however lower interest rates due to a stable macroeconomic environment and increased competition, resulted in margin compression. Net interest income after expected credit losses for the nine months period was $16.8 billion, down $1.2 billion or 7% when compared to the previous year.

OTHER REVENUE

Other income, defined as all income other than interest income, was $15.1 billion for the period, up $1.2 billion or 9% from last year.

- Net fee and commission income amounted to $6.0 billion down from the $6.1 Billion recorded 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 $162.3 million or 7% to $2.6 billion due mainly to higher premium income year over year, partially offset by lower actuarial reserve releases.
- Net gains on foreign currency activities and financial assets amounted to $6.4 billion, up $1.7 billion or 38% above last year due to increased market activities.



CREDIT QUALITY

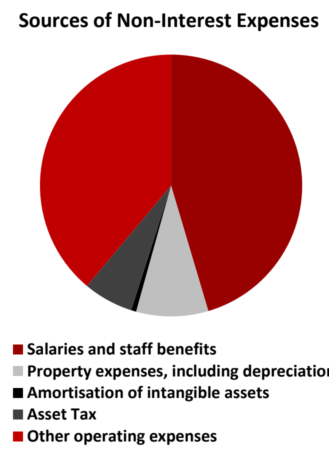
Expected credit losses were up $749.9 million above last year, impacted by the initial adoption of IFRS 9, (Financial Instruments) which resulted in a significant change to the Group's impairment methodology. The quality of both our retail and commercial credit portfolios continue to improve. Non accrual loans (NALs) as at July 31, 2019 totaled $3.8 billion compared to $4.0 billion last year.

The Group's NALs represent 1.9% of gross loans down from 2.3% last year, and represent 0.7% of total assets. The Group's aggregate expected credit losses for loans as at July 31, 2019 was $5.8 billion, representing over 100% coverage of the total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating expenses amounted to $18.4 billion for the period, an increase of $2.1 billion or 13% compared to prior year. Salaries and staff benefit costs increased by $762 million or 10% primarily due to increased incentives to our sales team resulting in the loan uptick, while other operating expenses grew by $1.2 billion. The growth in operating expenses was attributable to increased technology investments such as ATM software, online banking enhancements, security chips for credit cards and network upgrade to support our digital strategy. Asset tax expenses increased by $44 million or 4% to $1.1 billion due to the increase in the Group's assets.

Our productivity ratio at the end of the period was 54.34% compared to 49.22% recorded for last year.



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by $2.3 billion to $537 billion as at July 31, 2019. There was an overall increase in loans of $21.4 billion or 12%, and $11.3 billion or 21% increase in other assets resulting from a higher retirement benefit asset on our defined benefit pension plan scheme. This was offset by a reduction in cash resources of $18.3 billion or 13% and investments of $12.1 billion or 8%.

Cash Resources

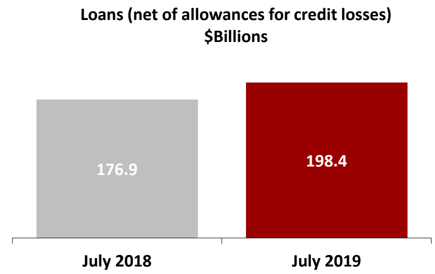
Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $127.5 billion, down by $18.3 billion or 13% compared to last year. We continue to maintain adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

Securities

Total investment securities, including pledged assets, decreased by $12.1 billion or 8% to $145.5 billion due mainly to 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 $21.4 billion or 12% year over year, with loans after allowances for credit losses, increasing to $198.4 billion. We continue to see solid performance across our business lines quarter over quarter and year over year.

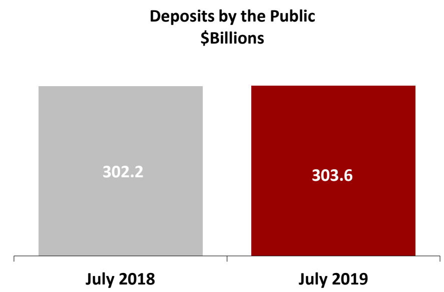


LIABILITIES

Total liabilities were $421.3 billion as at July 31, 2019 flat compared to the prior year, driven mainly by lower obligations related to repurchase agreements, offset by higher sundry liabilities.

