Scotiabank.

MEDIA RELEASE

September 9, 2020

SCOTIA GROUP JAMAICA REPORTS THIRD QUARTER OF FISCAL 2020 RESULTS

Scotia Group reports net income of $5.56 billion for the nine months ended July 31, 2020 compared to $9.79 billion for the corresponding period last year. Excluding expected credit losses per International Financial Reporting Standards (IFRS 9) which incorporates a conservative forward looking approach by Scotia Group, net income would be down $893 million or 7.6% due to lower transaction volumes arising from the global pandemic.

Today, the Board of Directors approved an interim dividend of 10 cents per stock unit in respect of the third quarter, which is payable on October 21, 2020 to stockholders on record as at September 29, 2020. This dividend payment is aligned with our dividend payout ratio guidelines, with the expectation of higher dividend payments moving forward, as we recover from the global pandemic.

Consequent to guidance issued by the Regulator, the payment of dividends shall be limited to Shareholders that own less than 1% of the Group's shares. The Company has obtained agreement and consent from all Shareholders that own 1% or more of the Group's shares with respect to the deferral of payment of this dividend declaration until such appropriate time is determined in consultation with the Regulator.

Financial Highlights

	9 months ended 31-Jul-20 $millions	9 months ended 31-Jul-19 $millions
Total revenues	32,087	33,828
Total operating expenses	18,754	18,382
Net profit after tax	5,564	9,788
Return on equity	6.45%	11.19%
Productivity ratio	58.45%	54.34%
Operating leverage	(7.2%)	(10.7%)
Earnings per share (cents)	179	315
	31-Jul-20 $millions	**31-Jul-19 $millions**
Total assets	556,843	537,496
Investments	161,853	145,470
Loans (net of allowances for credit losses)	221,737	198,429
Deposits by the public	335,078	303,578
Liabilities under repurchase agreements and other client obligations	19,728	21,155
Policyholders' fund	45,240	45,017
Stockholders' equity	110,104	116,181

David Noel, President and CEO of Scotia Group commenting on the Group's performance said "The effects of COVID-19 on the world and on our business are unparalleled. Despite the challenges, we continue to deliver commendable results, while continuously innovating to provide solutions for customers. Health and safety remain our top priority as we manage through this crisis.

Our overall loan portfolio grew by 12% largely due to the strong performance of the Commercial Banking unit which grew by 24% versus prior year. Our retail loan growth was 5% year over year which included strong mortgage growth of 16%. Our investment business delivered modest growth despite the prevailing conditions with an increase in assets under management of 4% year over year. We will continue to focus on staying close to our customers and offering them the best advice to navigate the uncertainty of the market.

Building for the Future

Our financial results, however, have been significantly affected by our increased provisions for future credit losses due to the expected economic slowdown. The vast majority of these provisions is not a reflection of our existing non-performing loans but is a conservative estimate for potential future losses which may or may not arise.

We continue to support our customers through various initiatives. We assisted over 50,000 individuals and businesses with our Customer Assistance Programme (CAP) which offered loan deferrals to support those experiencing financial challenges. The Bank continues to offer support through financial solutions including debt consolidation and restructuring. Scotiabank continues to support our customers through on going communication including, through our online channels to host multiple webinars for customers on various topical matters including budgeting, debt management as well as cash flow management and structural cost reduction for business customers. We partnered with Action Coach and hosted three webinars for our small business customers to support them as they navigate the financial impact of the COVID-19 Pandemic.

Our digital agenda has been accelerated due to the current health crisis. We have continuously provided upgrades and enhancements across all our digital channels to allow customers more options to bank remotely and minimize their potential exposure to the virus. Enhancements include:

- New ATM options to make loan and credit card payments. Our credit card customers without deposit accounts can now use cash to make payments directly to their credit cards at their convenience.
- Increased transfer limits for online banking have been implemented to facilitate larger payments.
- Account information updates can now be made instantly in our mobile banking app.

These enhancements increase customer convenience and safety by enabling them to conduct more transactions from anywhere they have internet access. Our arrangements with both local telecommunication providers which allow customers to access our banking app at no charge has offered real value to those who previously had challenges affording the data charges.

We are currently finalizing plans to roll out our EMV chip and PIN enabled debit cards which offer enhanced security as well as contactless (tap) payment options. We are certain our customers will appreciate the added protection that these new cards offer.

