

MEDIA RELEASE

June 6, 2018

SCOTIA GROUP JAMAICA REPORTS SECOND QUARTER OF FISCAL 2018 RESULTS

Scotia Group reports net income of \$6.7 billion for the six months ended April 30, 2018, which represents an increase of \$1.1 billion or 19% over the corresponding period last year. Included in the results are gains on the sale of a subsidiary of \$753 million, and asset tax expense of \$1.1 billion recorded in Q1/2018.

Today, the Board of Directors approved an interim dividend of 48 cents per stock unit in respect of this financial year, which is payable on July 18, 2018 to stockholders on record as at June 26, 2018.

David Noel, President and CEO said “During the six month period under review, we continued to make changes to simplify our operating structure and focus more on our core business lines to better position the Group for success in the future. We continue to invest in our digital capabilities, and we have seen a 40% increase year over year in the number of customers that do their banking on their mobile phones. Mobile and online transactions also continue to exceed traditional branch transactions. During the quarter we rolled out “The Pulse” which is a digitally enabled tool that allows us to receive customer feedback that is shared real time with our branches and executives. Since launching in Q2/2018, over 6,000 customers have provided their feedback.

While we invest for the future, we have maintained a steady performance over the first half of the financial year. Despite the low interest rate environment, we are pleased to report that total revenues grew by 5% year over year, expenses were flat, and our loan portfolio grew by \$6.6 Billion or 4% compared to the corresponding period last year.

Financial Highlights

	6 months ended 30-Apr-18 \$millions	6 months ended 30-Apr-17 \$millions	
Total Revenues	21,653	20,660	
Total Operating Expenses	11,205	11,115	
Net Profit after Tax	6,758	5,693	
Return on equity	12.81%	12.01%	
Productivity Ratio	51.74%	53.80%	
Operating Leverage	4.0%	6.8%	
Earnings per share (cents)	217	180	
	30-Apr-18 \$millions	30-Apr-17 \$millions	
Total Assets	515,794	491,045	
Investments	164,849	169,579	
Loans (net of provisions for losses)	170,874	164,234	
Deposits by the public	283,049	262,548	
Liabilities under repurchase agreements and other client obligations	32,602	42,060	
Policyholders' Fund	44,919	45,041	
Stockholders' equity	109,092	95,016	
	3 months ended 30-Apr-18 \$millions	3 months ended 31-Jan-18 \$millions	3 months ended 30-Apr-17 \$millions
Total Revenues	10,060	11,593	10,607
Total Operating Expenses	4,837	6,367	5,163
Net Profit after Tax	3,346	3,412	3,482
Return on equity	12.51%	13.17%	14.56%
Productivity Ratio	48.08%	54.92%	48.68%
Dividends per share (cents)	48	48	45



Scotia Group Jamaica Limited
For further information contact
Michelle Wright, Chief Financial Officer, Caribbean Central
email: michelle.wright@scotiabank.com



GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding impairment losses on loans for the six months ended April 30, 2018 was \$21.6 billion, representing an increase of \$993 million or 5% above prior year. There was increased retail loan and transaction volumes across our business lines, which offset the impact of reduced net interest margins. Net interest income after impairment losses for the period was \$12.3 billion, flat compared to the same period in 2017.

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

Retail (-1%): There was growth in residential mortgages and personal loans, however results reflect the impact of lower margins.

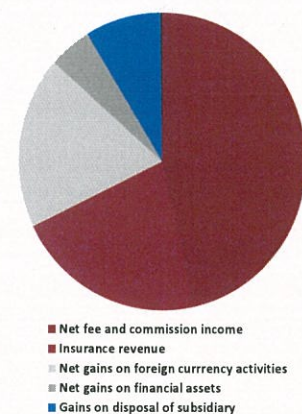
Commercial (-1%): Reflects growth in both loans and deposits, as well as merchant services' revenues. Results also impacted by lower yields.

Insurance Services (+3%): 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 (+3%): Reflects growth in the Funds and other Assets under Management, FX revenues and net gains on financial assets.

Treasury (+28%): Revamped foreign exchange trading strategy through coordinated efforts among the various channels, despite lower yields on the investment portfolio.

Sources of Non-Interest Revenue



OTHER REVENUE

Other income, defined as all income other than interest income, was \$8.8 billion for the period, up \$1.3 billion or 18% from last year.

- Net fees and commission income amounted to \$4.1 billion down \$312 million compared to last year impacted by continuous customer education on alternatives to reduce fees and increased free transactions.
- Insurance revenue increased by \$176 million to \$1.9 billion due to growth in core insurance business and actuarial reserve releases from changes in assumptions on valuation of the portfolios.
- Net gains on foreign currency activities and financial assets amounted to \$2.1 billion, up \$761 Million above last year based on increased market activities.
- Gain on disposal of subsidiary relates to Scotia Jamaica Micro Finance Company Limited (Credi-Scotia), which was sold effective December 1, 2017.