Deposits

Deposits by the public increased to $303.6 billion, up from $302.2 billion in the previous year. This $1.4 billion 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

The obligations (net) decreased by $7.1 billion or 25% compared to the prior year. Our strategic focus is to grow our off-balance sheet business, namely, mutual funds and unit trusts, as a result our fund and asset management portfolios grew by $24 billion or 15% 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 billion as at July 31, 2019 which was flat when compared to the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to $116.2 billion, increasing by $3.3 billion or 3% 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 activities with the focus on National Labour Day activities.

Scotiabank made a contribution of $755,000 for National Labour Day projects at six institutions which are beneficiaries under the Scotiabank Nutrition for Learning programme. The projects focused on beautification – painting, building, playground equipment and school safety - erecting fencing, class room construction, installation of benches, signs and notice boards as well as the recycling of plastic bottles.

The institutions were Mandeville Infant School and Gift of Hope Children's Home in Manchester, Brompton Primary School in St. Elizabeth, Dumfries Primary School in St. James, Bamboo Primary School in St. Ann, and Allman Town Primary School in Kingston.

Some 85 ScotiaVolunteers assisted with work at the Allman Town Primary, Mandeville Infant and Dumfries Primary schools.

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Consolidated Statement of Revenue and Expenses
Period ended July 31, 2019

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	July 2019	April 2019	July 2018	July 2019	July 2018
Interest income	7,095,353	6,694,785	7,074,539	20,671,251	21,536,250
Interest expense	(643,043)	(649,370)	(775,175)	(1,978,021)	(2,417,998)
Net interest income	6,452,310	6,045,415	6,299,364	18,693,230	19,118,252
Expected credit losses	(582,310)	(487,350)	(620,076)	(1,923,987)	(1,174,102)
Net interest income after expected credit losses	5,870,000	5,558,065	5,679,288	16,769,243	17,944,150
Net fee and commission income	1,885,571	2,045,388	2,002,621	5,985,019	6,113,210
Insurance revenue	756,320	787,550	525,319	2,565,273	2,402,931
Net gains on foreign currency activities	1,871,883	1,329,472	1,951,490	5,241,950	3,605,444
Net gains on financial assets	762,115	186,199	597,873	1,131,221	1,020,316
Gains on disposal of subsidiary	-	-	-	-	753,145
Other revenue	8,888	192,589	6,153	211,447	22,903
	5,284,777	4,541,198	5,083,456	15,134,910	13,917,949
Total Operating Income	11,154,777	10,099,263	10,762,744	31,904,153	31,862,099
Operating Expenses					
Salaries and staff benefits	2,771,772	2,707,871	2,450,667	8,347,158	7,585,226
Property expenses, including depreciation	565,295	542,117	516,165	1,635,078	1,511,986
Amortisation of intangible assets	37,425	38,492	41,140	114,323	116,207
Asset tax	-	(55,066)	-	1,133,367	1,089,023
Other operating expenses	2,264,004	2,174,053	2,048,283	7,152,124	5,958,324
	5,638,496	5,407,467	5,056,255	18,382,050	16,260,766
Profit before taxation	5,516,281	4,691,796	5,706,489	13,522,103	15,601,333
Taxation	(1,343,371)	(1,401,646)	(1,307,159)	(3,734,523)	(4,443,905)
Profit for the period	4,172,910	3,290,150	4,399,330	9,787,580	11,157,428
Attributable to:-					
Equityholders of the Company	4,172,910	3,290,150	4,399,330	9,787,580	11,157,428
Earnings per share (cents)	134.11	106	141	315	359
Return on average equity (annualized)	14.15%	11.21%	15.85%	11.19%	13.86%
Return on assets (annualized)	3.11%	2.42%	3.29%	2.43%	2.78%
Productivity ratio	48.04%	51.08%	44.42%	54.34%	49.22%

