

MEDIA RELEASE

September 13, 2016

SCOTIA GROUP JAMAICA REPORTS 36% INCREASE IN 2016 THIRD QUARTER FINANCIAL RESULTS

YEAR TO DATE 2016 HIGHLIGHTS

- Net Income of \$8.37 billion
- Net Income available to common shareholders of \$8.20 billion
- Earnings per share of \$2.64
- Return on Average Equity of 12.47%
- Productivity ratio of 58.06%
- Year to date dividends of \$1.26 per share
- Shareholders' Equity of \$90.7 billion

THIRD QUARTER 2016 HIGHLIGHTS

- Net Income of \$3.4 billion
- Net Income available to common shareholders of \$3.32 billion
- Earnings per share of \$1.07
- Return on Average Equity of 14.84%
- Productivity ratio of 53.30%
- Third quarter dividend of 42 cents per share

Scotia Group reports net income of \$8.37 billion and total comprehensive income of \$9.58 billion for the nine months ended July 31, 2016. This represents an increase in net income of \$2.21 billion or 36%, and in total comprehensive income of \$579 million compared to the period ended July 31, 2015. Net Income for the third quarter was \$3.4 billion, representing a \$385 million increase over the second quarter ended April 30, 2016. The year to date return on average equity was 12.47% compared to 10.22% for the period ended July 31, 2015.

The Board of Directors today approved a third interim dividend of 42 cents per stock unit payable on October 25, 2016, to stockholders on record at October 4, 2016.

Jackie Sharp, President & CEO said, "We continue to show strong performance this year, resulting from the execution of our strategic initiatives to grow revenues and reduce operating costs. All business lines showed good volume growth year over year, as we continued to meet our customer's diverse needs. Our loan portfolio, after allowance for impairment losses, grew by \$15.2 billion or 10.2 % year over year. Customer Deposits also increased by \$42.4 billion or 20.8% year over year. Funds under management in our wealth business grew by \$15.9 billion or 14.9% year over year.

Improving the customer experience through digitization is an important investment for our Bank. We recently launched upgraded internet and mobile banking platforms, and these have been well received by our customers. Our efforts were also recognized with the 2016 award for Best Consumer Digital Bank by Global Finance magazine. At the end of Q3, we concluded the training phase of our Vision Achiever Programme which is a transformative business course and competition designed to assist members of the SME sector to grow their businesses, become more efficient and maximize their potential."



Scotia Group Jamaica Limited
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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the nine months ended July 31, 2016 was \$28.8 billion, representing an increase of \$2.46 billion above prior year. The positive movement was achieved through increased volumes and improved non-interest revenue, which cushioned the impact of reduced margins. The contribution from the diversified business lines across the Group are outlined below:

J\$ Million	Period Ended July 31, 2016 Revenue	% Contribution
Treasury	2,658	9%
Retail Banking	13,390	46%
Corporate Banking	6,119	21%
Investment Management Services	2,451	9%
Insurance Services	3,533	12%
Other	658	3%
Total Revenue	28,809	100%

NET INTEREST INCOME AFTER IMPAIRMENT LOSSES

Net interest income after impairment losses for the period was \$17.6 billion, \$670 million above the same period in 2015. This was due to an increase in net interest income of \$745 million, resulting from growth in loan volumes, particularly our Retail loans, Residential Mortgages and Small Business portfolios, coupled with lower levels of wholesale funding. Impairment losses on loans increased by \$75 million when compared with the same period last year, indicative of the growth in the loan portfolio. The Group continues to maintain a strong risk management framework.

OTHER REVENUE

Other revenue for the nine months ended 31 July 2016 amounted to \$10 billion, an increase of \$1.7 billion or 20.6% compared to the same period last year. This was due to growth in net fee and commission income from increased transaction volumes on our deposit and payment services, credit card and merchant service business segments, as well as higher foreign currency gains.



