

MEDIA RELEASE

December 7, 2016

SCOTIA GROUP JAMAICA REPORTS 14% INCREASE IN NET INCOME FOR 2016

YEAR TO DATE 2016 HIGHLIGHTS

- Net Income of \$11.6 billion
- Net Income available to common shareholders of \$11.3 billion
- Earnings per share of \$3.63
- Return on Average Equity of 12.65%
- Productivity ratio of 53.38%
- Annual dividends of \$1.71 per share
- Shareholders' Equity of \$91.9 billion

FOURTH QUARTER 2016 HIGHLIGHTS

- Net Income of \$3.2 billion
- Net Income available to common shareholders of \$3.1 billion
- Earnings per share of \$1.00
- Return on Average Equity of 13.58%
- Productivity ratio of 51.31%
- Fourth quarter dividend of 45 cents per share

Scotia Group reports a 14% increase in net income to \$11.6 billion for the year ended October 31, 2016. Net Income for the fourth quarter was \$3.2 billion, completing 12 months of performance to post return on average equity of 12.65% for 2016, above the 12.32% for last year.

The Board of Directors today approved a final dividend of 45 cents per stock unit in respect of this financial year, which is payable on January 18, 2017 to stockholders on record as at December 28, 2016. This represents a 6% increase in dividends year over year, and a dividend payout ratio of 47.08%.

Jackie Sharp, President & CEO said, "We have made significant gains this year, against the backdrop of dynamic changes facing our industry locally and internationally. Throughout the year, we have consistently reported solid growth in our business lines, all of which have exceeded our goals this year. Our loan portfolio grew by \$12.3 billion or 8%, and deposits by \$39.0 billion or 19% year over year. Funds under management in Scotia Investments, our wealth management subsidiary, increased by \$22.6 billion or 14% year over year.

As a result of the business volume growth, we recorded positive operating leverage from a 6% increase in total revenues, and a 1% reduction in expenses year over year. This is quite an achievement in an environment of rising operating, regulatory and compliance costs. In line with the results, our productivity ratio improved to 53.38% for fiscal 2016, compared to 57.25% for fiscal 2015.

During this quarter, we completed the successful opening of four Scotiabank Express locations, to offer more convenient banking solutions to our customers. Customer feedback has been very positive, and we will continue to focus on enhancing these alternate delivery channels to enable the varied banking preferences of our customers. In upcoming months, we will be rolling out the new chip-enabled credit cards which offers enhanced card security for our customers.

We are also proud to announce that we have once again been named the 'Best Foreign Exchange Provider (2017) by Global Finance. Having been awarded this honour 8 times in the last nine years, this is an important achievement, and highlights the growth in our market share by 3.5% year over year to become the leader in the market.

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. Our primary focus remains on our customers, and we will enhance our services by placing them at the centre of everything we do, and providing them with the right solutions based on their needs."



Scotia Group Jamaica Limited
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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the financial year ended October 31, 2016 was \$38.8 billion, representing an increase of \$2.3 billion or 6.2% above prior year. The positive movement was achieved through increased volumes and improved non-interest revenue, which cushioned the impact of reduced net interest margins. The contribution from the diversified business lines across the Group are outlined below:

J\$ Million	Financial Year 2016	% Contribution
Retail Banking	17,924,464	46.3%
Corporate Banking	8,154,046	21.0%
Insurance Services	4,655,102	12.0%
Investment Management Services	3,519,878	9.1%
Treasury	3,615,498	9.3%
Other	900,625	2.3%
Total Revenue	38,769,613	100.0%

NET INTEREST INCOME AFTER IMPAIRMENT LOSSES

Net interest income after impairment losses for the period was \$23.9 billion, \$1.0 billion or 4.5% above the same period in 2015. This was due to an increase in net interest income of \$1.1 billion, 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 \$71 million or 5.2% when compared with the same period last year, indicative of the growth in the loan portfolio.

OTHER REVENUE

Other revenue for the year amounted to \$13.4 billion, an increase of \$1.2 billion or 9.5% compared to the similar 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. Insurance revenues declined by \$835 million year over year due to a one-time actuarial release of accumulated actuarial provisions in 2015, arising from the changes to the income tax regime for insurance companies.