Building for the Future

Consolidated Statement of Comprehensive Income
Period ended July 31, 2019

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	July 2019	April 2019	July 2018	July 2019	July 2018
Profit for the period	4,172,910	3,290,150	4,399,330	9,787,580	11,157,428
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	7,171	4,542,420	191,881	4,003,749	3,262,440
Taxation	(2,390)	(1,514,140)	(63,960)	(1,334,583)	(1,087,480)
	4,781	3,028,280	127,921	2,669,166	2,174,960
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains on investment securities	304,990	70,210	1,372,086	493,684	2,587,565
Realised gains on investment securities	(524,258)	(40,884)	(377,851)	(684,526)	(520,611)
Foreign currency translation	3,710	(2,318)	16,535	10,424	2,336
Expected credit losses on investment securities	42,277	22,043	-	64,321	-
	(173,281)	49,051	1,010,770	(116,097)	2,069,290
Taxation	32,216	(25,896)	(231,364)	(59,736)	(447,704)
	(141,065)	23,155	779,406	(175,833)	1,621,586
Other comprehensive income, net of tax	(136,284)	3,051,435	907,327	2,493,333	3,796,546
Total comprehensive income for the period	4,036,626	6,341,585	5,306,657	12,280,913	14,953,974
Attributable to:- **Equityholders of the Company**	4,036,626	6,341,585	5,306,657	12,280,913	14,953,974

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Consolidated Statement of Financial Position
July 31, 2019

Unaudited ($ Thousands)	July 31, 2019	October 31, 2018	July 31, 2018
ASSETS			
CASH RESOURCES, NET OF ALLOWANCES	127,462,687	122,762,983	145,731,669
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2,991,195	24,175	17,496
INVESTMENT SECURITIES	125,312,521	134,732,786	130,487,683
PLEDGED ASSETS	16,665,481	21,433,179	26,801,564
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	500,767	300,473	300,230
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	198,429,318	182,607,258	176,975,223
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit, net of allowances	12,910,685	13,232,396	13,606,989
Property, plant and equipment	5,605,943	5,303,898	5,319,644
Deferred taxation	63,232	67,105	115,292
Taxation recoverable	3,516,271	3,490,939	3,509,925
Retirement benefit asset	39,291,407	34,517,087	29,055,340
Other assets	3,998,665	2,428,094	2,225,660
Intangible assets	847,591	961,914	1,000,259
	66,133,794	60,001,433	54,833,109
TOTAL ASSETS	**537,495,763**	**521,862,287**	**535,146,974**
LIABILITIES			
Deposits by the public	303,577,562	287,948,379	302,229,112
Amounts due to banks and other financial institutions	9,618,236	10,312,649	9,836,006
	313,195,798	298,261,028	312,065,118
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	13,004,885	13,232,396	13,606,989
Securities sold under repurchase agreements	-	31,152	10,697,206
Capital management and government securities funds	21,155,364	23,797,925	17,597,225
Deferred taxation	11,224,545	10,790,027	9,511,803
Retirement benefit obligation	4,656,126	4,727,215	3,884,063
Other liabilities	13,061,077	10,082,485	9,821,262
	63,101,997	62,661,200	65,118,548
POLICYHOLDERS' LIABILITIES	45,017,278	45,292,329	45,058,462
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	43,891,770	37,891,770	36,891,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	1,726,968	2,377,843	3,202,250
Other reserves	9,964	9,964	9,964
Translation reserve	(13,001)	(23,425)	(9,923)
Cumulative remeasurement on investment securities	1,259,547	1,902,761	2,182,595
Unappropriated profits	59,474,316	63,657,691	60,797,064
	116,180,690	115,847,730	112,904,846
TOTAL EQUITY AND LIABILITIES	**537,495,763**	**521,862,287**	**535,146,974**