Scotia Group Jamaica Limited

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$15.6 billion over the nine months ended July 31, 2016, a decrease of \$464 million or 2.9% compared to prior year. Salary related expenses declined by \$400 million, which offset higher operating expenses of \$276 million. There was also a decline in asset tax of \$330 million as the rate for regulated insurance companies moved from 100bps to 25bps; correspondingly the corporate income tax rate for these entities was increased from 15% to 25%. Our productivity ratio was 58.06% as at July 31 2016, compared to 64.96% for the same period last year.

GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$48.2 billion or 11.4% to \$472.7 billion as at July 31, 2016. The growth was primarily attributable to increases of \$15.2 billion or 10.2% in Loans, net of allowance for impairment losses, \$30.3 billion or 12.7% in cash resources, investments and pledged assets, and \$2.5 billion in other assets resulting from a higher guarantees and retirement benefit asset on our defined benefit plan pension scheme.

Loans, after allowance for impairment losses amounted to \$163.9 billion as at July 31, 2016. Non-performing loans (NPLs) at July 31, 2016 totaled \$4.4 billion, representing 2.7% of total gross loans down from 3.1% last year, and marginally below 2.8% as at April 30, 2016. The Group's aggregate loan loss provision as at July 31, 2016 was \$5.3 billion, representing over 100% coverage of the total non-performing loans.

LIABILITIES

Total customer liabilities represented by deposits, securities sold under repurchase agreements, and policyholders' funds grew to \$349.9 billion, an increase of \$35.3 billion or 11.2% compared to July 31, 2015. A significant portion of the growth was reflected in core deposits, which grew by 20.8% year over year, as customers continue to reflect confidence in the strength of the Group. As at the end of July 31, 2016, our funds under management grew by 14.9% to \$123.3 billion year over year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$90.7 billion, increasing by \$9.1 billion or 11.14% over July 31, 2015 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.



Scotia Group Jamaica Limited

OUR COMMITMENT TO THE COMMUNITY

During the quarter, Scotiabank made donations totaling \$7.0 million to support projects through the ScotiaFoundation and its island wide branch network.

In Student Care, the Foundation contributed \$980,651 to fund ScotiaFoundation Shining Star Scholarships at the secondary and tertiary levels for continuing scholars. The Foundation also supported two scholars in the six member team which participated in the 5 week summer programme AIM (Academically Interested Minds) at Kettering University, Michigan, USA. All the students were successful in receiving scholarships to attend Kettering University in 2017.

In Health Care, the Foundation contributed \$4.0 million for implants for the Scoliosis and Spine Care programme, which covered the cost of corrective surgeries for 9 teenagers at the Kingston Public Hospital. Staff members of the Bank contributed \$1.0 million of this amount which was raised through their fundraising efforts.

In Community Care – donations totaled \$2.0 million in support of various charitable organizations and events islandwide.

During the quarter the Bank organized and supported a myriad of activities in celebration of National Child Month, chief among these were the unveiling of 214 names of children killed in tragic circumstances on the Crying Child Monument and the painting of 17 Children Homes and Places of Safety on National Labour Day by ScotiaVolunteers. ScotiaVolunteers also supported educational events and programmes such as Read Across Jamaica Day, National Teacher's Day, Montego Bay City Run to provide scholarships for in western Jamaica, Grace Educational Fund Run, and the Scotiabank sponsored Junior Achievement Economics for Success which teaches financial literacy to students at the primary school level.

In May, Scotiabank was the recipient of the 2016 Junior Achievement President Award for being consistent in its commitment to the development of youth through Junior Achievement programmes.

Scotia Group Jamaica takes this opportunity to thank all of our stakeholders. To our customers, thank you for your loyalty and your business. To our shareholders, thank you for the commitment, trust and confidence you continue to show in us. Our continued success for over 126 years of unbroken service to Jamaica is as a result of the great execution by our team of skilled and dedicated employees, and we thank them for their professionalism and commitment.