Scotia Group Jamaica Limited

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$20.7 billion for the year ended October 31, 2016, a reduction of \$199 million or 0.9% compared to prior year. Salary related expenses declined by \$225 million, which was offset by higher other operating expenses of \$359 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 53.38% as at October 31, 2016, compared to 57.25% for 2015.

GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$44.5 billion or 10.3% to \$477.4 billion as at October 31, 2016. The growth was attributable to increases of \$12.3 billion or 7.9% in Loans, net of allowance for impairment losses. Investment securities, pledged assets and cash resources increased by \$31 billion or 12.9%.

Loans, after allowance for impairment losses amounted to \$166.8 billion as at October 31, 2016. Non-performing loans (NPLs) at October 31, 2016 totaled \$4.4 billion, representing 2.6% of the gross loan portfolio, down from the 2.9% reported last year, and marginally below the 2.7% as at July 31, 2016. The Group's aggregate loan loss provision as at October 31, 2016 was \$5.1 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 \$351.3 billion, an increase of \$35.2 billion or 11.1% compared to October 31, 2015. A significant portion of the growth was reflected in core deposits, which grew by \$39.0 billion or 18.5% year over year, as customers continue to reflect confidence in the strength of the Group. As at the end of October 31, 2016, our funds under management grew by 14.3% to \$180.1 billion year over year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$91.9 billion, increasing by \$6.6 billion or 7.7% over October 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

Scotia Group and ScotiaFoundation continued their support of various projects and programmes to impact the lives of children with donations totaling \$14.3 million for this quarter. This brings the total donations for the year to \$46.0 million.

In Student Care, the Foundation contributed a total of \$11 million to fund 21 new ScotiaFoundation Shining Star Scholarships for students with outstanding performance in the 2016 Grade Six Achievement Test, and to support ongoing ScotiaScholars at both the secondary and tertiary levels.

The Foundation also continued its Nutrition for Learning programme with a contribution of \$1.0 million to 6 primary and early childhood institutions. This programme provides breakfast for students, which encourages early arrival, continued attendance and resulting improvements in nutrition and literacy.

The Bank of Nova Scotia Jamaica Limited became a partner in Debate Mate Jamaica with a donation of \$1.0 million. This programme is aimed at students from less fortunate backgrounds, and uses a peer to peer method of teaching debating to enable students to acquire 21st century skills and overcome social immobility. Debate Mate equips students to channel negative behavior in a positive and constructive way, and learn to effectively resolve conflict. Students also learn to process complex information quickly and to express opinions in an articulate and non-hostile manner, which empowers their self-belief, confidence and drive to aim higher in education and employment. Debate Mate 2016/2017 is targeting 40 schools and 800 students in Jamaica and was started in the United Kingdom, where it operates in 266 British schools.

In Community Care, donations totaled \$1.3 million and these assisted mainly educational institutions and organizations focused on children.

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 the Group. Our continued success for over 127 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
Year ended October 31, 2016