Director

Director

Building for the Future

Consolidated Statement of Changes in Shareholders' Equity
July 31, 2019

Unaudited ($ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement on Investment Securities	Loan Loss Reserve	Other Reserves	Translation Reserve	Unappropriated Profits	Total
Balance as at 31 October 2017	**6,569,810**	**3,249,976**	**31,891,770**	**11,340**	**565,980**	**2,687,050**	**9,964**	**(12,259)**	**57,457,935**	**102,431,566**
Net Profit	-	-	-	-	-	-	-	-	11,157,428	11,157,428
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	2,174,960	2,174,960
Foreign Currency Translation	-	-	-	-	-	-	-	2,336	-	2,336
Unrealised gains on investment securities, net of taxes	-	-	-	-	1,989,135	-	-	-	-	1,989,135
Realised gains on investment securities, net of taxes	-	-	-	-	(369,885)	-	-	-	-	(369,885)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**1,619,250**	**-**	**-**	**2,336**	**13,332,388**	**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)
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**	**(9,923)**	**60,797,064**	**112,904,846**
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**
Cumulative effect of adopting IFRS 9	-	-	-	-	(456,957)	-	-	-	(493,768)	(950,725)
Balance as at 1 November 2018	**6,569,810**	**3,249,976**	**37,891,770**	**11,340**	**1,445,804**	**2,377,843**	**9,964**	**(23,425)**	**63,163,923**	**114,697,005**
Net Profit	-	-	-	-	-	-	-	-	9,787,580	9,787,580
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	2,669,166	2,669,166
Foreign Currency Translation	-	-	-	-	-	-	-	10,424	-	10,424
Unrealised gains on investment securities, net of taxes and provisions	-	-	-	-	316,819	-	-	-	-	316,819
Realised gains on investment securities, net of taxes	-	-	-	-	(503,076)	-	-	-	-	(503,076)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**(186,257)**	**-**	**-**	**10,424**	**12,456,746**	**12,280,913**
Transfers between reserves										
Transfer to Retained Earnings Reserve	-	-	6,000,000	-	-	-	-	-	(6,000,000)	-
Transfer from Loan Loss Reserve	-	-	-	-	-	(650,875)	-	-	650,875	-
Dividends Paid	-	-	-	-	-	-	-	-	(10,797,228)	(10,797,228)
Balance as at 31 July 2019	**6,569,810**	**3,249,976**	**43,891,770**	**11,340**	**1,259,547**	**1,726,968**	**9,964**	**(13,001)**	**59,474,316**	**116,180,690**

Condensed Statement of Consolidated Cash Flows
Period ended July 31, 2019

Unaudited *(\$ Thousands)*	**2019**	**2018**
Cash flows provided by / (used in) operating activities		
Profit for the period	9,787,580	11,157,428
Items not affecting cash:		
Depreciation	420,642	378,834
Expected credit losses	1,923,987	1,174,102
Amortisation of intangible assets	114,323	116,207
Taxation	3,734,523	4,443,905
Net interest income	(18,693,230)	(19,118,252)
Gain on disposal of property	(185,239)	1,494
Gain on sale of subsidiary	-	(753,145)
	(2,897,414)	(2,599,427)
Changes in operating assets and liabilities		
Loans	(18,403,415)	(11,677,151)
Deposits	12,991,693	41,412,729
Policyholders reserve	(275,051)	(112,694)
Securities sold under repurchase agreement	(30,745)	(9,875,737)
Financial assets at fair value through profit and loss	(2,965,634)	(9,286)
Interest received	20,659,142	21,589,681
Interest paid	(1,996,604)	(2,524,450)
Taxation paid	(3,218,566)	(5,538,742)
Amounts with parent and fellow subsidiaries	(153,423)	(10,028,682)
Assets held for sale, net	-	95,265
Other	(16,854,461)	(5,153,219)
	(13,144,478)	15,578,287
Cash flows provided by investing activities		
Investments and pledged assets	13,916,462	2,091,336
Net proceeds on sale of subsidiary	-	1,275,750
Purchase of property, plant, equipment and intangibles	(662,359)	(404,191)
Proceeds on sale of property, plant and equipment	224,910	4,051
	13,479,013	2,966,946
Cash flows used in financing activities		
Dividends paid	(10,797,228)	(4,480,694)
	(10,797,228)	(4,480,694)
Effect of exchange rate on cash and cash equivalents	3,211,851	3,555,561
Net change in cash and cash equivalents	(7,250,842)	17,620,100
Cash and cash equivalents at beginning of year	70,854,714	74,036,257
Cash and cash equivalents at end of period	**63,603,872**	**91,656,357**
Represented by :		
Cash resources	127,522,701	145,731,669
Less statutory reserves at Bank of Jamaica	(52,772,503)	(38,545,210)
Less amounts due from other banks greater than ninety days	(9,215,393)	(12,751,743)
Less accrued interest on cash resources	(16,980)	(117,283)
Pledged assets, t'bills and repurchase agreements assets less than ninety days	1,959,557	300,000
Cheques and other instruments in transit, net	(3,873,510)	(2,961,076)
Cash and cash equivalents at the end of the period	**63,603,872**	**91,656,357**

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Scotia Group Jamaica Limited