Scotia Group Jamaica Limited

Scotia Group Jamaica Limited
Consolidated Statement of Revenue and Expenses
Period ended July 31, 2016

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	July 2016	April 2016	July 2015	July 2016	July 2015
Interest Income	7,571,940	7,424,611	7,396,065	22,535,799	22,400,871
Interest Expense	(1,194,542)	(1,257,689)	(1,391,415)	(3,759,041)	(4,369,153)
Net Interest Income	6,377,398	6,166,922	6,004,650	18,776,758	18,031,718
Impairment losses on loans	(533,614)	(351,781)	(429,931)	(1,142,199)	(1,067,083)
Net interest income after impairment losses	5,843,784	5,815,141	5,574,719	17,634,559	16,964,635
Net fee and commission income	1,737,875	1,861,563	1,643,054	5,354,563	4,846,337
Insurance revenue	556,930	750,304	432,690	1,857,197	1,719,221
Net gains on foreign currency activities	1,166,307	820,367	514,278	2,601,833	1,539,655
Net gains / (losses) on financial assets	101,948	194,114	15,934	191,985	188,079
Other revenue	10,782	6,056	10,020	26,994	23,767
	3,573,842	3,632,404	2,615,976	10,032,572	8,317,059
Total Operating Income	9,417,626	9,447,545	8,190,695	27,667,131	25,281,694
Operating Expenses					
Salaries and staff benefits	2,484,349	2,626,351	2,644,075	7,606,582	8,006,136
Property expenses, including depreciation	506,203	525,034	498,820	1,466,477	1,493,147
Amortisation of intangible assets	32,104	39,043	26,832	93,316	76,752
Asset tax	-	-	-	956,448	1,286,238
Other operating expenses	1,747,708	2,044,764	1,753,656	5,463,049	5,187,312
	4,770,364	5,235,192	4,923,383	15,585,872	16,049,585
Profit before taxation	4,647,262	4,212,353	3,267,312	12,081,259	9,232,109
Taxation	(1,248,604)	(1,198,289)	(954,032)	(3,707,414)	(3,073,545)
Profit for the period	3,398,658	3,014,064	2,313,280	8,373,845	6,158,564
Attributable to:-					
Equityholders of the Company	3,321,883	2,941,156	2,253,991	8,202,155	6,006,569
Non-Controlling Interest	76,775	72,908	59,289	171,690	151,995
Earnings per share (cents)	107	95	72	264	193
Return on average equity (annualized)	14.84%	13.46%	11.27%	12.47%	10.22%
Return on assets (annualized)	2.81%	2.61%	2.12%	2.31%	1.89%
Productivity ratio	53.30%	57.01%	62.10%	58.06%	64.96%

Scotia Group Jamaica Limited
Consolidated Statement of Comprehensive Income
Period ended July 31, 2016

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	July 2016	April 2016	July 2015	July 2016	July 2015
Profit for the period	3,398,658	3,014,064	2,313,280	8,373,845	6,158,564
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	175,185	(119,194)	3,541,731	501,013	4,470,746
Taxation	(58,395)	39,732	(1,180,577)	(167,004)	(1,490,249)
	116,790	(79,462)	2,361,154	334,009	2,980,497
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains / (losses) on available for sale assets	302,174	544,076	(263,240)	1,140,132	(225,408)
Realised (gains) / losses on available for sale assets	(576)	(8,041)	(4,575)	(1,505)	(45,555)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivable	-	-	2,380	-	15,298
	301,598	536,035	(265,435)	1,138,627	(255,665)
Taxation	(68,395)	(155,513)	97,655	(262,218)	121,488
	233,203	380,522	(167,780)	876,409	(134,177)
Other comprehensive income, net of tax	349,993	301,060	2,193,374	1,210,418	2,846,320
Total comprehensive income for the period	3,748,651	3,315,124	4,506,654	9,584,263	9,004,884
Attributable to:-					
Equityholders of the Company	3,656,620	3,212,578	4,442,349	9,349,988	8,841,949
Non-Controlling Interest	92,031	102,546	64,305	234,275	162,935