(\$ Thousands)	For the three months ended			For the year ended	
	October 2016	July 2016	October 2015	October 2016	October 2015
Interest Income	7,738,265	7,571,940	7,640,217	30,274,064	30,041,088
Interest Expense	(1,139,122)	(1,194,542)	(1,397,107)	(4,898,163)	(5,766,260)
Net Interest Income	6,599,143	6,377,398	6,243,110	25,375,901	24,274,828
Impairment losses on loans	(290,221)	(533,614)	(294,791)	(1,432,420)	(1,361,874)
Net interest income after impairment losses	6,308,922	5,843,784	5,948,319	23,943,481	22,912,954
Net fee and commission income	1,661,482	1,737,875	1,644,508	7,016,045	6,490,845
Insurance revenue	512,112	556,930	1,484,711	2,369,309	3,203,932
Net gains on foreign currency activities	1,030,946	1,166,307	665,799	3,632,779	2,205,454
Net gains / (losses) on financial assets	152,831	101,948	105,336	344,816	293,415
Other revenue	3,769	10,782	9,110	30,763	32,877
	3,361,140	3,573,842	3,909,464	13,393,712	12,226,523
Total Operating Income	9,670,062	9,417,626	9,857,783	37,337,193	35,139,477
Operating Expenses					
Salaries and staff benefits	2,614,461	2,484,349	2,647,899	10,428,959	10,654,035
Property expenses, including depreciation	528,502	506,203	556,519	2,021,790	2,049,666
Amortisation of intangible assets	33,690	32,104	25,592	127,006	102,344
Asset tax	-	-	-	956,448	1,286,208
Other operating expenses	1,933,725	1,747,708	1,615,746	7,162,047	6,803,088
	5,110,378	4,770,364	4,845,756	20,696,250	20,895,341
Profit before taxation	4,559,684	4,647,262	5,012,027	16,640,943	14,244,136
Taxation	(1,342,927)	(1,248,604)	(1,036,586)	(5,050,341)	(4,110,131)
Profit for the year	3,216,757	3,398,658	3,975,441	11,590,602	10,134,005
Attributable to:-					
Equityholders of the Company	3,098,444	3,321,883	3,914,860	11,300,599	9,921,429
Non-Controlling Interest	118,313	76,775	60,581	290,003	212,576
Earnings per share (cents)	100	107	126	363	319
Return on average equity (annualized)	13.58%	14.84%	18.77%	12.65%	12.32%
Return on assets (annualized)	2.60%	2.81%	3.62%	2.37%	2.29%
Productivity ratio	51.31%	47.94%	47.73%	53.38%	57.25%

Scotia Group Jamaica Limited
Consolidated Statement of Comprehensive Income
Year ended October 31, 2016

(\$ Thousands)	For the three months ended			For the year ended	
	October 2016	July 2016	October 2015	October 2016	October 2015
Profit for the year	3,216,757	3,398,658	3,975,441	11,590,602	10,134,005
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	(752,983)	175,185	1,194,297	(251,970)	5,665,043
Taxation	250,994	(58,395)	(400,130)	83,990	(1,890,379)
	(501,989)	116,790	794,167	(167,980)	3,774,664
Items that may be subsequently reclassified to profit or loss:					
Unrealised (losses) / gains on available for sale assets	(150,217)	302,174	294,080	989,915	68,672
Realised (gains) / losses on available for sale assets	(13,797)	(576)	195	(15,302)	(45,359)
Amortisation of fair value reserve on financial instruments reclassified to loans and receivable	-	-	-	-	15,297
Taxation	(164,014)	301,598	294,275	974,613	38,610
	27,569	(68,395)	(80,984)	(234,649)	40,504
	(136,445)	233,203	213,291	739,964	79,114
Other comprehensive income, net of tax	(638,434)	349,993	1,007,458	571,984	3,853,778
Total comprehensive income for the year	2,578,323	3,748,651	4,982,899	12,162,586	13,987,783
Attributable to:-					
Equityholders of the Company	2,475,615	3,656,620	4,909,579	11,825,603	13,751,528
Non-Controlling Interest	102,708	92,031	73,320	336,983	236,255

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

	October 31, 2016	October 31, 2015
(\$ Thousands)		
ASSETS		
CASH RESOURCES	106,276,488	79,229,042
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	554,034	844,397
INVESTMENT SECURITIES	117,121,153	105,436,140
PLEGDED ASSETS	46,591,509	54,040,788
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	820,146	150,058
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	166,826,780	154,499,373
OTHER ASSETS		
Customers' liability under acceptances, guarantees and letters of credit	10,472,329	10,693,915
Property, plant and equipment	5,476,590	5,337,996
Deferred taxation	70,706	29,125
Taxation recoverable	2,275,812	3,238,782
Retirement benefit asset	17,366,400	16,690,244
Other assets	2,331,282	1,523,568
Intangible assets	1,208,425	1,218,517
	<u>39,201,544</u>	<u>38,732,147</u>
TOTAL ASSETS	477,391,654	432,931,945
LIABILITIES		
Deposits by the public	248,416,381	209,461,602
Amounts due to banks and other financial institutions	11,146,834	11,027,273
	<u>259,563,215</u>	<u>220,488,875</u>
OTHER LIABILITIES		
Acceptances, guarantees and letters of credit	10,472,328	10,693,915
Securities sold under repurchase agreements	31,634,237	39,832,452
Capital management and government securities funds	15,352,087	12,714,643
Deferred taxation	5,760,074	5,531,012
Retirement benefit obligation	3,191,557	2,735,526
Other liabilities	11,165,034	9,095,688
	<u>77,575,317</u>	<u>80,603,236</u>
POLICYHOLDERS' LIABILITIES	44,764,585	43,112,279
STOCKHOLDERS' EQUITY		
Share capital	6,569,810	6,569,810
Reserve fund	3,249,976	3,248,591
Retained earnings reserve	24,791,770	20,591,770
Capital reserve	11,340	9,383
Loan loss reserve	3,143,875	3,204,491
Other reserves	9,964	12,892
Cumulative remeasurement result from available for sale assets	868,236	175,252
Unappropriated profits	53,210,802	51,445,043
	<u>91,855,773</u>	<u>85,257,232</u>
Non-controlling interest	3,632,764	3,470,323
	<u>95,488,537</u>	<u>88,727,555</u>
TOTAL EQUITY AND LIABILITIES	477,391,654	432,931,945