Segmental Financial Information
July 31, 2019

Unaudited ($ Thousands)	Banking: Treasury	Banking: Retail	Banking: Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	6,120,832	14,045,362	5,961,380	2,329,587	4,137,796	1,233,183	-	33,828,140
Revenues from other segments	(1,889,176)	380,461	1,307,524	209,321	13,163	-	(21,293)	-
Total revenues	4,231,656	14,425,823	7,268,904	2,538,908	4,150,959	1,233,183	(21,293)	33,828,140
Expenses	(594,091)	(11,738,086)	(5,913,439)	(989,564)	(982,227)	(29,926)	(58,704)	(20,306,037)
Profit before tax	3,637,565	2,687,737	1,355,465	1,549,344	3,168,732	1,203,257	(79,997)	13,522,103
Taxation								(3,734,523)
Profit for the period								**9,787,580**
Segment assets	179,672,416	133,704,699	86,611,770	37,323,242	59,883,786	24,059,409	(27,264,990)	493,990,332
Unallocated assets								43,505,431
Total assets								**537,495,763**
Segment liabilities	-	170,257,821	167,302,426	28,268,259	47,381,861	73,801	(14,526,163)	398,758,005
Unallocated liabilities								22,557,068
Total liabilities								**421,315,073**
Other Segment items:								
Capital expenditure	-	427,422	234,751	186	-	-	-	662,359
Expected credit losses	9,784	1,602,910	256,835	11,624	42,834	-	-	1,923,987
Depreciation and amortisation	-	286,510	145,469	100,448	2,538	-	-	534,965

Building for the Future

Segmental Financial Information

July 31, 2018

Unaudited ($ Thousands)	Banking							
	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

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2019

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.

2. Significant accounting policies

(a) Basis of presentation

Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting'. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual audited consolidated financial statements for the year ended October 31, 2018, which was prepared in accordance with International Financial Reporting Standards (IFRS).

New, revised and amended standards

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.

(i) IFRS 9, Financial Instruments

The Group adopted IFRS 9, 'Financial Instruments' effective November 1, 2018, which resulted in changes in accounting policies related to the classification and measurement and impairment of financial assets. Changes in accounting policies were applied retrospectively and as permitted under IFRS 9, the Group did not restate comparative information for prior periods. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 were recognized in retained earnings and reserves as at November 1, 2018. The impact of IFRS 9 adoption on the Consolidated Statement of Financial Position as at November 1, 2018 is set out under Note 5.

(ii) IFRS 15, Revenue from Contracts with Customers

The Group adopted IFRS 15, 'Revenue from Contracts with Customers' effective November 1, 2018. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service, and the Group must determine whether its performance obligation is to provide the service itself (i.e. the Group acts as a principal) or to arrange another party to provide the service (i.e. the Group acts as an agent). The adoption of IFRS 15 did not impact the majority of the Group's revenue, including interest income, trading revenue and securities gains. There was no significant impact on the timing and recognition of fee income for the Group.

2. Significant accounting policies (continued)

(a) Basis of presentation (continued)

Functional and presentation currency

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

(b) Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of the Company and its subsidiaries presented as a single economic entity. Intra-group transactions, balances, and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

3. Critical accounting estimates and judgements

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

4. Financial Assets

Financial assets include both debt and equity instruments.

Classification and measurement

Debt instruments

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

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

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

Equity instruments

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

Impairment

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

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

4. Financial Assets (continued)
Impairment (continued)

Stage 1 – where there has not been a significant increase in credit risk (SIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months.

Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

5. Transition to IFRS 9
Reconciliation of IAS 39 to IFRS 9

The following table provides the impact from the transition to IFRS 9 on the Consolidated Statement of Financial Position at transition date, November 1, 2018. The impact consists of reclassification and remeasurement.

Reclassification:
These adjustments reflect the movement of balances between the categories on the Consolidated Statement of Financial Position with no impact to shareholders' equity. There is no change to the carrying value of the balances as a result of the classification.

Remeasurement:
These adjustments, which include expected credit losses, result in a change to the carrying value of the item on the Statement of Financial Position with an impact to shareholders' equity net of tax.

