

MEDIA RELEASE

June 8, 2017

SCOTIA GROUP JAMAICA REPORTS SECOND QUARTER OF FISCAL 2017 RESULTS

Scotia Group reports net income of \$5.7 billion for the six months period ended April 30, 2017. This represents an increase in net income of \$718 million or 14%, compared to the period ended April 30, 2016. Net income for the second quarter was \$3.5 billion, representing a \$1.3 billion increase over the first quarter ended January 31, 2017, which included asset tax totaling \$1.1 billion in that quarter. Return on average equity was 12.01%, compared to 11.26% for the period ended April 30, 2016.

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 July 20, 2017 to stockholders on record as at June 28, 2017.

Jackie Sharp, President & CEO said, "Our second quarter results for 2017 reflects continued strong growth in our core business lines, with total revenue growth of 6% quarter over quarter, and 10% year over year.

We have been executing well on our strategy, to grow our revenues' streams and taking the necessary actions to reduce our structural operating costs, which has translated into the 355 bps improvement in our productivity ratio and positive operating leverage of 6.8%.

Enhancing customer focus is one of our key strategic priorities, and we are now providing greater convenience for customers to access information on a timely basis through Electronic Statements with cheque images on-line. This also supports our efforts to be better stewards of the environment. We will be introducing FREE WI-FI in our branches, allowing customers the ease and security of accessing our internet and mobile banking platforms. The adoption rate on our digital banking channels continues to grow as customers respond positively to the convenience, ease of use, and lower fees on those channels.

In this our 128th year of operation in Jamaica, we look forward to continuing to support our customers and drive long term value for our staff and shareholders."

Financial Highlights

	6 months ended 30-Apr-17 \$millions	6 months ended 30-Apr-16 \$millions
Total Revenues	20,660	18,858
Total Operating Expenses	11,115	10,815
Net Profit after Tax	5,693	4,975
Return on equity	12.01%	11.26%
Productivity Ratio	53.80%	57.35%
Operating Leverage	6.8%	9.2%
Earnings per share (cents)	180	157
	30-Apr-17 \$millions	30-Apr-16 \$millions
Total Assets	491,045	450,083
Investments	124,196	114,147
Loans (net of provisions for losses)	164,234	157,245
Deposits by the public	262,548	226,081
Liabilities under repurchase agreements and other client obligations	42,059	47,816
Policyholders' Fund	45,041	43,781
Shareholder's equity	95,016	88,337

	3 months ended 30-Apr-17 \$millions	3 months ended 31-Jan-17 \$millions	3 months ended 30-Apr-16 \$millions
Total Revenues	10,607	10,053	9,799
Total Operating Expenses	5,163	5,952	5,235
Net Profit after Tax	3,482	2,211	3,014
Return on equity	14.56%	9.45%	13.46%
Productivity Ratio	48.68%	59.21%	53.42%
Dividends per share (cents)	45	45	42



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GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the six months ended April 30, 2017 was \$20.7 billion, representing an increase of \$1.8 billion or 10% above prior year. The positive movement was achieved through increased loan and transaction volumes across our business lines. Net interest income after impairment losses for the period was \$12.2 billion, \$399 million or 3% above the same period in 2016.

We achieved revenue growth y/y in most of our business lines:

Retail (+7%): Loan growth was led by residential mortgages and personal loans.

Commercial (+19%): Reflects growth in both loans and deposits, as well as merchant services revenues.

Insurance Services (+19%): Growth in gross premium income for the individual product lines offered by Scotia Insurance, and actuarial reserve release from changes in valuation assumptions.

Investment Management (-1%): Solid revenue growth from fund and asset management business line, offset by lower net interest margins.

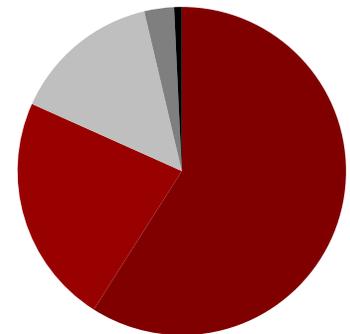
Treasury (+12%): Higher revenues from investment portfolios and net gains on financial assets.

OTHER REVENUE

Other income, defined as all income other than interest income, was \$7.5 billion for the six months period, up \$1 billion or 16% from last year.