Director

Director

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

(\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement result from Available for Sale financial assets	Loan Loss Reserve	Other Reserves	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
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	-	-	-	-	-	-	-	9,921,429	9,921,429	212,576	10,134,005
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	3,774,664	3,774,664	-	3,774,664
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	75,205	-	-	-	75,205	24,030	99,235
Realised gains on available-for-sale securities, net of taxes reclassified to loans and receivables	-	-	-	-	(27,624)	-	-	-	(27,624)	(2,696)	(30,320)
	-	-	-	-	7,854	-	-	-	7,854	2,345	10,199
Total Comprehensive Income	-	-	-	-	55,435	-	-	13,696,093	13,751,528	236,255	13,987,783
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	4,000,000	-	-	-	-	(4,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	2,489	-	(2,489)	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	18,251	-	-	(18,251)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(4,978,549)	(4,978,549)	(175,126)	(5,153,675)
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
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	-	-	-	-	-	-	-	11,300,599	11,300,599	290,003	11,590,602
Other Comprehensive Income											
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	(167,980)	(167,980)	-	(167,980)
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	698,948	-	-	-	698,948	49,765	748,713
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(5,964)	-	-	-	(5,964)	(2,785)	(8,749)
Total Comprehensive Income	-	-	-	-	692,984	-	-	11,132,619	11,825,603	336,983	12,162,586
Transfers between reserves											
Transfer to Retained Earnings Reserve	-	-	4,200,000	-	-	-	-	(4,200,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	(60,616)	-	60,616	-	-	-
Transfer to Unappropriated Profits	-	-	-	-	-	-	-	-	-	-	-
Movement in reserves due to the dissolution of subsidiary	-	1,385	-	1,957	-	-	(2,928)	-	414	584	998
Dividends Paid	-	-	-	-	-	-	-	(5,227,476)	(5,227,476)	(175,126)	(5,402,602)
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

Scotia Group Jamaica Limited
Condensed Statement of Consolidated Cash Flows
Year ended October 31, 2016