During the quarter, Scotiabank also introduced our new Scotia Care Access account. This account has a simplified due diligence process that makes it easier for more Jamaicans to have a bank account. Scotia Care Access Account can be used to facilitate the receipt of any government grant or assistance payment. This new account will undoubtedly increase financial inclusion which is a goal we strongly support.

I would like to thank our customers for continuing to choose Scotiabank. Our staff for their unwavering dedication during this challenging period and also our shareholders for their confidence and support."

GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding expected credit losses for the nine months ended July 31, 2020 was $32.1 billion and showed a reduction of $1.7 billion or 5.1% when compared to 2019. Despite strong loan growth across the various business lines, total revenues were heavily impacted by lower net fee and commission income and lower net gains on financial assets given the decline in transaction volumes as a consequence of the COVID-19 pandemic.

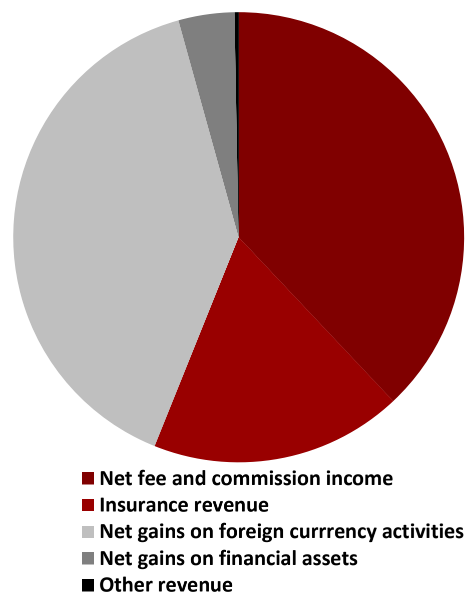
Net interest income after expected credit losses for the nine month period was $13.5 billion, down $3.3 billion or 19.8% when compared to the previous year and was primarily attributable to the increase in expected credit losses of $3.3 billion given the revised assumptions incorporated in our impairment methodology as a result of the COVID-19 pandemic.

OTHER REVENUE

Other income, defined as all income other than interest income, declined by $1.8 billion or 11.6%.

- Net fee and commission income amounted to $5.1 billion and showed a reduction of $904 million or 15.1%. The year over year decline noted in fee and commission revenues was primarily attributable to lower transaction volumes stemming from the COVID-19 pandemic in conjunction with the continued execution of the Group's digital adoption strategy geared towards educating customers about our various electronic channels which attract lower fees.
- Insurance revenues declined by $144 million or 5.6% to $2.4 billion owing to the reduction in premium income which was partially offset by higher actuarial reserve releases.
- Net gains on foreign currency activities and financial assets amounted to $5.8 billion, showing a reduction of $537 million or 8.4% below prior year owing to lower trading volumes and sale of securities.