SCOTIA GROUP JAMAICA LTD
Consolidated Statement of Financial Position
July 31, 2016

Unaudited	July 31, 2016	October 31, 2015	July 31, 2015
(\$ Thousands)			
ASSETS			
CASH RESOURCES	103,105,942	79,229,042	79,680,918
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	608,823	844,397	845,807
INVESTMENT SECURITIES	117,148,314	105,436,140	100,046,052
PLEDGED ASSETS	48,377,551	54,040,788	58,574,327
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	450,513	150,058	-
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	163,927,316	154,499,373	148,709,853
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	10,229,090	10,693,915	8,128,420
Property, plant and equipment	5,362,718	5,337,996	5,365,521
Deferred taxation	19,926	29,125	3,098
Taxation recoverable	2,310,955	3,238,782	3,083,716
Retirement benefit asset	17,819,360	16,690,244	16,929,067
Other assets	2,162,226	1,523,568	1,874,609
Intangible assets	1,155,671	1,218,517	1,208,217
	<u>39,059,946</u>	<u>38,732,147</u>	<u>36,592,648</u>
TOTAL ASSETS	472,678,405	432,931,945	424,449,605
LIABILITIES			
Deposits by the public	246,540,510	209,461,602	204,079,705
Amounts due to banks and other financial institutions	11,346,954	11,027,273	11,584,102
	<u>257,887,464</u>	<u>220,488,875</u>	<u>215,663,807</u>
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	10,229,091	10,693,915	8,128,420
Securities sold under repurchase agreements	33,144,563	39,832,452	41,987,526
Capital management and government securities funds	14,732,610	12,714,643	13,175,737
Deferred taxation	6,000,670	5,531,012	5,055,054
Retirement benefit obligation	2,983,817	2,735,526	4,175,378
Other liabilities	9,344,469	9,095,688	7,461,785
	<u>76,435,220</u>	<u>80,603,236</u>	<u>79,983,900</u>
POLICYHOLDERS' LIABILITIES	44,095,855	43,112,279	43,768,824
STOCKHOLDERS' EQUITY			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,248,591	3,248,591	3,248,591
Retained earnings reserve	23,791,770	20,591,770	19,591,770
Capital reserve	9,383	9,383	9,383
Loan loss reserve	3,274,895	3,204,491	3,241,601
Other reserves	12,892	12,892	12,892
Cumulative remeasurement result from available for sale assets	989,076	175,252	(25,300)
Unappropriated profits	52,790,196	51,445,043	48,943,543
	<u>90,686,613</u>	<u>85,257,232</u>	<u>81,592,290</u>
Non-controlling Interest	3,573,253	3,470,323	3,440,784
	<u>94,259,866</u>	<u>88,727,555</u>	<u>85,033,074</u>
TOTAL EQUITY AND LIABILITIES	472,678,405	432,931,945	424,449,605

Director

Director

SCOTIA GROUP JAMAICA LIMITED
Consolidated Statement of Changes in Shareholders' Equity
July 31, 2016

