

MEDIA RELEASE

March 8, 2017

SCOTIA GROUP JAMAICA REPORTS FIRST QUARTER OF FISCAL 2017 RESULTS

Scotia Group reports net income of \$2.2 billion for the three month period ended January 31, 2017. This quarter's result includes the cost for asset tax of \$1.1 billion, which has resulted in a return on average equity of 9.45% and productivity ratio of 59.21%.

Today, the Board of Directors approved an interim dividend of 45 cents per stock unit in respect of this financial year, which is payable on April 19, 2017 to stockholders on record as at March 28, 2017.

Jackie Sharp, President & CEO said, "Scotia Group has continued to demonstrate solid performance in our first quarter for 2017, with strong growth in all our business lines.

As we continue to execute our strategic priority of creating greater convenience for customers at lower costs, we have enhanced our service delivery platform by implementing a number of digital banking upgrades including "right time payments", which updates customers' credit card available balance within 15 minutes; and mobile top-up, that gives ready access on any of our three digital banking channels: mobile, online and ATMs. These continuous enhancements have been well-received by our customers who continue to gravitate towards utilizing these digital channels, increasing the level of transactions done electronically to 83% of total transactions to-date.

We are also pleased to have been named as the Bank offering the "Best Commercial Banking Capabilities in the Caribbean" by Euromoney, an international accolade that further endorses our accomplishments. Our Corporate and Commercial banking team made strong bookings this quarter, as they continue to assist customers to expand and retool their companies in keeping with the growth in the economy. This week, we launched an exciting campaign for the SME sector, with loan interest rates as low as 9.99%, along with capacity building activities and marketing opportunities. We are fully committed to supporting the SME sector, as it is a critical component of Jamaica's growth agenda.

We have introduced an integrated Customer Relationship Management tool, and Complaints Management System to allow us to be more responsive to our customer needs. As we move forward, Scotia Group will continue to be focused on strategic imperatives that will drive long term growth and value for both our shareholders and our customers."

Financial Highlights

	3 months ended 31-Jan-17 \$millions	3 months ended 31-Jan-16 \$millions
Total Revenues	10,053	9,059
Total Operating Expenses	5,952	5,580
Net Profit after Tax	2,211	1,961
Return on equity	9.45%	9.04%
Productivity Ratio	59.21%	61.60%
Operating Leverage	4.3%	12.2%
Earnings per share (cents)	70	62
Dividend per share (cents)	45	40
	31-Jan-17 \$millions	31-Jan-16 \$millions
Total Assets	480,146	439,075
Investments	161,146	162,623
Loans (net of provisions for losses)	168,246	156,348
Deposits by the public	249,323	219,165
Liabilities under repurchase agreements and other client obligations	44,118	46,875
Policyholders' Fund	45,160	43,509
Shareholder's equity	92,799	86,431



Scotia Group Jamaica Limited
For further information contact:
Frederick Williams, Vice President & Chief Financial Officer
email: frederick.williams@scotiabank.com

Focused on the Future



GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the three months ended January 31, 2017 was \$10.1 billion, representing an increase of \$1.0 billion or 11% above prior year. The positive movement was achieved through increased loan and transaction volumes, stemming from continued growth in new client acquisition and increased share of wallet of existing clients. Net interest income after impairment losses for the period was \$6.2 billion, \$229 million or 4% above the same period in 2016. We achieved revenue growth in all our business lines:

Retail (+12%): Loan growth was led by residential mortgages and personal loans.

Commercial (+17%): Reflects growth in the SME as well as in the corporate and commercial banking lending portfolios, as well as merchant services.

Insurance Services (+7%): Reflects growth in Gross premium income for the individual product lines offered by Scotia Insurance.

\$millions	3 months ended 31-Jan-17	% Contribution
Retail Banking	4,839	48.1%
Corporate Banking	2,397	23.9%
Insurance Services	1,106	11.0%
Investment Management Services	755	7.5%
Treasury	943	9.4%
Other	13	0.1%
Total Revenue	10,053	100.0%

Investment Management (+5%): Despite the reduction in interest income, overall revenue in the investment management segment grew due to the growth in the Funds and Assets under Management. This is consistent with our strategy to grow our Fund and Asset Management business line, and reduce exposure to the inherent risks in an on-balance sheet Repurchase Agreement business line.