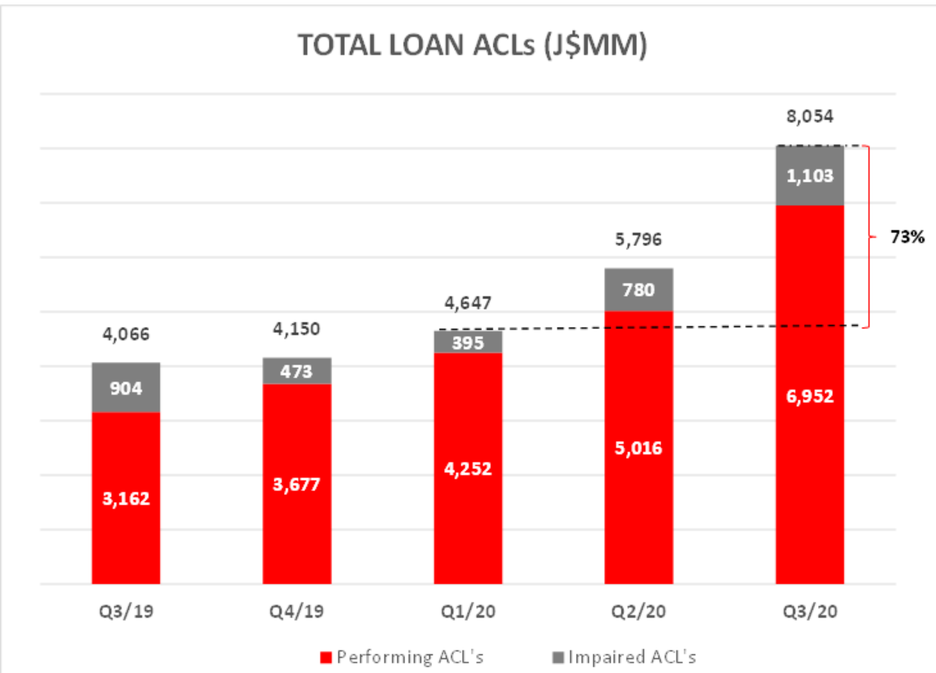
Sources of Non-Interest Revenue



CREDIT QUALITY

Expected credit losses for the period showed an increase of $3.3 billion when compared to the prior period in 2019. This was mainly driven by additional provisions based on revised assumptions incorporated in the impairment methodology given the COVID-19 pandemic. Despite the increase in provisions our credit quality remains strong. We are well provisioned with accumulated credit losses (ACLs) for performing loans increasing by $2.7 billion or 63% since the onset of the global pandemic, ensuring significant coverage for possible future net write offs. This is not an indication of the credit quality of the portfolio which continues to be more favourable than the Industry average (lower non-accrual loans to gross loans and higher loan loss provisions to gross loans).

Our ACLs for performing and impaired loans is shown below:



Non-accrual loans (NALs) as at July 31, 2020 totaled $4.9 billion compared to $3.8 billion last year. The Group's NALs represent 2.1% of gross loans up from 1.9% last year, and represent 0.9% of total assets.

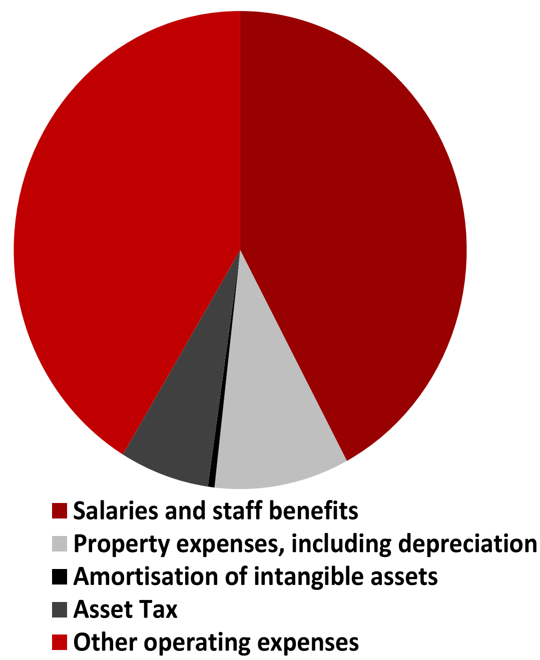
The Group's aggregate expected credit losses for loans as at July 31, 2020 was $8.1 billion, representing 160% coverage of total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating expenses amounted to $18.8 billion for the period showing a year over year increase of $372 million or 2.0%. This was due to the increase in other operating expenses of $599 million and property expenses of $169 million which was partially offset by the reduction in salaries and staff benefit costs of $434 million based on a higher net pension credit and continued expense management initiatives. The increase noted in other operating expenses comprised one off expenditures totaling $221 million which were incurred directly as a result of the COVID-19 pandemic. Excluding COVID-19 expenses, operating expenses increased by $151 million or 1% year over year.

Asset tax expenses, increased year over year by $64 million or 5.7% to $1.2 billion due to the increase in the Group's assets.

Sources of Non-Interest Expenses



Our productivity ratio for the period was 58.45% compared to 54.34% recorded for the comparative period last year.

GROUP FINANCIAL CONDITION

ASSETS

The Group's asset base increased year over year by $19.3 billion to $557 billion as at July 31, 2020. This was predominantly as a result of the growth in our loan portfolio of $23.3 billion or 11.8% and our investment portfolio of $16.4 billion or 11.3% which was partially offset by a reduction in our cash resources of $11.4 billion or 8.9%, and other assets of $9.0 billion or 13.6%.