- Net fees and commission income amounted to \$4.4 billion, driven by higher transaction volumes and the growth in our credit card, merchant services, and asset management business.
- Insurance revenue increased by 31% given the growth in core insurance business and actuarial reserve release from changes in assumptions on valuation of the portfolios.
- Net gains on foreign currency activities and financial assets amounted to \$1.3 billion based on trading volumes.

Sources of Non-Interest Revenue



- Net fee and commission income
- Insurance revenue
- Net gains/(losses) on foreign currency activities
- Net gains/(losses) on financial assets
- Other revenue

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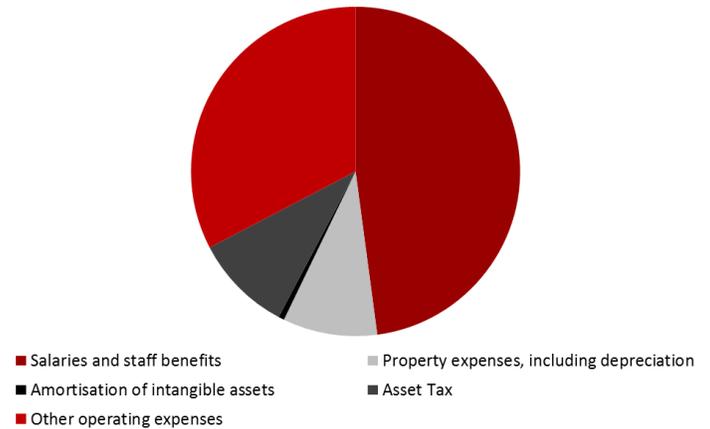
CREDIT QUALITY

Impairment losses on loans was \$975 million, up \$367 million from last year, as the total loan portfolio grew \$7.0 billion year over year. We experienced higher write-offs on our unsecured retail portfolio, however the overall quality of the loan portfolio generally improved, with total non-accrual loans (NALs) as at April 30, 2017 being \$4.2 billion; compared to \$4.5 billion last year. This represented 2.53% of total loans and 0.9% of total assets; compared to 2.83% and 1.0%, respectively last year. The Group's NALs as a percentage of Gross Loans continue to remain well below the industry average.

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$11.1 billion for the six month period, an increase of \$300 million or 3% compared to prior year. Salaries and staff benefit costs increased by \$201 million, which was offset by lower other operating expenses of \$87 million. Asset tax increased by \$112 million or 12% to \$1.1 billion due to the increase in the Group's assets. Our productivity ratio however continues to reflect an improvement moving from 57.35% last year to 53.80% this year. Operating expenses down \$789 million or 13% compared to last quarter primarily due to asset tax impact in the first quarter.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$40.9 billion or 9% to \$491.0 billion as at April 30, 2017. The growth was attributable to increases of \$7.0 billion or 4% in Loans, net of allowance for impairment losses. Investment securities, pledged assets and cash resources increased by \$31.8 billion or 13%.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$115.6 billion, up from \$88.8 billion last year due to increased liquidity from inflows of retail and commercial deposits. 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, increased by \$5.1 billion to \$169.6 billion in keeping with the growth in the deposit base.

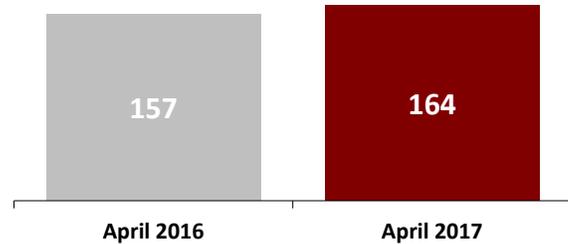
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Loans

Our loan portfolio grew by \$7.0 billion or 4% year over year, with loans after allowance for impairment losses, increasing to \$164.2 billion. Our small business, residential mortgages and personal loans showed solid performance quarter over quarter and year over year.