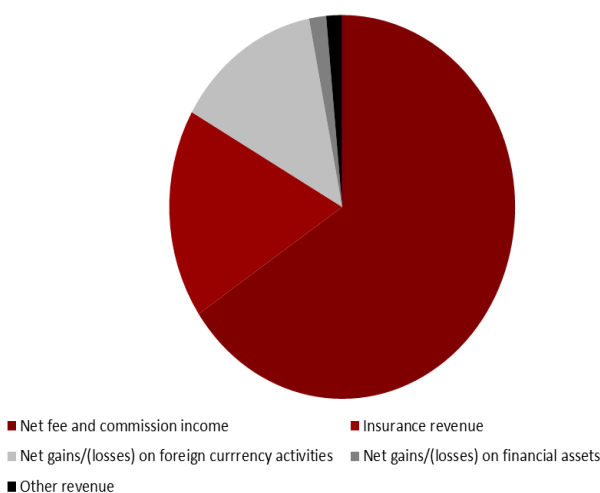
Treasury (+25%): Higher foreign exchange trading volumes, through coordinated efforts among the various channels, was the major driver behind the year over year increase in revenues.

OTHER REVENUE

Other income, defined as all income other than interest income, was \$3.4 billion for this year, up \$601 million or 21% from last year.

- Net fees and commission income amounted to \$2.2 billion, driven by higher transaction volumes and the growth in our credit card, merchant services, and asset management business.
- Insurance revenue increased by 10% given the growth in core insurance business and reserve releases from the actuarial valuation of the portfolios.
- Net gains on foreign currency activities and financial assets amounted to \$524 million based on trading volumes.

Sources of Non-Interest Revenue



Focused on the Future

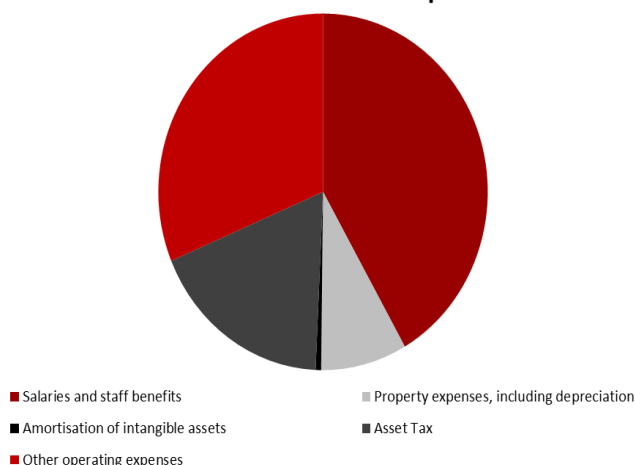
CREDIT QUALITY

Impairment losses on loans were \$421 million, up \$164 million from last year, due to higher write-offs on our unsecured portfolio. The quality of both our retail and commercial credit portfolio, however, generally improved, with total non-accrual loans (NALs) as at January 31, 2017 at \$4.3 billion, down \$50 million from October 2016. This represented 2.57% of total loans and 0.9% of total assets; down from 2.92% and 1.0%, respectively last year. The Group's NALs as a percentage of Gross Loans and as a percentage of Total Assets, remain well below the industry average.

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$6.0 billion for the quarter, an increase of \$372 million or 7% compared to prior year. Salary related expenses declined by \$12 million, which was offset by higher other operating expenses of \$384 million. Asset tax increased by \$112 million or 12% to \$1.1 billion due to the increase in the taxable asset base. Our productivity ratio however continues to reflect an improvement year over year from 61.60% to 59.21%.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$41.1 billion or 9% to \$480.1 billion as at January 31, 2017. The growth was attributable to increases of \$11.9 billion or 8% in Loans, net of allowance for impairment losses. Investment securities, pledged assets and cash resources increased by \$24.8 billion or 10%.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$108.0 billion, up from \$81.7 billion last year due to increased liquidity from inflows of retail and commercial deposits and the general increase in market liquidity. We continued to maintain adequate liquidity levels to enable us to respond effectively to changes in cash flow requirements.