Cash Resources

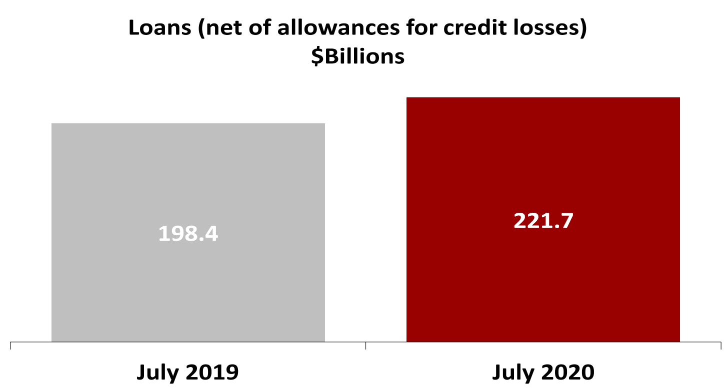
Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $116.1 billion, declining by $11.4 billion or 8.9% year over year. Cash resources available were used to purchase investment securities and fund loans granted during the period. The Group continues to maintain adequate liquidity levels to enable us to respond effectively to changes in our cash flow requirements.

Securities

Total investment securities, including pledged assets, increased by $16.4 billion or 11.3% to $161.9 billion due mainly to the purchase of additional securities coupled with an increase in pledged asset balances held in our investment company.

Loans

Our loan portfolio grew by $23.3 billion or 11.8% year over year, with loans after allowances for credit losses, increasing to $221.7 billion. We continue to see solid performance across our business lines year over year.



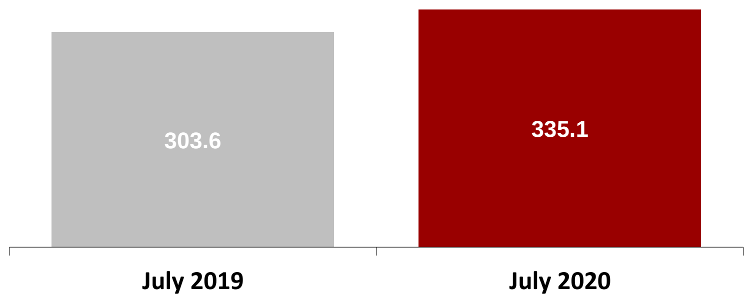
LIABILITIES

Total liabilities were $446.7 billion as at July 31, 2020 and showed an increase over prior year of $25.4 billion or 6.0% driven mainly by increased customer deposits which was partially offset by the reduction in other liabilities and capital management fund balances.

Deposits

Deposits by the public increased to $335.1 billion, up from $303.6 billion in the previous year. This $31.5 billion or 10.3% growth in core deposits was reflected in higher inflows from our retail and commercial customers, signaling continued confidence in the strength of the Group.

Deposits by the Public
$Billions



Obligations related to repurchase agreements, capital management and government securities funds

The obligations (net) decreased by $1.4 billion or 6.8% compared to the prior year. Our strategic focus is to grow our off-balance sheet business, namely, mutual funds and unit trusts. Despite being impacted by increased liquidity needs of customers given the COVID-19 pandemic coupled with lower stock market valuation our asset management portfolios grew by $8.0 billion or 4.3% year over year.

Policyholders' Fund

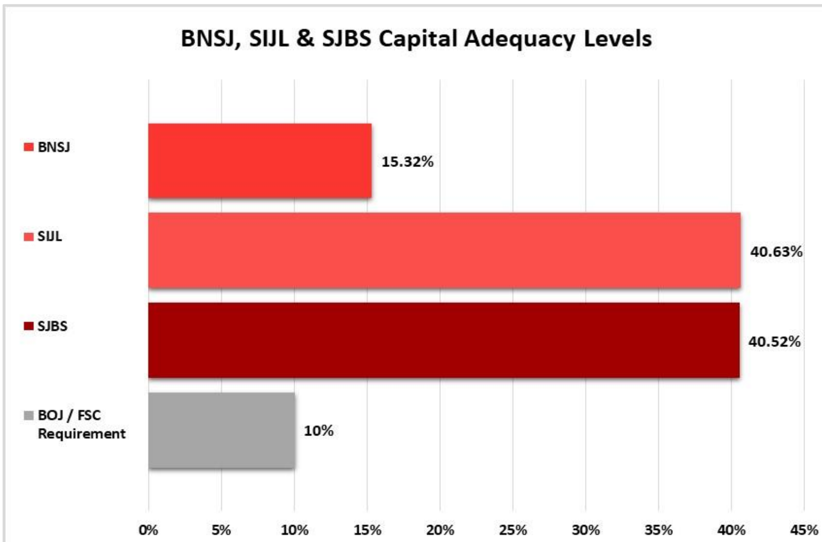
The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund stood at $45.2 billion as at July 2020 compared to $45.0 billion as at July 2019. Our Scotia Affirm product launched in 2014 has performed well, growing 17.9% year over year with a current net asset value of $903.1 million. The increase noted was attributable to our strong sales effort year over year despite the recent decline in the performance of the stock market.