	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount as at Oct 31, 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at Nov 1, 2018
Assets						
Cash resources	Amortised cost	Amortised cost	122,762,983	-	(47,438)	122,715,545
Financial assets at fair value through profit or loss	FVTPL	FVTPL	24,175	-	-	24,175
Investment securities	Available-for-sale	FVOCI	134,732,786	(2,649,762)	-	132,083,024
Investment securities	Available-for-sale	FVTPL	-	2,649,762	-	2,649,762
Pledged assets:						
Deposits with financial institutions	Amortised cost	Amortised cost	6,403,160	-	-	6,403,160
Investment securities	Available-for-sale	FVOCI	11,443,321	-	-	11,443,321
Investment securities	Held-to-maturity	Amortised cost	529,133	-	(831)	528,302
Loans	Loans and receivables	Amortised cost	1,308,082	-	-	1,308,082
Unitised funds	Available-for-sale	FVOCI	1,749,483	-	-	1,749,483
Gov't securities purchased under resale agreements	Amortised cost	Amortised cost	300,473	-	-	300,473
Loans	Loans and receivables	Amortised cost	182,607,258	-	(1,218,062)	181,389,196
Other assets:						
Customer liabilities under acceptances, guarantees and letters of credit	Amortised cost	Amortised cost	13,232,396	-	(86,160)	13,146,236
Other			46,769,037	-	29,015	46,798,052
			521,862,287	-	(1,323,476)	520,538,811

5. Transition to IFRS 9 (continued)
Reconciliation of IAS 39 to IFRS 9 (continued)

	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount as at Oct 31, 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at Nov 1, 2018
Liabilities						
Deposits by the public	Amortised cost	Amortised cost	287,948,379	-	-	287,948,379
Due to other banks and financial institutions	Amortised cost	Amortised cost	6,823,007	-	-	6,823,007
Due to parent and fellow subsidiaries	Amortised cost	Amortised cost	3,489,642	-	-	3,489,642
Other Liabilities						
Acceptances, guarantees and letters of credit	Amortised cost	Amortised cost	13,232,396	-	-	13,232,396
Securities sold under repurchase agreements	Amortised cost	Amortised cost	31,152	-	-	31,152
Capital management and government securities funds	Amortised cost	Amortised cost	23,797,925	-	-	23,797,925
Other			70,892,056	-	(372,751)	70,519,305
Total liabilities			406,214,557	-	(372,751)	405,841,806
Equity						
Share capital			6,569,810	-	-	6,569,810
Reserve fund			3,249,976	-	-	3,249,976
Retained earnings reserve			37,891,770	-	-	37,891,770
Capital reserves			11,340	-	-	11,340
Loan loss reserve			2,377,843	-	-	2,377,843
Other reserves			9,964	-	-	9,964
Translation reserve			(23,425)	-	-	(23,425)
Cumulative remeasurement on investment securities			1,902,761	(570,037)	113,080	1,445,804
Unappropriated profits			63,657,691	570,037	(1,063,805)	63,163,923
Total equity			115,647,730	-	(950,725)	114,697,005
Total liabilities and equity			**521,862,287**	**-**	**(1,323,476)**	**520,538,811**

6. Pledged Assets

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

($ Millions)	2019	2018
Investments pledged as collateral for securities sold under repurchase agreements	-	11,148
Capital Management and Government Securities funds	14,997	13,329
Securities with regulators, clearing houses and other financial institutions	1,668	2,325
	16,665	26,802

7. 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.

8. Property, plant and equipment

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

9. 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.

10. 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.

(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.

11. 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.

12. Sale of subsidiary

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. 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 JULY 2019

RANK	SHAREHOLDER	HOLDINGS AS AT 31 JULY 2019
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	63,241,902
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION	31,257,242
6	NCB INSURANCE CO. LTD A/C WT109	24,291,176
7	GRACEKENNEDY PENSION FUND CUSTODIAN LTD	20,897,463
8	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY	12,792,269
9	SAGICOR SELECT FUNDS LIMITED - (CLASS B' SHARES) FINANCIAL	12,414,986
10	SIJL A/C 560-01	12,080,141

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 JULY 2019

DIRECTORS	HOLDINGS AS AT 31 JULY 2019
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	47,760
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	**24,960**
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 (Estate)	265,248
MCCONNELL, LEAH	0
MCCONNELL, WILLIAM K.	0
REID, LESLIE	**0**
REID, WILLIAM	0
RICHARDS, AUDREY	**5,000**
RICHARDS, LINDSAY	0
RICHARDS, DOMINIC	0
SMITH, EVELYN	**0**
SMITH, JOSEPH ALEXANDER	0
SMITH, ANNECIA	0
SMITH, NELSON ALEXANDER	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 JULY 2019