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative	Loan Loss Reserve	Other Reserves	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
					Remeasurement result from Available for Sale financial assets						
Balance as at 31 October 2014	6,569,810	3,248,591	16,591,770	9,383	101,566	3,202,002	12,892	46,748,239	76,484,253	3,409,194	79,893,447
Net Profit	-	-	-	-	-	-	-	6,006,569	6,006,569	151,995	6,158,564
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	2,980,497	2,980,497	-	2,980,497
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	(124,776)	-	-	-	(124,776)	11,049	(113,727)
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(28,195)	-	-	-	(28,195)	(2,454)	(30,649)
reclassified to loans and receivables	-	-	-	-	7,854	-	-	-	7,854	2,345	10,199
Total Comprehensive Income	-	-	-	-	(145,117)	-	-	8,987,066	8,841,949	162,935	9,004,884
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	3,000,000	-	-	-	-	(3,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	39,599	-	(39,599)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	18,251	-	-	(18,251)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(3,733,912)	(3,733,912)	(131,345)	(3,865,257)
Balance as at 31 July 2015	6,569,810	3,248,591	19,591,770	9,383	(25,300)	3,241,601	12,892	48,943,543	81,592,290	3,440,784	85,033,074
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	-	-	-	-	-	-	-	8,202,155	8,202,155	171,690	8,373,845
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	334,009	334,009	-	334,009
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	813,680	-	-	-	813,680	63,589	877,269
Realised losses on available-for-sale securities, net of taxes	-	-	-	-	144	-	-	-	144	(1,004)	(860)
Total Comprehensive Income	-	-	-	-	813,824	-	-	8,536,164	9,349,988	234,275	9,584,263
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	3,200,000	-	-	-	-	(3,200,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	70,404	-	(70,404)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(3,920,607)	(3,920,607)	(131,345)	(4,051,952)
Balance as at 31 July 2016	6,569,810	3,248,591	23,791,770	9,383	989,076	3,274,895	12,892	52,790,196	90,686,613	3,573,253	94,259,866

Scotia Group Jamaica Limited
Condensed Statement of Consolidated Cash Flows
Period ended July 31, 2016

Unaudited (\$ Thousands)	2016	2015
Cash flows provided by / (used in) operating activities		
Profit for the period	8,373,845	6,158,564
Items not affecting cash:		
Depreciation	390,975	386,335
Impairment losses on loans	1,142,199	1,067,083
Amortisation of intangible assets	93,316	76,752
Taxation	3,707,414	3,073,545
Net interest income	(18,776,758)	(18,031,718)
(Gain) on disposal of property	-	(7,513)
	<u>(5,069,009)</u>	<u>(7,276,952)</u>
Changes in operating assets and liabilities		
Loans	(10,484,277)	(4,029,786)
Deposits	39,073,508	13,469,363
Policyholders reserve	983,576	459,253
Securities sold under repurchase agreement	(6,611,985)	(5,608,554)
Financial assets at fair value through profit and loss	235,614	132,945
Interest received	22,731,179	22,647,550
Interest paid	(3,799,009)	(4,562,807)
Taxation paid	(3,663,945)	(2,614,161)
Amounts with parent and fellow subsidiaries	280,102	(1,768,751)
Other	(1,225,142)	(573,292)
	<u>32,450,612</u>	<u>10,274,808</u>
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	(5,896,953)	(11,993,794)
Winding up of subsidiary	-	2,316
Purchase of property, plant, equipment and intangibles	(446,168)	(475,928)
Proceeds on sale of property, plant and equipment	-	9,013
	<u>(6,343,121)</u>	<u>(12,458,393)</u>
Cash flows used in financing activities		
Dividends paid	(4,051,952)	(3,865,257)
	<u>(4,051,952)</u>	<u>(3,865,257)</u>
Effect of exchange rate on cash and cash equivalents	1,234,363	1,058,915
Net change in cash and cash equivalents	23,289,902	(4,989,927)
Cash and cash equivalents at beginning of year	36,354,598	45,384,028
Cash and cash equivalents at end of period	59,644,500	40,394,101
Represented by :		
Cash resources	103,105,942	79,680,918
Less statutory reserves at Bank of Jamaica	(25,178,625)	(21,746,613)
Less amounts due from Bank of Jamaica greater than ninety days	(980,000)	(2,470,000)
Less amounts due from other banks greater than ninety days	(16,569,988)	(17,686,956)
Less accrued interest on cash resources	(62,726)	(75,740)
Pledged assets and repurchase agreements assets less than ninety days	1,802,624	5,051,096
Cheques and other instruments in transit, net	(2,472,727)	(2,358,604)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	59,644,500	40,394,101