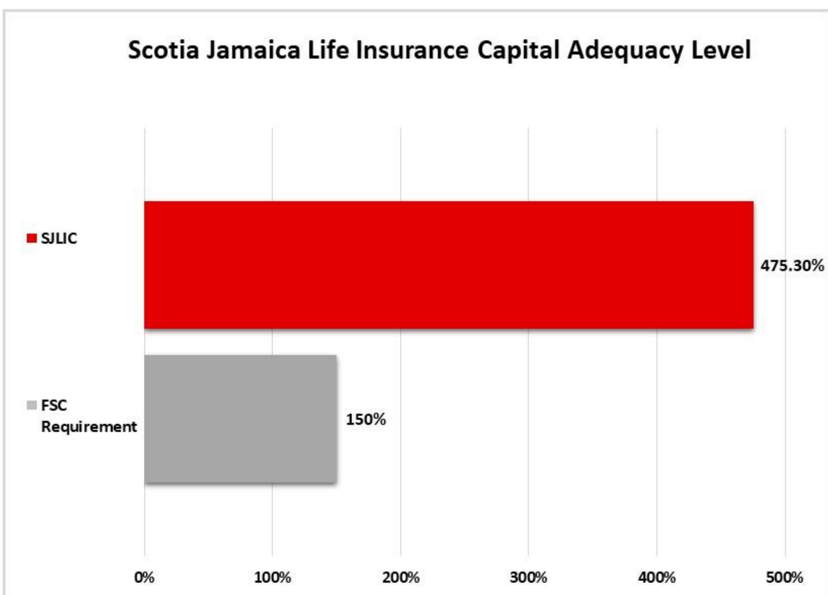
CAPITAL

Shareholders' equity available to common shareholders decreased to $110.1 billion, down $6.1 billion or 5.2% year over year. Internally generated profits for the period was offset by the reduction in the pension asset owing to the performance of the stock market.

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 regulatory capital adequacy levels versus the minimum requirement is shown below:





SCOTIABANK COMMITMENT TO THE COMMUNITY

As the island continues to tackle the local outbreak of COVID-19, Scotiabank continued dispensing support for areas of critical need to strengthen Jamaica's response, recovery and return to normalcy.

In July 2020, the Bank approved a donation of $700,000 to the Jamaica Social Stock Exchange (JSSE) to support the work of the Mona Tech Engineering Limited - an arm of the Faculty of Engineering at UWI Mona - which has been working to repair and return critical bio-medical equipment, including ventilators to local hospitals.

The Bank has also committed another $2.2 million to support the safe reopening of scores of schools in rural Jamaica through the provision of sturdy, portable handwashing stations in partnership with UNICEF and the Ministry of Education.

Throughout the next quarter, the Scotiabank Foundation, will continue to provide assistance in the area of education through infrastructure, scholarships and donations toward school feeding programmes.