(\$ Thousands)	2016	2015
Cash flows provided by / (used in) operating activities		
Profit for the period	11,590,602	10,134,005
Items not affecting cash:		
Depreciation	511,389	516,603
Impairment losses on loans	2,958,360	2,791,292
Amortisation of intangible assets	127,006	102,344
Taxation	5,050,341	4,110,131
Net interest income	(25,375,901)	(24,274,828)
Gain on disposal of property	-	(4,018)
	(5,138,203)	(6,624,472)
Changes in operating assets and liabilities		
Loans	(15,254,742)	(11,497,334)
Deposits	41,571,653	18,415,991
Policyholders reserve	1,652,306	(197,292)
Securities sold under repurchase agreement	(8,132,434)	(7,765,516)
Financial assets at fair value through profit and loss	290,363	134,301
Interest received	30,302,834	30,250,916
Interest paid	(4,931,976)	(5,987,150)
Taxation paid	(4,735,320)	(3,414,748)
Amounts with parent and fellow subsidiaries	8,601,079	(2,667,830)
Other	(883,336)	99,570
	43,342,224	10,746,436
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	(4,706,856)	(15,573,647)
Purchase of property, plant, equipment and intangibles	(767,734)	(618,056)
Proceeds on sale of property, plant and equipment	-	9,013
	(5,474,590)	(16,182,690)
Cash flows used in financing activities		
Dividends paid	(5,402,602)	(5,153,675)
	(5,402,602)	(5,153,675)
Effect of exchange rate on cash and cash equivalents	1,477,649	1,560,499
Net change in cash and cash equivalents	33,942,681	(9,029,430)
Cash and cash equivalents at beginning of year	36,354,598	45,384,028
Cash and cash equivalents at end of year	70,297,279	36,354,598
Represented by :		
Cash resources	106,276,488	79,229,042
Less statutory reserves at Bank of Jamaica	(27,094,706)	(22,777,227)
Less amounts due from Bank of Jamaica greater than ninety days	(379,649)	(1,740,000)
Less amounts due from other banks greater than ninety days	(8,005,723)	(18,084,451)
Less accrued interest on cash resources	(36,036)	(38,445)
Pledged assets and repurchase agreements assets less than ninety days	1,465,245	2,183,503
Cheques and other instruments in transit, net	(1,928,340)	(2,417,824)
CASH AND CASH EQUIVALENTS AT END OF YEAR	70,297,279	36,354,598

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

October 31, 2016

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	4,129,824	18,745,095	7,037,818	3,479,616	4,527,416	849,844	-	38,769,613
Revenues from other segments	(514,326)	(820,631)	1,116,228	40,262	127,686	76,664	(25,883)	-
Total Revenues	3,615,498	17,924,464	8,154,046	3,519,878	4,655,102	926,508	(25,883)	38,769,613
Expenses	(476,104)	(12,642,108)	(6,034,359)	(1,689,846)	(1,178,757)	(35,073)	(72,423)	(22,128,670)
Profit Before Tax	3,139,394	5,282,356	2,119,687	1,830,032	3,476,345	891,435	(98,306)	16,640,943
Taxation								(5,050,341)
Profit for the year								11,590,602

Consolidated Balance Sheet

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	147,553,375	111,978,753	73,075,303	71,185,461	56,758,368	21,175,981	(24,022,088)	457,705,153
Unallocated assets								19,686,501
Total Assets								477,391,654
Segment liabilities	913,049	143,284,990	136,252,383	56,239,395	45,360,140	24,872	(14,991,453)	367,083,376
Unallocated liabilities								14,819,741
Total liabilities								381,903,117
Other Segment items:								
Capital Expenditure	-	474,481	202,270	61,279	29,704	-	-	767,734
Impairment losses on loans	-	1,466,629	(18,959)	(15,250)	-	-	-	1,432,420
Depreciation and amortisation	-	327,206	164,635	136,377	10,177	-	-	638,395

SCOTIA GROUP JAMAICA LIMITED

Segment Reporting Information

Consolidated Statement of Income

October 31, 2015

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Net External Revenues	3,192,934	17,042,990	6,715,902	3,215,418	5,391,097	943,010	-	36,501,351
Revenues from other segments	(246,812)	(911,971)	991,410	(4,080)	138,320	61,423	(28,290)	-
Total Revenues	2,946,122	16,131,019	7,707,312	3,211,338	5,529,417	1,004,433	(28,290)	36,501,351
Expenses	(414,263)	(12,304,486)	(6,000,734)	(1,703,436)	(1,704,806)	(37,257)	(92,233)	(22,257,215)
Profit Before Tax	2,531,859	3,826,533	1,706,578	1,507,902	3,824,611	967,176	(120,523)	14,244,136
Taxation								(4,110,131)
Profit for the year								10,134,005

Consolidated Balance Sheet

(\$ Thousands)	Treasury	Retail Banking	Corporate Banking	Investment Management Services	Insurance Services	Other	Eliminations	Group Total
Segment assets	116,285,242	98,162,976	72,867,345	68,824,215	55,890,030	22,926,630	(20,512,341)	414,444,097
Unallocated assets								18,487,848
Total Assets								432,931,945
Segment liabilities	5,568,900	121,933,084	116,918,702	54,673,212	43,655,947	140,685	(11,796,798)	331,093,732
Unallocated liabilities								13,110,658
Total liabilities								344,204,390
Other Segment items:								
Capital Expenditure	-	325,372	251,691	25,149	15,844	-	-	618,056
Impairment losses on loans	-	1,306,402	58,346	(2,874)	-	-	-	1,361,874
Depreciation and amortisation	-	332,463	165,842	110,287	10,355	-	-	618,947

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 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%). 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, 2015, 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.