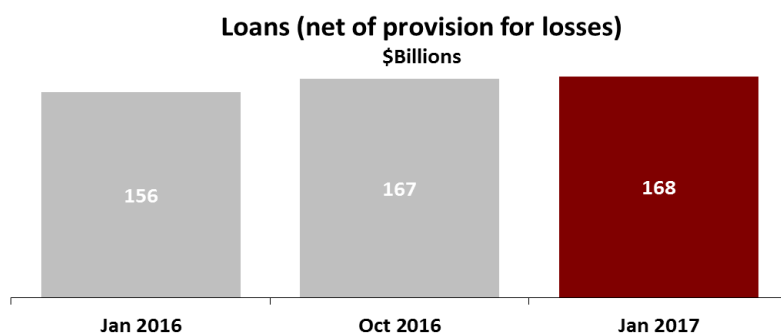
Securities

Total investment securities, including pledged assets, decreased by \$1.5 billion to \$161.1 billion as we deployed more of our excess liquidity to other asset classes.

Focused on the Future

Loans

Our loan portfolio grew by \$11.9 billion or 8% year over year, with loans, after allowance for impairment losses, increasing to \$168.2 billion. All business lines showed solid improvement, with increasing portfolio balances for commercial, small business, residential mortgages and personal loans.

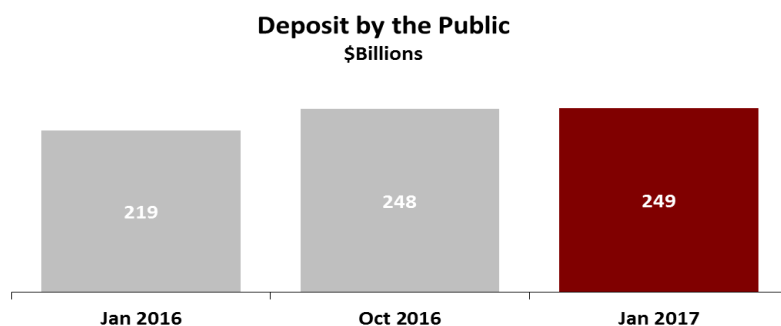


LIABILITIES

Total liabilities were \$383.7 billion as at January 31, 2017, an increase of \$34.6 billion or 10% from last year, driven by increases in our retail and commercial customer deposit base.

Deposits

Deposits by the public increased to \$249.3 billion, up from \$219.1 billion in the previous year. This \$30.2 billion or 14% growth in core deposits was reflected in higher inflows from our retail and private sector portfolio as we expanded our customer base and deepened relationships with customers.



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

This mainly represents deposits by clients of Scotia Investments, in addition to other wholesale funding. The net of these obligations decreased by \$2.8 billion or 6% compared to the prior period, as clients reduced repurchase agreement holdings and increased their investment in the unit trusts and mutual funds offered by the company. Consequently, our fund and asset management portfolios grew by \$15.4 billion, and we remain a dominant player in the collective investment scheme industry.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund grew \$1.6 billion or 4%, up from \$43.5 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$92.8 billion, increasing by \$6.4 billion or 7% over January 31, 2016, 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.

Focused on the Future



OUR COMMITMENT TO THE COMMUNITY

During the quarter, Scotiabank continued its corporate social responsibility through various donations totaling \$4.3 million.

In Community Care, the Bank donated \$2.7 million to various organizations including the annual launch of the Salvation Army Red Kettle Appeal in Kingston with a donation of \$1 million.

Staff members through the Scotia Volunteers impacted their communities in various ways by hosting numerous Christmas treats island wide; assisting the Salvation Army with the packaging of over 1,000 parcels for food for distribution; and partnering with the Office of the Children's Registry on the execution of their 10th anniversary gala.