Scotia Group Jamaica Limited

Consolidated Statement of Revenue and Expenses
Period ended July 31, 2020

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	July 2020	April 2020	July 2019	July 2020	July 2019
Interest income	6,813,101	6,919,857	7,095,353	20,527,899	20,671,251
Interest expense	(585,031)	(605,421)	(643,043)	(1,818,373)	(1,978,021)
Net interest income	6,228,070	6,314,436	6,452,310	18,709,526	18,693,230
Expected credit losses	(2,586,966)	(1,772,901)	(582,310)	(5,254,736)	(1,923,987)
Net interest income after expected credit losses	3,641,104	4,541,535	5,870,000	13,454,790	16,769,243
Net fee and commission income	1,646,437	1,420,429	1,885,571	5,080,533	5,985,019
Insurance revenue	515,910	848,547	756,320	2,421,681	2,565,273
Net gains on foreign currency activities	1,747,443	1,840,418	1,871,883	5,299,003	5,241,950
Net gains on financial assets	247,243	174,887	762,115	537,388	1,131,221
Other revenue	19,760	9,427	8,888	38,688	211,447
	4,176,793	4,293,708	5,284,777	13,377,293	15,134,910
Total Operating Income	7,817,897	8,835,243	11,154,777	26,832,083	31,904,153
Operating Expenses					
Salaries and staff benefits	2,460,375	2,696,650	2,771,772	7,912,804	8,347,158
Property expenses, including depreciation	573,132	670,061	565,295	1,804,041	1,635,078
Amortisation of intangible assets	29,422	29,333	37,425	88,140	114,323
Asset tax	-	(41,824)	-	1,197,510	1,133,367
Other operating expenses	2,693,680	2,527,767	2,264,004	7,751,237	7,152,124
	5,756,609	5,881,987	5,638,496	18,753,732	18,382,050
Profit before taxation	2,061,288	2,953,256	5,516,281	8,078,351	13,522,103
Taxation	(515,031)	(719,339)	(1,343,371)	(2,514,466)	(3,734,523)
Profit for the period	1,546,257	2,233,917	4,172,910	5,563,885	9,787,580
Attributable to:-					
Equityholders of the Company	1,546,257	2,233,917	4,172,910	5,563,885	9,787,580
Earnings per share (cents)	50	72	134	179	315
Return on average equity (annualized)	5.56%	7.70%	14.15%	6.45%	11.19%
Return on assets (annualized)	1.11%	1.62%	3.11%	1.33%	2.43%
Productivity ratio	55.33%	55.45%	48.04%	58.45%	54.34%

Building for the Future

Consolidated Statement of Comprehensive Income
Period ended July 31, 2020

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	July 2020	April 2020	July 2019	July 2020	July 2019
Profit for the period	1,546,257	2,233,917	4,172,910	5,563,885	9,787,580
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	(4,511,967)	(11,353,727)	7,171	(13,679,556)	4,003,749
Taxation	1,503,989	3,784,576	(2,390)	4,559,852	(1,334,583)
	(3,007,978)	(7,569,151)	4,781	(9,119,704)	2,669,166
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains on investment securities	797,508	48,930	304,990	984,176	493,684
Realised gains on investment securities	-	(420,442)	(524,258)	(419,046)	(684,526)
Foreign currency translation	11,435	4,909	3,710	17,978	10,424
Expected credit losses on investment securities	(4,838)	13,537	42,277	(31,552)	64,321
	804,105	(353,066)	(173,281)	551,556	(116,097)
Taxation	(249,696)	101,451	32,216	(182,807)	(59,736)
	554,409	(251,615)	(141,065)	368,749	(175,833)
Other comprehensive income, net of tax	(2,453,569)	(7,820,766)	(136,284)	(8,750,955)	2,493,333
Total comprehensive income for the period	(907,312)	(5,586,849)	4,036,626	(3,187,070)	12,280,913

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Scotia Group Jamaica Limited

SCOTIA GROUP JAMAICA LTD
Consolidated Statement of Financial Position
July 31, 2020

Unaudited	**July 31, 2020**	**October 31, 2019**	**July 31, 2019**
($ Thousands)			
ASSETS			
CASH RESOURCES, NET OF ALLOWANCES	116,094,858	134,999,146	127,462,687
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	3,422,922	3,261,577	2,991,195
INVESTMENT SECURITIES	141,058,787	119,465,785	125,312,521
PLEDGED ASSETS	17,370,875	15,670,497	16,665,481
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	-	600,518	500,767
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	221,736,740	205,625,384	198,429,318
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit, net of allowances	12,771,515	13,494,138	12,910,685
Property, plant and equipment, including right of use assets	7,527,291	5,827,844	5,505,943
Deferred taxation	150,452	117,518	63,232
Taxation recoverable	2,683,568	2,932,659	3,516,271
Retirement benefit asset	30,985,027	43,704,650	39,291,407
Other assets	2,343,163	2,516,305	3,998,665
Intangible assets	697,515	785,655	847,591
	57,158,531	69,378,769	66,133,794
TOTAL ASSETS	**556,842,713**	**549,001,676**	**537,495,763**
LIABILITIES			
Deposits by the public	335,078,260	312,968,147	303,577,562
Amounts due to banks and other financial institutions	9,077,916	9,476,875	9,618,236
	344,156,176	322,445,022	313,195,798
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	12,880,362	13,606,718	13,004,885
Capital management and government securities funds	19,728,211	20,291,757	21,155,364
Deferred taxation	8,104,192	13,082,092	11,224,545
Retirement benefit obligation	4,492,250	4,646,759	4,656,126
Other liabilities	12,137,782	11,675,209	13,061,077
	57,342,797	63,302,535	63,101,997
POLICYHOLDERS' LIABILITIES	45,239,703	45,140,043	45,017,278
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	44,891,770	45,891,770	43,891,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	250,597	2,304,057	1,726,968
Other reserves	9,964	9,964	9,964
Translation reserve	12,894	(5,084)	(13,001)
Cumulative remeasurement on investment securities	1,267,437	916,666	1,259,547
Unappropriated profits	53,840,249	59,165,577	59,474,316
	110,104,037	118,114,076	116,180,690
TOTAL EQUITY AND LIABILITIES	**556,842,713**	**549,001,676**	**537,495,763**