Loans (net of provision for losses)
\$Billions



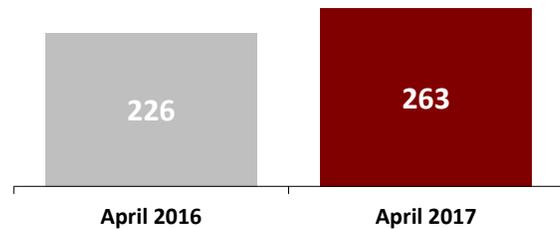
LIABILITIES

Total liabilities were \$392.4 billion as at April 30, 2017, an increase of \$34.1 billion or 10% from last year, driven by increases in our retail and commercial customer deposit base.

Deposits

Deposits by the public increased to \$262.5 billion, up from \$226 billion in the previous year. This \$36.5 billion or 16% growth in core deposits was reflected in higher inflows from our retail and commercial customers.

Deposits by the Public
\$Billions



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 \$5.8 billion or 12% 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 \$19.1 billion or 16% over prior year.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund grew \$1.3 billion or 3%, up from \$43.8 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$95.02 billion, increasing by \$6.7 billion or 7.6% year over year, as a result of internally generated profits. We continue to exceed regulatory capital requirements in all our business lines, and our strong capital position also enables us to manage increased capital adequacy requirements in the future, and take advantage of growth opportunities.

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OUR COMMITMENT TO THE COMMUNITY

During the quarter, Scotia Group continued its corporate social responsibility through various donations totaling \$3.9 million. In Community Care, the Bank donated \$2.2 million to various organizations including \$1.2 million to United Way of Jamaica.

In Student Care, the Foundation contributed \$1.7 million to seven schools, with a major donation of \$1.0 million going to the resurfacing of the playground at the Alpha Primary School in Kingston. Four students were assisted with tuition at Northern Caribbean University, The University of the West Indies and Moneague College.

April 2017 was Financial Literacy Month, and ScotiaVolunteers went into nine schools across the island to share on the importance of financial literacy. To support this endeavor the Bank partnered with Junior Achievement Jamaica to present a Financial Education Programme to 8th and 9th grade students in various schools throughout the island. Thanks to staff members, through the Scotia Volunteers, our goal of educating 1,000 students in Financial Literacy was achieved.

In March, we sponsored the Girls for ICT Day Hackathon. Over 90 students from high schools and universities took the challenge to create solutions for big issues like domestic abuse, cyber bullying and protecting the environment.

The Kiddy Cricket launch of the 2017 programme took place on February 16, 2017, at Sabina Park. Eighteen new schools have been added to the Kiddy Cricket line up, moving the number of participants from 224 up to 242. On Earth Day, April 22, seventy Scotiabank Kiddy Cricketers who gathered at Sabina for the second day of the test match cricket between the West Indies and Pakistan, used the opportunity to plant a symbolic tree in celebration of the occasion. The tree, located in a small triangular green area, to the back of the North Stand, will create a permanent marker that will inspire Kiddy Cricketers in years to come.

Scotiabank signed on to a \$6.5M partnership with the SportsMax Elite League Football Competition that incorporated top school boy footballers from across the island competing by parish, on a national level.

Scotiabank also partnered with the International Women's Forum and United Way to host "A Talk with Edie Weiner". Weiner, who is the President and CEO of The Future Hunters, one of the world's leading futurist consulting firms, gave her perspectives on the future, the emerging trends, and the challenges and opportunities that exist globally.

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.



Students at Gaynstead High had an opportunity to engage with Jacqueline Sharp, President and CEO Scotia Group, as she shared with them during an interactive session on financial literacy.



Yanique Forbes Patrick assists Scotiabank Kiddy Cricketer, Nathan McKintosh (left), as he shows his gardening abilities while planting the symbolic Kiddy Cricket tree at Sabina Park on Earth Day, April 22.

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Consolidated Statement of Revenue and Expenses
 Period ended April 30, 2017