As part of sharing the Christmas cheer, a surprise popup lunch was organised for over 260 police at Kingston Central Police Station.

In Student Care, the Foundation contributed \$1.6 million for the continuation of its Nutrition For Learning Programme which provides breakfast for students in 10 early childhood and primary institutions. It also held the annual ScotiaScholars Reunion and Scholarship Awards function for new and continuing scholars. Twenty-three new ScotiaFoundation Shining Star Scholars received trophies and certificates for outstanding performances in the 2016 Grade Six Achievement Test. Scotiabank has also partnered with Jamaica Junior Achievement on the delivery of the JA Economics for Success programme, where Scotiabank Volunteers have been going into several schools across the island to teach this course to grade 8 and/or 9 students. Working in teams, volunteers have reached almost 500 students and are scheduled to reach the target 1,000 by end of second quarter.

Our association with Debatemate has created new avenues for engagement with students at Holy Trinity High and St. Michaels Primary. This programme uses a peer to peer method of teaching debating to enable students to channel negative behavior in a positive and constructive way, and learn to effectively resolve conflicts, as well as improve their analytical and communication skills. Both schools have participated successfully, and are scheduled to go on to the next phase in the organized competition.

Scotia Group Jamaica Limited takes this opportunity to thank you, our customers, for your continued support and loyalty to allow us to be your financial services provider. To our shareholders, we thank you for the commitment, trust and confidence you continue to show in the management of the Group. Our continued success, is built on the great execution by our team of skilled and dedicated employees, and we thank them for their professionalism and commitment.

Focused on the Future

Scotia Group Jamaica Limited
Consolidated Statement of Revenue and Expenses
Period ended January 31, 2017

For the three months ended			
Unaudited (\$ Thousands)	January 2017	October 2016	January 2016
Interest Income	7,771,661	7,738,265	7,539,248
Interest Expense	(1,146,047)	(1,139,122)	(1,306,810)
Net Interest Income	6,625,614	6,599,143	6,232,438
Impairment losses on loans	(420,718)	(290,221)	(256,804)
Net interest income after impairment losses	6,204,896	6,308,922	5,975,634
Net fee and commission income	2,247,819	1,661,482	1,755,125
Insurance revenue	604,244	512,112	549,963
Net gains on foreign currency activities	469,959	1,030,946	615,159
Net gains / (losses) on financial assets	54,323	152,831	(104,077)
Other revenue	50,863	3,769	10,156
	3,427,208	3,361,140	2,826,326
Total Operating Income	9,632,104	9,670,062	8,801,960
Operating Expenses			
Salaries and staff benefits	2,483,462	2,614,461	2,495,882
Property expenses, including depreciation	503,603	528,502	435,240
Amortisation of intangible assets	31,756	33,690	22,169
Asset tax	1,068,564	-	956,448
Other operating expenses	1,864,557	1,933,725	1,670,577
	5,951,942	5,110,378	5,580,316
Profit before taxation	3,680,162	4,559,684	3,221,644
Taxation	(1,469,409)	(1,342,927)	(1,260,521)
Profit for the period	2,210,753	3,216,757	1,961,123
Attributable to:-			
Equityholders of the Company	2,181,389	3,098,444	1,939,116
Non-Controlling Interest	29,364	118,313	22,007
Earnings per share (cents)	70	100	62
Return on average equity (annualized)	9.45%	13.58%	9.04%
Return on assets (annualized)	1.82%	2.60%	1.77%
Productivity ratio	59.21%	51.31%	61.60%

Focused on the Future

Scotia Group Jamaica Limited
Consolidated Statement of Comprehensive Income
Period ended January 31, 2017