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

July 31, 2016

Unaudited

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	3,014,591	13,970,451	5,307,710	2,441,699	3,432,908	641,971	-	28,809,330
Revenues from other segments	(356,522)	(580,583)	810,912	9,491	99,879	23,346	(6,523)	-
Total Revenues	2,658,069	13,389,868	6,118,622	2,451,190	3,532,787	665,317	(6,523)	28,809,330
Expenses	(433,153)	(9,540,808)	(4,469,282)	(1,298,361)	(906,019)	(22,663)	(57,785)	(16,728,071)
Profit Before Tax	2,224,916	3,849,060	1,649,340	1,152,829	2,626,768	642,654	(64,308)	12,081,259
Taxation								(3,707,414)
Profit for the year								8,373,845

Consolidated Balance Sheet

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	145,102,964	106,786,775	72,996,881	69,672,792	57,096,875	21,171,018	(19,956,877)	452,870,428
Unallocated assets								19,807,977
Total Assets								472,678,405
Segment liabilities	330,997	141,889,343	133,362,037	55,007,705	44,721,403	75,946	(11,169,805)	364,217,626
Unallocated liabilities								14,200,913
Total liabilities								378,418,539
Other Segment Items:								
Capital Expenditure	-	307,531	112,934	17,618	8,085	-	-	446,168
Impairment losses on loans	-	1,201,032	(41,670)	(17,163)	-	-	-	1,142,199
Depreciation and amortisation	-	250,803	126,289	99,579	7,620	-	-	484,291

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

July 31, 2015

Unaudited

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	2,391,125	12,544,332	4,990,059	2,425,620	3,329,414	668,227	-	26,348,777
Revenues from other segments	(195,877)	(663,315)	728,484	3,193	103,144	42,859	(18,488)	-
Total Revenues	2,195,248	11,881,017	5,718,543	2,428,813	3,432,558	711,086	(18,488)	26,348,777
Expenses	(377,966)	(9,284,478)	(4,612,585)	(1,336,104)	(1,410,032)	(25,910)	(69,593)	(17,116,668)
Profit Before Tax	1,817,282	2,596,539	1,105,958	1,092,709	2,022,526	685,176	(88,081)	9,232,109
Taxation								(3,073,545)
Profit for the year								6,158,564

Consolidated Balance Sheet

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	113,444,626	95,285,261	67,663,804	69,994,043	54,926,247	23,740,221	(19,599,452)	405,454,750
Unallocated assets								18,994,855
Total Assets								424,449,605
Segment liabilities	7,069,610	120,026,685	110,103,814	55,996,486	44,286,694	130,369	(10,917,824)	326,695,834
Unallocated liabilities								12,720,697
Total liabilities								339,416,531
Other Segment items:								
Capital Expenditure	-	297,056	170,881	5,774	2,217	-	-	475,928
Impairment losses on loans	-	934,510	135,398	(2,825)	-	-	-	1,067,083
Depreciation and amortisation	-	249,143	124,421	82,609	6,914	-	-	463,087

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2016

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%).

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, 2015, which was prepared in accordance with International Financial Reporting Standards (IFRS). There were no new and revised IFRS standards that had a material impact on the 2016 interim 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.

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.

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2016

4. Pledged Assets

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

(\$ Millions)

	<u>2016</u>	<u>2015</u>
Investments pledged as collateral for securities sold under repurchase agreements	29,988	39,210
Capital Management and Government Securities funds	11,208	9,749
Securities with regulators, clearing houses and other financial institutions	<u>7,182</u>	<u>9,615</u>
	<u>48,378</u>	<u>58,574</u>

5. Insurance and investment contracts

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits at the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

6. Loan loss provision

IFRS loan loss provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or last repriced date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the statement of financial position.

7. Property, plant and equipment

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

8. Cash and cash equivalents

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

9. Employee benefits

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

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.

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2016

9. Employee benefits (continued)

Defined Benefit Plan:

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.

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.

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 and foreign currency activities;
- Treasury – this incorporates the Group’s liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency 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 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.