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2017	January 2017	April 2016	April 2017	April 2016
Interest Income	7,627,429	7,771,661	7,424,611	15,399,090	14,963,859
Interest Expense	(1,087,977)	(1,146,047)	(1,257,689)	(2,234,024)	(2,564,499)
Net Interest Income	6,539,452	6,625,614	6,166,922	13,165,066	12,399,360
Impairment losses on loans	(554,748)	(420,718)	(351,781)	(975,466)	(608,585)
Net interest income after impairment losses	5,984,704	6,204,896	5,815,141	12,189,600	11,790,775
Net fee and commission income	2,174,514	2,247,819	1,861,563	4,422,333	3,616,688
Insurance revenue	1,096,985	604,244	750,304	1,701,229	1,300,267
Net gains on foreign currency activities	625,968	469,959	820,367	1,095,927	1,435,526
Net gains on financial assets	165,084	54,323	194,114	219,407	90,037
Other revenue	5,212	50,863	6,056	56,075	16,212
	4,067,763	3,427,208	3,632,404	7,494,971	6,458,730
Total Operating Income	10,052,467	9,632,104	9,447,545	19,684,571	18,249,505
Operating Expenses					
Salaries and staff benefits	2,839,554	2,483,462	2,626,351	5,323,016	5,122,233
Property expenses, including depreciation	527,943	503,603	525,034	1,031,546	960,274
Amortisation of intangible assets	31,738	31,756	39,043	63,494	61,212
Asset tax	146	1,068,564	-	1,068,710	956,448
Other operating expenses	1,763,692	1,864,557	2,044,764	3,628,249	3,715,341
	5,163,073	5,951,942	5,235,192	11,115,015	10,815,508
Profit before taxation	4,889,394	3,680,162	4,212,353	8,569,556	7,433,997
Taxation	(1,407,197)	(1,469,409)	(1,198,289)	(2,876,606)	(2,458,810)
Profit for the period	3,482,197	2,210,753	3,014,064	5,692,950	4,975,187
Attributable to:-					
Equityholders of the Company	3,417,965	2,181,389	2,941,156	5,599,354	4,880,272
Non-Controlling Interest	64,232	29,364	72,908	93,596	94,915
Earnings per share (cents)	110	70	95	180	157
Return on average equity (annualized)	14.56%	9.45%	13.46%	12.01%	11.26%
Return on assets (annualized)	2.78%	1.82%	2.61%	2.28%	2.17%
Productivity ratio	48.68%	59.21%	53.42%	53.80%	57.35%

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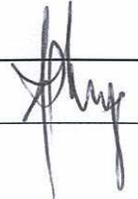
Consolidated Statement of Comprehensive Income
 Period ended April 30, 2017

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2017	January 2017	April 2016	April 2017	April 2016
Profit for the period	3,482,197	2,210,753	3,014,064	5,692,950	4,975,187
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	312,525	178,060	(119,194)	490,585	325,828
Taxation	(104,174)	(59,354)	39,732	(163,528)	(108,609)
	208,351	118,706	(79,462)	327,057	217,219
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains / (losses) on available for sale assets	181,790	(46,519)	544,076	135,271	837,958
Realised (gains) / losses on available for sale assets	(205,365)	71,695	(8,041)	(133,670)	(929)
Foreign currency translation	4,944	(3,781)	-	1,163	-
	(18,631)	21,395	536,035	2,764	837,029
Taxation	44,374	8,999	(155,513)	53,373	(193,823)
	25,743	30,394	380,522	56,137	643,206
Other comprehensive income, net of tax	234,094	149,100	301,060	383,194	860,425
Total comprehensive income for the period	3,716,291	2,359,853	3,315,124	6,076,144	5,835,612
Attributable to:-					
Equityholders of the Company	3,617,060	2,343,816	3,212,578	5,960,876	5,693,368
Non-Controlling Interest	99,231	16,037	102,546	115,268	142,244

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Consolidated Statement of Financial Position
 April 30, 2017