For the three months ended			
Unaudited (\$ Thousands)	January 2017	October 2016	January 2016
Profit for the period	2,210,753	3,216,757	1,961,123
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan / obligations	178,060	(752,983)	445,022
Taxation	(59,354)	250,994	(148,341)
	118,706	(501,989)	296,681
Items that may be subsequently reclassified to profit or loss:			
Unrealised (losses) / gains on available for sale assets	(46,519)	(150,217)	293,882
Realised losses / (gains) on available for sale assets	71,695	(13,797)	7,112
Foreign currency translation	(3,781)	-	-
	21,395	(164,014)	300,994
Taxation	8,999	27,569	(38,310)
	30,394	(136,445)	262,684
Other comprehensive income, net of tax	149,100	(638,434)	559,365
Total comprehensive income for the period	2,359,853	2,578,323	2,520,488
Attributable to:-			
Equityholders of the Company	2,343,816	2,475,615	2,480,790
Non-Controlling Interest	16,037	102,708	39,698

Focused on the Future



SCOTIA GROUP JAMAICA LTD
Consolidated Statement of Financial Position
January 31, 2017

Unaudited (\$ Thousands)	January 31, 2017	October 31, 2016	January 31, 2016
ASSETS			
CASH RESOURCES	108,032,529	106,276,488	81,729,996
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	426,074	554,034	712,607
INVESTMENT SECURITIES	114,055,095	117,121,153	111,721,418
PLEGDED ASSETS	44,861,364	46,591,509	49,438,157
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	1,804,078	820,146	750,703
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	168,246,409	166,826,780	156,348,317
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	13,395,280	10,472,329	10,160,889
Property, plant and equipment	5,422,585	5,476,590	5,383,175
Deferred taxation	92,388	70,706	56,787
Taxation recoverable	2,656,917	2,275,812	2,659,559
Retirement benefit asset	17,757,019	17,366,400	17,339,922
Other assets	2,209,587	2,331,282	1,569,781
Intangible assets	1,186,549	1,208,425	1,203,239
	42,720,325	39,201,544	38,373,352
TOTAL ASSETS	480,145,874	477,391,654	439,074,550
LIABILITIES			
Deposits by the public	249,322,749	248,416,381	219,164,816
Amounts due to banks and other financial institutions	10,721,314	11,146,834	11,056,808
	260,044,063	259,563,215	230,221,624
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	13,395,280	10,472,328	10,160,889
Securities sold under repurchase agreements	28,462,766	31,634,237	34,096,681
Capital management and government securities funds	15,654,977	15,352,087	12,777,966
Deferred taxation	5,836,911	5,760,074	5,787,052
Retirement benefit obligation	3,283,341	3,191,557	2,814,072
Other liabilities	11,903,993	11,165,034	9,809,580
	78,537,268	77,575,317	75,446,240
POLICYHOLDERS' LIABILITIES	45,160,152	44,764,585	43,509,294
STOCKHOLDERS' EQUITY			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,249,976	3,249,976	3,248,591
Retained earnings reserve	27,291,770	24,791,770	21,591,770
Capital reserve	11,340	11,340	9,383
Loan loss reserve	3,192,532	3,143,875	3,206,971
Other reserves	9,964	9,964	12,892
Translation reserve	(2,912)	-	-
Cumulative remeasurement result from available for sale assets	914,868	868,236	420,245
Unappropriated profits	51,562,023	53,210,802	51,371,491
	92,799,371	91,855,773	86,431,153
Non-controlling interest	3,605,020	3,632,764	3,466,239
	96,404,391	95,488,537	89,897,392
TOTAL EQUITY AND LIABILITIES	480,145,874	477,391,654	439,074,550

Director

Director

Focused on the Future

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Changes in Shareholders' Equity
January 31, 2017