Director

Director

Building for the Future

Consolidated Statement of Changes in Shareholders' Equity
as at July 31, 2020

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 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	-	-	-	-	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 to Capital Reserve	-	-	-	-	-	-	-	-	-	-
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**
Balance as at 31 October 2019	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**916,666**	**2,304,057**	**9,964**	**(5,084)**	**59,165,577**	**118,114,076**
Net Profit	-	-	-	-	-	-	-	-	5,563,885	5,563,885
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	(9,119,704)	(9,119,704)
Foreign Currency Translation	-	-	-	-	-	-	-	17,978	-	17,978
Unrealised gains on investment securities, net of taxes and provisions	-	-	-	-	655,528	-	-	-	-	655,528
Realised gains on investment securities, net of taxes	-	-	-	-	(304,757)	-	-	-	-	(304,757)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**350,771**	**-**	**-**	**17,978**	**(3,555,819)**	**(3,187,070)**
Transfers between reserves										
Transfer from Retained Earnings Reserve	-	-	(1,000,000)	-	-	-	-	-	1,000,000	-
Transfer from Loan Loss Reserve	-	-	-	-	-	(2,053,460)	-	-	2,053,460	-
Dividends Paid	-	-	-	-	-	-	-	-	(4,822,969)	(4,822,969)
Balance as at 31 July 2020	**6,569,810**	**3,249,976**	**44,891,770**	**11,340**	**1,267,437**	**250,597**	**9,964**	**12,894**	**53,840,249**	**110,104,037**

Condensed Statement of Consolidated Cash Flows
Period ended July 31, 2020

Unaudited **($ Thousands)**	**2020**	**2019**
Cash flows provided by / (used in) operating activities		
Profit for the period	5,563,885	9,787,580
Items not affecting cash:		
Depreciation and amortisation of right of use assets	740,291	420,642
Expected credit losses	5,254,736	1,923,987
Amortisation of intangible assets	88,140	114,323
Taxation	2,514,466	3,734,523
Net interest income	(18,709,526)	(18,693,230)
Gain on disposal of property	(2,556)	(185,239)
	(4,550,564)	(2,897,414)
Changes in operating assets and liabilities		
Loans	(20,271,023)	(18,403,415)
Deposits	21,541,857	12,991,693
Policyholders reserve	99,660	(275,051)
Securities sold under repurchase agreement	-	(30,745)
Financial assets at fair value through profit and loss	(163,562)	(2,965,634)
Interest received	19,017,417	20,659,142
Interest paid	(1,816,448)	(1,996,604)
Taxation paid	(4,051,818)	(3,218,566)
Amounts with parent and fellow subsidiaries	(3,031,174)	(153,423)
Other	5,108,689	(16,854,461)
	11,883,034	(13,144,478)
Cash flows (used in) / provided by investing activities		
Investments and pledged assets	(22,485,062)	13,916,462
Lease payments on right of use asset	(149,577)	-
Purchase of property, plant, equipment and intangibles	(1,002,849)	(662,359)
Proceeds on sale of property, plant and equipment	2,823	224,910
	(23,634,665)	13,479,013
Cash flows used in financing activities		
Dividends paid	(4,822,969)	(10,797,228)
	(4,822,969)	(10,797,228)
Effect of exchange rate on cash and cash equivalents	3,810,848	3,211,851
Net change in cash and cash equivalents	(12,763,752)	(7,250,842)
Cash and cash equivalents at beginning of year	93,450,473	70,854,714
Cash and cash equivalents at end of period	**80,686,721**	**63,603,872**
Represented by :		
Cash resources, net of expected credit losses	116,094,858	127,462,687
Less statutory reserves at Bank of Jamaica	(27,862,233)	(52,772,503)
Less amounts due from other banks greater than ninety days	(8,677,571)	(9,215,393)
Expected credit losses on cash resources	7,477	60,014
Less accrued interest on cash resources	(20,361)	(16,980)
Pledged assets, t'bills and repurchase agreements assets less than ninety days	2,661,015	1,959,557
Cheques and other instruments in transit, net	(1,516,464)	(3,873,510)
Cash and cash equivalents at the end of the period	**80,686,721**	**63,603,872**