Unaudited (\$ Thousands)	April 30, 2017	October 31, 2016	April 30, 2016
ASSETS			
CASH RESOURCES	115,569,159	106,276,488	88,795,387
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	433,576	554,034	636,365
INVESTMENT SECURITIES	124,196,189	117,121,153	114,147,097
PLEGDED ASSETS	43,146,766	46,591,509	49,725,315
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	1,802,124	820,146	-
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	164,234,437	166,826,780	157,245,512
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	11,182,000	10,472,329	11,678,057
Property, plant and equipment	5,412,365	5,476,590	5,342,469
Deferred taxation	83,730	70,706	36,609
Taxation recoverable	2,593,650	2,275,812	1,967,476
Retirement benefit asset	18,596,866	17,366,400	17,435,445
Other assets	2,634,814	2,331,282	1,899,259
Intangible assets	1,159,790	1,208,425	1,174,479
	<u>41,663,215</u>	<u>39,201,544</u>	<u>39,533,794</u>
TOTAL ASSETS	491,045,466	477,391,654	450,083,470
LIABILITIES			
Deposits by the public	262,547,698	248,416,381	226,081,396
Amounts due to banks and other financial institutions	10,588,420	11,146,834	11,143,052
	<u>273,136,118</u>	<u>259,563,215</u>	<u>237,224,448</u>
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	11,182,000	10,472,328	11,678,057
Securities sold under repurchase agreements	26,837,433	31,634,237	33,610,920
Capital management and government securities funds	15,222,118	15,352,087	14,204,905
Deferred taxation	5,931,686	5,760,074	5,946,369
Retirement benefit obligation	3,686,884	3,191,557	2,901,054
Other liabilities	11,331,767	11,165,034	8,874,391
	<u>74,191,888</u>	<u>77,575,317</u>	<u>77,215,696</u>
POLICYHOLDERS' LIABILITIES	45,040,786	44,764,585	43,781,460
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	28,291,770	24,791,770	22,791,770
Capital reserve	11,340	11,340	9,383
Loan loss reserve	3,201,442	3,143,875	3,224,529
Other reserves	9,964	9,964	12,892
Translation reserve	896	-	-
Cumulative remeasurement result from available for sale assets	901,805	868,236	771,129
Unappropriated profits	52,779,212	53,210,802	51,708,758
	<u>95,016,215</u>	<u>91,855,773</u>	<u>88,336,862</u>
Non-controlling interest	3,660,459	3,632,764	3,525,004
	<u>98,676,674</u>	<u>95,488,537</u>	<u>91,861,866</u>
TOTAL EQUITY AND LIABILITIES	491,045,466	477,391,654	450,083,470

 Director
 

 Director
 
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Consolidated Statement of Changes in Shareholders' Equity
April 30, 2017

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings	Cumulative Remeasurement result from Available for Sale financial assets	Other Reserves	Translation Reserve	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
Balance as at 31 October 2015	6,569,810	3,248,591	20,991,770	175,252	12,892	-	51,445,043	85,257,232	3,470,323	88,727,555
Net Profit	-	-	-	-	-	-	4,880,272	4,880,272	94,915	4,975,187
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	217,219	217,219	-	217,219
Unrealised gains on available-for-sale securities, net of tax	-	-	-	595,399	-	-	-	595,399	48,365	643,764
Realised losses on available-for-sale securities, net of tax	-	-	-	478	-	-	-	478	(1,056)	(578)
Total Comprehensive Income	-	-	-	595,877	-	-	5,097,491	5,693,368	142,244	5,835,612
Transfers between reserves	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings Reserve	-	-	2,200,000	-	-	-	(2,200,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	20,038	-	(20,038)	-	-	-
Dividends Paid	-	-	-	-	-	-	(2,613,738)	(2,613,738)	(87,563)	(2,701,301)
Balance as at 30 April 2016	6,569,810	3,248,591	22,791,770	771,129	12,892	-	51,708,758	88,336,862	3,525,004	91,861,866
Balance as at 31 October 2016	6,569,810	3,249,976	24,791,770	868,236	9,964	-	53,210,802	91,855,773	3,632,764	95,488,537
Net Profit	-	-	-	-	-	-	5,599,354	5,599,354	93,596	5,692,950
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	327,057	327,057	-	327,057
Foreign Currency Translation	-	-	-	-	-	896	-	896	267	1,163
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	135,267	-	-	-	135,267	21,095	156,362
Realised losses on available-for-sale securities, net of taxes	-	-	-	(101,698)	-	-	-	(101,698)	310	(101,388)
Total Comprehensive Income	-	-	-	33,569	-	896	5,926,411	5,960,876	115,268	6,076,144
Transfers between reserves	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings Reserve	-	-	3,500,000	-	-	-	(3,500,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	57,567	-	(57,567)	-	-	-
Dividends Paid	-	-	-	-	-	-	(2,800,434)	(2,800,434)	(87,573)	(2,888,007)
Balance as at 30 April 2017	6,569,810	3,249,976	28,291,770	901,805	9,964	896	52,779,212	95,016,215	3,660,459	98,676,674