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 JULY 2016

DIRECTORS	HOLDINGS AS AT 31 JULY 2016
ALEXANDER, BARBARA ANN	108,000
<i>BEFORE ANN AFTER LIMITED</i>	0
<i>FORRESTER, TERRENCE EVERTON ST. GEORGE</i>	0
<i>GOFFE, GAVIN</i>	0
<i>GOLDSON, PETER</i>	0
<i>KELMAN, CHRISTOPHER</i>	11,902
<i>LEVY, BRUCE</i>	0
<i>MINOTT, NORMAN OLIVER/MINOTT, ELAN ANYA</i>	1,900
<i>MINOTT-PHILLIPS, SANDRA/PHILLIPS. LUKE</i>	720
<i>PHILLIPS BLACK, GINA</i>	0
<i>REID, HILARY</i>	2,130
<i>SCARLETT-LOZER, ANDREA</i>	0
<i>WONG, MALIACA</i>	0
CHANG, ANTHONY VERNON	3,274
<i>CHANG, ERIN ELIZABETH</i>	0
<i>CHANG, MATTHEW ANTHONY</i>	0
HALL, JEFFREY MCGOWAN	0
<i>HALL, JEFFREY MCGOWAN/CHUA, DR. SWEE TEEN</i>	40,000
<i>HALL, JEI HAN CHUA</i>	0
<i>HALL, LI HAN</i>	0
<i>JAMAICA PRODUCERS GROUP LT.</i>	0
JOHNSTON, CHARLES HENRY ALFRED	2,328
<i>JOHNSTON, LIAM</i>	0
<i>McGREGOR-JOHNSTON, LISA</i>	9,800
MATALON, JOSEPH MAYER	0
<i>BRITISH CARIBBEAN INSURANCE CO. LTD.</i>	4,566,394
<i>ICD GROUP LIMITED</i>	0
<i>MATALON, ALI SARA BLANCHE</i>	0
<i>MELHADO-MATALON, TRACEY ANN</i>	0
<i>WIHCON PROPERTIES LIMITED</i>	0
SHARP, JACQUELINE	52,010
<i>SHARP, ALEXANDER</i>	0
<i>SHARP, JACQUELINE /SHARP, JASON</i>	138,000
<i>SHARP, LAUREN</i>	0
SMITH, EVELYN	0

Notes:

Effective 30 May 2016, Bruce Bowen resigned from the Board of Directors

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 JULY 2016

SENIOR MANAGERS	HOLDINGS AS AT 31 JULY 2016
BRIGHT, ALSTON CARL	123,300
BROWN, JAMES 'JIM' MCKENZIE	0
<i>BOYD, LESLI ELAINE</i>	0
<i>BOYD-BROWN, ZACHARY JAMES</i>	0
DISTANT, STEVE	125,029
<i>DISTANT,VERNA ROSE</i>	0
FORBES -PATRICK, YANIQUE	0
HANSON, DONOVAN ALFREDO	0
<i>HANSON, DONOVAN/HANSON, CAMILLE JULIE-KAY</i>	188,995
<i>HANSON, CARISSA</i>	0
HARVEY, VINCENT AGUSTUS	9,045
<i>HARVEY, GAIL ROSALEE/ HARVEY, VINCENT A.</i>	2,600
<i>HARVEY, STEPHEN VINCENT</i>	0
<i>HARVEY, VINCENT/ HARVEY, GAIL</i>	6,700
<i>HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER- JOHN MCDONALD</i>	1,000
HEYWOOD, NADINE	0
LATCHMAN-ATTERBURY, PATSY PHILIMINA	191,576
<i>ATTERBURY, JORDAN ANDREW ROBERT</i>	0
<i>ATTERBURY, MICHAEL EDWARD ROBERT</i>	0
MCANUFF-JONES, MICHAEL DAVADON	314,191
<i>JONES, MICHAEL/MCANUFF-JONES, JOAN</i>	96,050
<i>MCANUFF-JONES, ASHLEIGH</i>	0
<i>MCANUFF-JONES, MATTHEW</i>	0
MAIR, HORACE NEIL CRAIG	24,741
<i>MAIR, DANIEL GEORGE</i>	0
<i>MAIR, JODI ANN</i>	0
<i>MAIR, JOSHUA HORACE</i>	0
<i>MAIR, LUKE CRAIG</i>	0