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement result from Available for Sale financial assets	Loan Loss Reserve	Other Reserves	Translation Reserve	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
Balance as at 31 October 2015	6,569,810	3,248,591	20,591,770	9,383	175,252	3,204,491	12,892	-	51,445,043	85,257,232	3,470,323	88,727,555
Net Profit	-	-	-	-	-	-	-	-	1,939,116	1,939,116	22,007	1,961,123
Other Comprehensive Income												
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	296,681	296,681	-	296,681
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	240,251	-	-	-	-	240,251	17,691	257,942
Realised losses on available-for-sale securities, net of taxes	-	-	-	-	4,742	-	-	-	-	4,742	-	4,742
Total Comprehensive Income	-	-	-	-	244,993	-	-	-	2,235,797	2,480,790	39,698	2,520,488
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	1,000,000	-	-	-	-	-	(1,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	2,480	-	-	(2,480)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	(1,306,869)	(1,306,869)	(43,782)	(1,350,651)
Balance as at 31 January 2016	6,569,810	3,248,591	21,591,770	9,383	420,245	3,206,971	12,892	-	51,371,491	86,431,153	3,466,239	89,897,392
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	-	-	-	-	-	-	-	-	2,181,389	2,181,389	29,364	2,210,753
Other Comprehensive Income												
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	118,706	118,706	-	118,706
Foreign Currency Translation	-	-	-	-	-	-	-	(2,912)	-	(2,912)	(869)	(3,781)
Unrealised losses on available-for-sale securities, net of taxes	-	-	-	-	(4,796)	-	-	-	-	(4,796)	(14,058)	(18,854)
Realised losses on available-for-sale securities, net of taxes	-	-	-	-	51,428	-	-	-	-	51,428	1,601	53,029
Total Comprehensive Income	-	-	-	-	46,632	-	-	(2,912)	2,300,095	2,343,815	16,038	2,359,853
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	2,500,000	-	-	-	-	-	(2,500,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	48,657	-	-	(48,657)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	-	-	-	-	-	-	-	-
Movement in reserves due to the dissolution of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	(1,400,217)	(1,400,217)	(43,782)	(1,443,999)
Balance as at 31 January 2017	6,569,810	3,249,976	27,291,770	11,340	914,868	3,192,532	9,964	(2,912)	51,562,023	92,799,371	3,605,020	96,404,391

Scotia Group Jamaica Limited
Condensed Statement of Consolidated Cash Flows
Period ended January 31, 2017

Unaudited (\$ Thousands)	2017	2016
Cash flows provided by / (used in) operating activities		
Profit for the period	2,210,753	1,961,123
Items not affecting cash:		
Depreciation	159,961	132,678
Impairment losses on loans	420,718	256,804
Amortisation of intangible assets	31,756	22,169
Taxation	1,469,409	1,260,521
Net interest income	(6,625,614)	(6,232,438)
Gain on disposal of property	(45,224)	-
	<u>(2,378,241)</u>	<u>(2,599,143)</u>
Changes in operating assets and liabilities		
Loans	(1,817,993)	(2,049,510)
Deposits	1,207,943	9,751,569
Policyholders reserve	395,567	397,016
Securities sold under repurchase agreement	(3,138,742)	(5,694,034)
Financial assets at fair value through profit and loss	128,050	131,790
Interest received	8,032,168	7,595,814
Interest paid	(1,180,887)	(1,334,325)
Taxation paid	(982,186)	(939,940)
Amounts with parent and fellow subsidiaries	274,163	12,159,909
Other	(2,794,013)	652,301
	<u>(2,254,171)</u>	<u>18,071,447</u>
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	4,049,280	(871,952)
Repurchase Agreements, net	-	11,576
Purchase of property, plant, equipment and intangibles	(149,683)	(184,748)
Proceeds on sale of property, plant and equipment	79,070	-
	<u>3,978,667</u>	<u>(1,045,124)</u>
Cash flows used in financing activities		
Dividends paid	(1,443,999)	(1,350,651)
	<u>(1,443,999)</u>	<u>(1,350,651)</u>
Effect of exchange rate on cash and cash equivalents	(226,628)	(132,443)
Net change in cash and cash equivalents	53,869	15,543,229
Cash and cash equivalents at beginning of year	70,297,279	36,354,598
Cash and cash equivalents at end of period	70,351,148	51,897,827
Represented by :		
Cash resources	108,032,529	81,729,996
Less statutory reserves at Bank of Jamaica	(29,551,055)	(23,362,141)
Less amounts due from Bank of Jamaica greater than ninety days	-	(880,000)
Less amounts due from other banks greater than ninety days	(7,958,187)	(6,056,985)
Less accrued interest on cash resources	(56,485)	(37,159)
Pledged assets, repurchase agreements assets and treasury bills less than ninety days	1,979,167	3,416,285
Cheques and other instruments in transit, net	(2,094,821)	(2,912,169)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	70,351,148	51,897,827