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Condensed Statement of Consolidated Cash Flows
Period ended April 30, 2017
Unaudited
(\$ Thousands)

	2017	2016
Cash flows provided by / (used in) operating activities		
Profit for the period	5,692,950	4,975,187
Items not affecting cash:		
Depreciation	286,847	246,842
Impairment losses on loans	975,466	608,585
Amortisation of intangible assets	64,070	61,212
Taxation	2,876,606	2,458,810
Net interest income	(13,165,066)	(12,399,360)
(Gain) on disposal of property	(45,224)	-
	<u>(3,314,351)</u>	<u>(4,048,724)</u>
Changes in operating assets and liabilities		
Loans	1,691,711	(3,329,924)
Deposits	14,007,093	18,099,517
Policyholders reserve	276,201	669,181
Securities sold under repurchase agreement	(4,788,595)	(6,172,284)
Financial assets at fair value through profit and loss	120,458	208,044
Interest received	15,299,379	15,096,285
Interest paid	(2,256,288)	(2,591,653)
Taxation paid	(3,117,648)	(2,665,245)
Amounts with parent and fellow subsidiaries	(2,565,832)	729,635
Other	(7,695,259)	703,466
	<u>7,656,869</u>	<u>16,698,298</u>
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	(4,242,784)	(3,406,676)
Purchase of property, plant, equipment and intangibles	(271,901)	(268,490)
Proceeds on sale of property, plant and equipment	79,070	-
	<u>(4,435,615)</u>	<u>(3,675,166)</u>
Cash flows used in financing activities		
Dividends paid	(2,888,007)	(2,701,301)
	<u>(2,888,007)</u>	<u>(2,701,301)</u>
Effect of exchange rate on cash and cash equivalents	383,028	784,831
Net change in cash and cash equivalents	716,275	11,106,662
Cash and cash equivalents at beginning of year	70,297,279	36,354,598
Cash and cash equivalents at end of period	71,013,554	47,461,260
Represented by :		
Cash resources	115,569,159	88,795,387
Less statutory reserves at Bank of Jamaica	(33,731,156)	(23,930,051)
Less amounts due from Bank of Jamaica greater than ninety days	-	(880,000)
Less amounts due from other banks greater than ninety days	(10,188,527)	(16,569,985)
Less accrued interest on cash resources	(39,068)	(32,043)
Pledged assets, t'bills and repurchase agreements assets less than ninety days	1,809,853	2,335,245
Cheques and other instruments in transit, net	(2,406,707)	(2,257,293)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	71,013,554	47,461,260

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Segmental Financial Information
April 30, 2017

Unaudited (\$ Thousands)	Banking						Eliminations	Group
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other		
Net External Revenues	2,330,214	9,861,984	4,068,944	1,502,217	2,776,113	120,565	-	20,660,037
Revenues from other segments	(513,379)	(386,737)	778,433	47,736	58,445	10,082	5,420	-
Total Revenues	1,816,835	9,475,247	4,847,377	1,549,953	2,834,558	130,647	5,420	20,660,037
Expenses	(467,242)	(6,788,708)	(3,239,044)	(887,177)	(653,832)	(19,701)	(34,777)	(12,090,481)
Profit Before Tax	1,349,593	2,686,539	1,608,333	662,776	2,180,726	110,946	(29,357)	8,569,556
Taxation								(2,876,606)
Profit for the period								5,692,950
Segment assets	162,293,060	113,770,902	68,718,146	66,974,250	57,431,221	21,283,892	(20,564,480)	469,906,991
Unallocated assets								21,138,475
Total Assets								491,045,466
Segment liabilities	888,459	150,504,269	140,560,982	51,863,476	45,739,886	35,057	(11,508,795)	378,083,334
Unallocated liabilities								14,285,458
Total liabilities								392,368,792
Other Segment items:								
Capital Expenditure	-	194,075	64,993	10,858	1,975	-	-	271,901
Impairment losses on loans	-	918,660	58,816	(2,010)	-	-	-	975,466
Depreciation and amortisation	-	186,450	94,163	67,838	2,466	-	-	350,917