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
October 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	34,234	44,708
Capital Management and Government Securities funds	11,466	8,620
Securities with regulators, clearing houses and other financial institutions	<u>891</u>	<u>713</u>
	<u>46,591</u>	<u>54,041</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 reprice 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
October 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;
- 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.

11. Winding up of subsidiaries

Brighton Holdings Limited, Scotia Jamaica Financial Services Limited, DB&G Corporate Services Limited and Billy Craig Investments all wholly owned subsidiaries, were wound up on September 30, 2016. Brighton Holdings Limited, Scotia Jamaica Financial Services Limited, DB&G Corporate Serviced Limited and Billy Craig Investments have contributed profit before tax of \$32.2 million; \$4.6 million; \$1.7 million and \$243 thousand respectively to the Group for the year.

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

RANK	SHAREHOLDER	HOLDINGS AS AT 31 OCTOBER 2016
1	SCOTIABANK CARIBBEAN HOLINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	59,192,292
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	NCB INSURANCE CO. LTD A/C WT109	26,291,176
6	RESOURCE IN MOTION	25,366,155
7	SDBG A/C 560-01	21,264,519
8	GRACEKENNEDY LIMITED PENSION SCHEME	17,138,543
9	SDBG A/C 560-03	13,236,347
10	JCSD TRUSTEE SERVICES LIMITED- SIGMA OPTIMA	10,904,470

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
AS AT 31 OCTOBER 2016

DIRECTORS	TOTAL SHAREHOLDINGS (UNITS)	DIRECT (UNITS)	CONNECTED PARTIES (UNITS)
ALEXANDER, BARBARA ANN	124,652	108,000	16,652
CHANG, ANTHONY VERNON	3,274	3,274	0
HALL, JEFFREY MCGOWAN	40,000	0	40,000
HART, ANTONY MARK*	0	0	0
JOHNSTON, CHARLES HENRY ALFRED	12,128	2,328	9,800
KING, BRENDAN*	0	0	0
MAHFOOD, ANDREW *	0	0	0
MATALON, JOSEPH MAYER	4,566,394	0	4,566,394
SHARP, JACQUELINE	190,010	52,010	138,000
SMITH, EVELYN	170,012	32,012	138,000

Notes:

**On 5 August 2016, Antony Mark Hart, Brendan King and Andrew Mahfood were appointed to the Board of Directors*

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
AS AT 31 OCTOBER 2016

SENIOR MANAGERS	TOTAL SHAREHOLDINGS (UNITS)	DIRECT (UNITS)	CONNECTED PARTIES (UNITS)
BRIGHT, ALSTON CARL	123,300	123,300	0
DISTANT, STEVE	125,029	125,029	0
FORBES-PATRICK, YANIQUE	0	0	0
HANSON, DONOVAN ALFREDO	188,995	0	188,995
HARVEY, VINCENT AGUSTUS	13,945	9,045	4,900
HEYWOOD, NADINE	0	0	0
LATCHMAN-ATTERBURY, PATSY PHILIMINA	191,576	191,576	0
MCANUFF-JONES, MICHAEL DAVADON	410,241	314,191	96,050
MAIR, HORACE CRAIG	24,741	24,741	0
MCLEGGON, MARCETTE	196,165	196,165	0
MILLER, HUGH G	71,876	71,876	0
MITCHELL, LISSANT	4,500	0	4,500
NELSON, MORRIS	4,500	0	4,500
PILLINER, ROSEMARIE	146,674	74,216	72,458
REID, HUGH	0	0	0
ROPER, EDMOND GEORGE	0	0	0
SHARP, JACQUELINE	190,010	52,010	138,000
STOKES, ADRIAN	0	0	0