Scotiabank
Scotia Group Jamaica Limited

SCOTIA GROUP JAMAICA LIMITED (CONSOLIDATED)

Segmental Financial Information

July 31, 2020

Unaudited ($ Thousands)	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	5,106,580	14,789,202	5,751,917	2,285,539	3,481,543	672,038	-	32,086,819
Revenues from other segments	(1,114,453)	220,328	787,336	92,341	(2,089)	-	16,537	-
Total revenues	3,992,127	15,009,530	6,539,253	2,377,880	3,479,454	672,038	16,537	32,086,819
Expenses	(522,933)	(15,718,373)	(5,576,967)	(1,061,029)	(966,728)	(96,069)	(66,369)	(24,008,468)
Profit before tax	3,469,194	(708,843)	962,286	1,316,851	2,512,726	575,969	(49,832)	8,078,351
Taxation								(2,514,466)
Profit for the period								**5,563,885**
Segment assets	180,695,586	140,533,827	107,032,098	36,626,614	59,063,366	24,559,176	(24,610,484)	523,900,183
Unallocated assets								32,942,530
Total assets								**556,842,713**
Segment liabilities	-	181,694,388	182,778,003	27,008,053	45,962,769	1,163,000	(11,761,979)	426,844,234
Unallocated liabilities								19,894,442
Total liabilities								**446,738,676**
Other Segment items:								
Capital expenditure	-	538,928	462,418	1,503	-	-	-	1,002,849
Expected credit losses	(31,832)	5,274,396	32,254	(8,893)	(11,189)	-	-	5,254,736
Depreciation and amortisation	4,266	473,578	240,747	99,922	9,918	-	-	828,431

Building for the Future

Scotiabank
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

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2020

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, 2019, which was prepared in accordance with International Financial Reporting Standards (IFRS).

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.

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 16, Leases

The Group adopted IFRS 16, "Leases" effective November 1, 2019. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease, SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions in the Legal Form of a Lease". The classification required under IAS 17 into operating or finance leases has been eliminated, and for each lease, lessees are now required to recognize a right of use asset and a lease liability for future lease obligations. Optional exemptions for short term leases and low value assets can also be applied by lessees on adoption. For lessors, the accounting treatment remains largely unchanged with minor differences.

The Group has adopted IFRS 16 using the modified retrospective approach and recognized in its consolidated statement of financial performance as at November 1, 2019, right of use assets ($1.39 Billion) and lease liabilities ($1.39 Billion).

2. Significant accounting policies (continued)

(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.

Allowance for expected credit losses

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)
Allowance for expected credit losses (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.

The Bank revised its allowance for credit losses (ACL) methodology in Q1 2020, by adding an additional, pessimistic forward-looking scenario. In prior periods, the Bank determined its ACL using three probability-weighted forward-looking scenarios. The base case represents the most likely outcome and the other scenarios represent more optimistic and pessimistic outcomes, to which probabilities are assigned. The addition of this scenario resulted in an increase in ACL of $408 million (one time impact) in Q1 2020.

5. Pledged Assets

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

($ Millions)	2020	2019
Capital Management and Government Securities funds	15,539	14,997
Securities with regulators, clearing houses and other financial institutions	1,832	1,668
	17,371	16,665

6. 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.

7. Property, plant and equipment including right of use assets

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

The Group recognizes a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured based on the present value of the lease payments.

8. Cash and cash equivalents

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

9. Employee benefits

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

(i) Defined Benefit Plan

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets.

Where a pension asset arises, the amount recognized is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged as an expense in such a manner as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year in accordance with IAS 19. Re-measurements comprising actuarial gains and losses, return on plan assets and change in the effect of asset ceiling are reported in other comprehensive income. The pension obligation is measured as the present value of the estimated future benefits of employees, in return for service in the current and prior periods, using estimated discount rates based on market yields on Government securities which have terms to maturity approximating the terms of the related liability.

(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 and mortgages;
- 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.