Focused on the Future


Segmental Financial Information

April 30, 2016

Unaudited (\$ Thousands)	Banking						Eliminations	Group
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other		
Net External Revenues	1,837,565	9,260,231	3,546,007	1,564,716	2,321,547	328,024	-	18,858,090
Revenues from other segments	(210,272)	(390,957)	529,330	(2,164)	65,085	15,073	(6,095)	-
Total Revenues	1,627,293	8,869,274	4,075,337	1,562,552	2,386,632	343,097	(6,095)	18,858,090
Expenses	(377,916)	(6,451,414)	(2,995,427)	(896,251)	(650,403)	(15,523)	(37,159)	(11,424,093)
Profit Before Tax	1,249,377	2,417,860	1,079,910	666,301	1,736,229	327,574	(43,254)	7,433,997
Taxation								(2,458,810)
Profit for the period								4,975,187
Segment assets	128,096,797	103,447,135	71,259,025	68,626,370	57,312,731	20,859,237	(18,885,910)	430,715,385
Unallocated assets								19,368,085
Total Assets								450,083,470
Segment liabilities	1,503,761	136,339,614	118,152,408	54,193,275	44,363,815	72,386	(10,119,892)	344,505,367
Unallocated liabilities								13,716,237
Total liabilities								358,221,604
Other Segment items:								
Capital Expenditure	-	175,869	78,226	10,992	3,403	-	-	268,490
Impairment losses on loans	-	701,433	(76,109)	(16,739)	-	-	-	608,585
Depreciation and amortisation	-	158,022	79,529	66,437	4,066	-	-	308,054

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
April 30, 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.

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
April 30, 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 amortized 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	24,649	31,565
Capital Management and Government Securities funds	11,936	11,340
Securities with regulators, clearing houses and other financial institutions	<u>6,562</u>	<u>6,820</u>
	<u>43,147</u>	<u>49,725</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
April 30, 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 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.

(i) Defined Benefit Plan

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

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

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
April 30, 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 comprise the parent company.

Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, retirement benefits asset and obligation and borrowings. Eliminations comprise intercompany transactions and balances.

The Group’s operations are located mainly in Jamaica. The operations of subsidiaries located overseas represent less than 10% of the Group’s operating revenue and assets.

Focused on the Future



SCOTIA GROUP JAMAICA LIMITED
TOP TEN (10) LARGEST SHAREHOLDERS
AS AT 30 APRIL 2017

RANK	SHAREHOLDER	HOLDINGS AS AT 30 APRIL 2017
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	58,992,292
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION	29,000,000
6	NCB INSURANCE CO. LTD A/C WT109	26,291,176
7	GRACEKENNEDY LIMITED PENSION SCHEME	18,038,543
8	SDBG A/C 560-01	17,367,215
9	SDBG A/C 560-03	13,357,406
10	ATL GROUP PENSION FUND TRUSTEES NOM LTD	10,143,614

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 30 APRIL 2017

DIRECTORS	HOLDINGS AS AT 30 APRIL 2017
ALEXANDER, BARBARA OLIVE LOUISE	108,000
<i>FORRESTER, TERRANCE</i>	0
<i>BEFORE ANN AFTER LIMITED</i>	0
<i>TERRANN LIMITED</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
HART, ANTONY MARK DESNOES	0
<i>HART, CANDACE</i>	0
<i>HART, CAMERON GABRIELLE</i>	0
<i>HART, ETHAN SAMUEL</i>	0
<i>HART, MAYA ALEXANDRA</i>	0
KING, BRENDAN	0
<i>BRYAN, SANDRA</i>	0
<i>KING, CONOR</i>	0
<i>KING, RYAN</i>	0
<i>KING, SHANNON</i>	0
MAHFOOD, ANDREW	0
<i>MAHFOOD, CAROLINE</i>	75,208
<i>MAHFOOD, LAUREN</i>	0
SHARP, JACQUELINE	71,125
<i>SHARP, JACQUELINE/SHARP, JASON</i>	138,000
<i>SHARP, ALEXANDER</i>	0
<i>SHARP, LAUREN</i>	0
SMITH, EVELYN	0
<i>SMITH, JOSEPH ALEXANDER</i>	0
<i>SMITH, ANNECIA</i>	0
<i>SMITH, NELSON ALEXANDER</i>	0

Notes:

Effective 9 March 2017, Anthony Chang, Charles Johnston and Joseph Matalon retired from the Board of Directors

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 30 APRIL 2017

SENIOR MANAGERS	HOLDINGS AS AT 30 APRIL 2017
BRIGHT, ALSTON CARL	144,683
FORBES -PATRICK, YANIQUE	0
<i>FORBES, BLOSSOM</i>	0
<i>FORBES, SHAWN</i>	0
<i>PATRICK, XAVIER</i>	0
<i>PATRICK, ZACHARY</i>	0
FRASER, RICHARD	0
<i>KINACH, ANDREA</i>	
<i>FRASER, EMILIA</i>	0
<i>FRASER, ZARA</i>	0
HANSON, DONOVAN ALFREDO	0
<i>HANSON, DONOVAN/HANSON, CAMILLE JULIE-KAY</i>	188,995
<i>HANSON, CAMILLE JULIE-KAY</i>	0
<i>HANSON, CARISSA</i>	
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>	1,300
<i>HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER-JOHN MCDONALD</i>	1,000
HEYWOOD, NADINE	0
<i>HEYWOOD, GRANT ALEXANDER MAUNSELL</i>	0
<i>HEYWOOD, ZOE MONIQUE MAUNSELL</i>	0
LATCHMAN-ATTERBURY, PATSY PHILIMINA	191,576
<i>ATTERBURY, JORDAN ANDREW ROBERT</i>	0
<i>ATTERBURY, MICHAEL EDWARD ROBERT</i>	0
MAIR, HORACE NEIL CRAIG	42,082
<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	216,983
MILLER, HUGH G	74,098

<i>MILLER, SHELIA OPHELIA</i>	
MITCHELL, LISSANT	0
<i>GROVE INVESTMENT MANAGEMENT LIMITED</i>	0
<i>MITCHELL, LISSANT L./MITCHELL, ELMAY</i>	40,000
<i>MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG</i>	4,500
NELSON, MORRIS	643
NOEL, DAVID	0
<i>NOEL, EDEN</i>	0
<i>NOEL, FRANCENE</i>	0
<i>NOEL, ZACHARY</i>	0
PILLINER, ROSEMARIE	74,216
<i>PILLINER, ROSEMARIE / PILLINER, GORDON ST. ELMO</i>	72,458
ROPER, EDMOND GEORGE	0
<i>ROPER, EDMUND GEORGE</i>	0
<i>ROPER, GEORGINA SIAN</i>	0
<i>ROPER, SHARON ROSALIE</i>	0
SHARP, JACQUELINE	71,125
<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.	248,864
<i>SYLVESTER, BENJAMIN</i>	0
<i>SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN</i>	124,764
<i>SYLVESTER, EMMANUEL</i>	0
<i>SYLVESTER, JESSICA</i>	0
THOMPSON-JAMES, JULIE	0
<i>JAMES, MARCUS HASTINGS</i>	6,300
<i>JAMES, ARIANNE ELIZABETH</i>	0
<i>JAMES, MARCUS HASTINGS/ JAMES, MATTHEW ERIC H.</i>	1,000
<i>JAMES, MARCUS HASTINGS/ JAMES, ALYSSA MILAN</i>	500
<i>JAMES, MATTHEW</i>	0
WHITE, GARY-VAUGHN	96,389
<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>	108,692
WILKIE -CHANNER, SHELEE NADINE	96,979
<i>CHANNER, LENNOX DECORDOVA/WILKIE-CHANNER, SHELEE</i>	21,048
<i>CHANNER, LENNOX</i>	0
<i>CHANNER, KYRA-JADE ALYSSA</i>	0
<i>CHANNER, MAYA-PAIGE OLIVIA</i>	0
WILLIAMS, FREDERICK	135,285
<i>WILLIAMS, FREDERICK / WILLIAMS, COLLEEN INGRID</i>	46,153
<i>WILLIAMS, NINA SADE</i>	0
<i>WILLIAMS, STEPHANIE NATHANIA</i>	0
WRIGHT, MICHELLE	41,001
WRIGHT, SALIANN	31,169
<i>WRIGHT, GLADSTONE SIDONIA</i>	402,688
<i>WRIGHT, KERRY-ANN</i>	0