SENIOR MANAGERS	HOLDINGS AS AT 31 JULY 2019
ANDERSON, YVETT	**55,835**
ANDERSON, ANTHONY DONICA	0
ANDERSON, MISHKA TONI-ANN	0
ANDERSON, KHESS KENITRA	0
ANDERSON, EKI-AKIM	0
ANDERSON, YVETT/ANDERSON, ANTHONY	54,123
BRIGHT, ALSTON CARL	**174,195**
BRIGHT, ARTHUR	0
BRIGHT-FEARSON, SHARON	0
BRIGHT, ALSTON CARL/BRIGHT JONATHAN	116,700
BUCKNOR, DAYNE	**17,106**
BUCKNOR, AYDEN	0
BUCKNOR, MARSHA	0
BUCKNOR, VICTORIA	0
DANIEL, KIYOMI	**0**
DAVIES, TRICIA**	**0**
GAYLE, DYLAN ANDREW	0
FORBES-PATRICK, YANIQUE	**0**
FORBES, BLOSSOM	0
FORBES, SHAUN	0
PATRICK, XAVIER	0
PATRICK, ZACHARY	0
FRASER, RICHARD	**0**
KINACH, ANDREA VANESSA	0
FRASER, EMILIA	0
FRASER, ZARA	0
GAUDET, MARCIA	**0**
LECLAIR, PATRICE	0
GAYLE, PERRIN	**0**
GAYLE, NATALIE C.A.	0
GAYLE, PAXTON A	0
GAYLE, PEYTON A	0
HARVEY, VINCENT AGUSTUS	**9,045**
HARVEY, GAIL ROSALEE/ HARVEY, VINCENT A.	2,600
HARVEY, STEPHEN VINCENT	0
HARVEY, VINCENT/ HARVEY, GAIL	1,300
HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER-JOHN HARVEY	1,000
HEYWOOD, NADINE	**16,715**
HEYWOOD, GRANT ALEXANDER MAUNSELL	0
HEYWOOD, ZOE MONIQUE MAUNSELL	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 JULY 2019

SENIOR MANAGERS	HOLDINGS AS AT 31 JULY 2019
MAIR, HORACE NEIL CRAIG	**65,663**
MAIR, JODI ANN	0
MAIR, DANIEL GEORGE	0
MAIR, JOSHUA HORACE	0
MAIR, LUKE CRAIG	0
MAUCIERI, JEAN	**0**
NELSON, MORRIS	**643**
NELSON, KALLICIA	0
NELSON, KARLENE	0
NELSON, KYLE	0
SPENCE,DEBRA	**0**
SPENCE, MELVILLE	0
SPENCE, EMANUELLE	0
SPENCE, NOAH	0
STOKES, ADRIAN	**0**
STOKES, LUCAS	0
SYLVESTER, COURTNEY A.	**278,377**
SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN	124,764
SYLVESTER, BENJAMIN	0
SYLVESTER, EMMANUEL	0
SYLVESTER, JESSICA	0
TUGWELL-HENRY, AUDREY	**0**
TUGWELL-HENRY, AUDREY MAUD/HENRY, PETER	29,996
HENRY, PETER-GAYE	0
HENRY, STEVEN	0
WHITE, GARY-VAUGHN	**121,776**
WHITE, ROSALEE KEESH-ANN	0
WHITE, CALEB-ANTHONY	0
WHITE, EDEN-GRACE ALEXANDRA	0
WHITE, NAADIA	**8,522**
WHITE, DAVID ANTHONY	0
WHITE, KIMBERLY DE-JANA	0
WHITE, KRISTOPHE JABLONSKI	0
WILKIE-CHANNER, SHELEE NADINE	**123,129**
WILKIE-CHANNER, SHELEE/CHANNER, LENNOX DECORDOVA	21,048
CHANNER, KYRA-JADE ALYSSA	0
CHANNER, MAYA-PAIGE OLIVIA	0
WRIGHT, MICHELLE	**64,443**

Notes:

Effective 31 May 2019, Hugh Miller resigned as a Senior Manager.

*****Effective 1 May 2019, Tricia Davis was appointed as Vice President, Business Support.***