MCLEGGON, MARCETTE	196,165
MILLER, HUGH G	71,876
MITCHELL, LISSANT	0
<i>GROVE INVESTMENT MANAGEMENT LIMITED</i>	0
<i>MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG</i>	4,500
NELSON, MORRIS	0
PILLINER, ROSEMARIE	74,216
<i>PILLINER, ROSEMARIE / PILLINER, GORDON ST. ELMO</i>	72,458
RAMSARAN, SHIRLEY	128,987
REID, HUGH	0
<i>REID, CLAUDETTE</i>	0
ROPER, EDMOND GEORGE	0
<i>ROPER, EDMUND GEORGE</i>	0
<i>ROPER, GEORGINA SIAN</i>	0
<i>ROPER, SHARON ROSALIE</i>	0
SHARP, JACQUELINE	52,010
<i>SHARP, ALEXANDER</i>	0
<i>SHARP, JACQUELINE/ SHARP, JASON</i>	138,000
<i>SHARP, LAUREN</i>	0
STOKES, ADRIAN	0
<i>STOKES, LUCAS</i>	0
SYLVESTER, COURTNEY A.	227,483
<i>SYLVESTER, BENJAMIN</i>	0
<i>SYLVESTER, COURTNEY/SYLVESTER, CORAH</i>	124,764
<i>SYLVESTER, EMMANUEL</i>	0
<i>SYLVESTER, JESSICA</i>	0
THOMPSON-JAMES, JULIE	0
<i>JAMES, ARIANNE ELIZABETH</i>	0
<i>JAMES, MARCUS HASTINGS/ JAMES, MATTHEW ERIC HASTINGS</i>	1,000
<i>JAMES, MARCUS HASTINGS/ JAMES, ALYSSA MILAN</i>	500
<i>JAMES, MARCUS HASTINGS</i>	6,300
<i>JAMES, MATTHEW</i>	0
WALTERS, DUDLEY EMMANUEL JAMES	1,787
<i>WALTERS, SONIA HILMA</i>	0

WHITE, GARY-VAUGHN	73,711
<i>WHITE, CALEB- ANTHONY</i>	0
<i>WHITE, EDEN-GRACE ALEXANDRA</i>	0
<i>WHITE, ROSALEE KEESH-ANN</i>	0
WHITELOCKE, GLADSTONE	54,000
<i>WHITELOCKE, ELAINE</i>	89,984
WILLIAMS, DAVID M.	26,634
<i>WILLIAMS, DAVID / WILLIAMS, FAY</i>	52,800
WILLIAMS, FREDERICK	128,985
<i>WILLIAMS, FREDERICK / YEARDE-WILLIAMS, COLLEEN INGRID</i>	46,153
<i>WILLIAMS, NINA SADE</i>	0
<i>WILLIAMS, STEPHANIE NATHANIA</i>	0
WRIGHT, SALIANN	31,169
<i>WRIGHT, GLADSTONE SIDONIA</i>	402,688
<i>WRIGHT, KERRY-ANN</i>	0

Notes:

*Effective 10 June 2016, Dr Wayne Henry resigned as Vice
President of Government Affairs*

SCOTIA GROUP JAMAICA LIMITED
TOP TEN (10) LARGEST SHAREHOLDERS
AS AT 31 JULY 2016

RANK	SHAREHOLDER	HOLDINGS AS AT 31 JULY 2016
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	67,182,049
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	NCB INSURANCE CO. LTD A/C WT109	25,991,176
6	RESOURCE IN MOTION	25,305,155
7	SDBG A/C 560-01	21,605,847
8	GRACEKENNEDY LIMITED PENSION SCHEME	16,238,543
9	SIJL A/C 560-03	13,132,114
10	JCS D TRUSTEE SERVICES LIMITED- SIGMA OPTIMA	9,900,200