Focused on the Future



Scotia Group Jamaica Limited
Segmental Financial Information
January 31, 2017

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

Focused on the Future



Scotia Group Jamaica Limited
 Segmental Financial Information
 January 31, 2016

Unaudited (\$ Thousands)	Banking			Investment Management Services	Insurance Services	Other	Eliminations	Group Total
	Treasury	Retail Banking	Corporate Banking					
Net external revenues	844,321	4,582,634	1,750,857	716,951	995,905	168,096	-	9,058,764
Revenues from other segments	(87,360)	(246,860)	290,381	585	36,911	7,378	(1,035)	-
Total Revenues	756,961	4,335,774	2,041,238	717,536	1,032,816	175,474	(1,035)	9,058,764
Expenses	(326,408)	(3,158,483)	(1,442,899)	(506,070)	(377,535)	(5,505)	(20,220)	(5,837,120)
Profit Before Tax	430,553	1,177,291	598,339	211,466	655,281	169,969	(21,255)	3,221,644
Taxation								(1,260,521)
Profit for the period								1,961,123
Segment assets	118,817,626	100,695,870	71,863,271	68,212,519	57,113,270	21,930,468	(18,749,508)	419,883,516
Unallocated assets								19,191,034
Total Assets								439,074,550
Segment liabilities	451,460	127,161,732	119,708,012	54,057,161	44,254,456	138,424	(10,010,845)	335,760,400
Unallocated liabilities								13,416,758
Total liabilities								349,177,158
Other segment items:								
Capital expenditure	-	121,427	57,120	5,374	827	-	-	184,748
Impairment losses on loans	-	334,744	(65,921)	(12,019)	-	-	-	256,804
Depreciation and amortisation	-	85,130	42,881	24,780	2,056	-	-	154,847

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2017

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%), Scotia Investments Jamaica Limited (77.01%) and Scotia Jamaica Micro Finance Limited (100%). All subsidiaries are incorporated in Jamaica, except for Scotia Asset Management (St. Lucia) Inc.

Effective September 30, 2016, Brighton Holdings Limited, Scotia Jamaica Financial Services Limited, DB&G Corporate Services Limited and Billy Craig Investments, all wholly owned subsidiaries within the Group, were wound up.

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, 2016, which was prepared in accordance with International Financial Reporting Standards (IFRS).

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements.

These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

Basis of consolidation

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

3. Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Financial Assets at Fair Value through Profit and Loss

This category includes a financial asset acquired principally for the purpose of selling in the short term or if so designated by management.

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2017

3. Financial Assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Available-for-sale investments and financial assets at fair value through profit and loss are carried at fair value. Loans and receivables are carried at amortised 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>2017</u>	<u>2016</u>
Investments pledged as collateral for securities sold under repurchase agreements	27,366	31,045
Capital Management and Government Securities funds	11,713	9,963
Securities with regulators, clearing houses and other financial institutions	<u>5,782</u>	<u>8,430</u>
	<u>44,861</u>	<u>49,438</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.

Focused on the Future

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2017

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 recognised 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.

Focused on the Future

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2017

9. Employee benefits (continued)

(ii) Other post-retirement obligations

The Group also provides supplementary health care and insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the completion of a minimum service period and the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by qualified independent actuaries.

(iii) Defined contribution plan

Contributions to this plan are charged to the statement of revenue and expenses in the period to which they relate.

10. Segment reporting

The Group is organized into six main business segments:

- Retail Banking – this incorporates personal banking services, personal deposit accounts, credit and debit cards, customer loans, mortgages and microfinance;
- Corporate and Commercial Banking – this incorporates non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities;
- Treasury – this incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading activities;
- Investment Management Services- this incorporates investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts.
- Insurance Services – this incorporates the provision of life and medical insurance, individual pension administration and annuities;
- Other operations of the Group comprises of the parent company and non-trading subsidiaries.

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.

Focused on the Future