CREDIT QUALITY

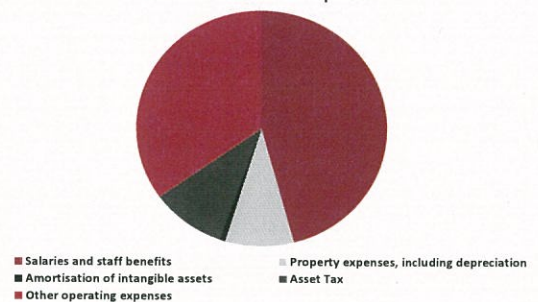
Impairment losses on loans were down \$421 million from last year, due to higher recoveries and lower provisioning requirements on a reduced non-accrual loan (NAL) portfolio. The quality of both our retail and commercial credit portfolios continues to improve. NALs as at April 30, 2018 totaled \$4.1 billion compared to \$4.2 billion last year.

The Group's NALs is 2.4% of gross loans and 0.8% of total assets. The Group's aggregate loan loss provision as at April 30, 2018 was \$5.1 billion, representing over 100% coverage of the total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating Expenses amounted to \$11.2 billion for the period, an increase of \$89 million compared to prior year. Salaries and staff benefit costs decreased by \$188 million, while other operating expenses grew by \$282 million. Our productivity ratio continues to improve, moving from 53.80% last year to 51.74%.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

Total assets increased year over year by \$24.7 billion or 5% to \$516 billion as at April 30, 2018. The growth was attributable mainly to an overall increase of \$10.7 billion from higher cash resources, \$12.2 billion in other assets resulting from higher retirement benefit asset on our defined benefit pension plan scheme and \$6.6 billion in loans.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at \$126.2 billion, up by \$10.7 billion compared to 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.

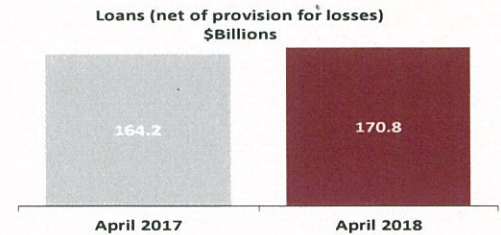
Securities

Total investment securities, including pledged assets, decreased by \$4.7 billion to \$164.8 billion due to a higher volume of short term placements when compared to prior year, coupled with lower balances being held in our investment company arising from an increase in our Clients' off-balance sheet holdings.



Loans

Our loan portfolio grew by \$6.6 billion or 4% year over year, with loans after impairment losses, increasing to \$170.8 billion. We have reversed the trend over the past three quarters with positive growth trajectory expectations for the future. There was solid performance across our business lines quarter over quarter and year over year.

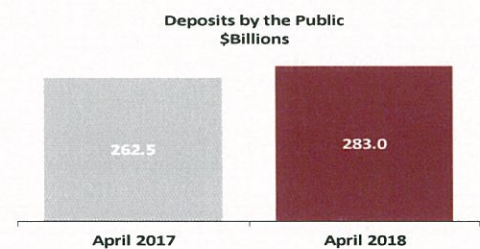


LIABILITIES

Total liabilities were \$406.7 billion as at April 30, 2018 an increase of \$14.3 billion or 4% above last year, driven by increases in our retail and commercial customer deposit base.

Deposits

Deposits by the public increased to \$283 billion, up from \$262.5 billion in the previous year. This \$20.5 billion or 8% growth in core deposits was reflected in higher inflows from our retail and commercial customers, signaling continued confidence in the strength of the Group.



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

This mainly represents placements by clients of Scotia Investments in addition to other wholesale funding. Our strategic focus is to grow mutual funds and unit trusts based on the thrust to grow this business, consequently these obligations (net) decreased by \$9.5 billion or 22% compared to the prior period. Our fund and asset management portfolios grew by \$14.6 billion or 11% over prior year.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund stood at \$44.9 billion as at April 30, 2018 compared to \$45 billion in the previous year.

CAPITAL

Shareholders' equity available to common shareholders grew to \$109 billion, increasing by \$14 billion or 15% 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.



OUR COMMITMENT TO THE COMMUNITY

During the quarter Scotiabank embarked on a new platform for our Corporate Social Responsibility activities. Our “Nutrition for Learning” breakfast feeding platform was expanded to a much wider programme with the objective of addressing the current national crisis of poor nutrition among our youth. Scotiabank previously operated a smaller programme which focused on providing breakfast in 10 early childhood and primary schools across 4 parishes. This year the programme has been expanded to all 14 parishes, directly impacting over 13,000 students across 34 institutions – 24 primary schools, 6 early childhood centers and 4 child care facilities housing children with special needs. This programme is endorsed by the Ministry of Education and include training of staff, education for children, supply of kitchen equipment and funding for meals as well as the development of vegetable gardens in schools. The programme is now the sole project of Scotiabank and the Scotia Foundation with over J\$24 million being committed. The programme aligns with the first two goals in the Vision 2030 plan.

ScotiaVolunteers actively supported the effort to train students in financial literacy across the island. This initiative, in partnership with Junior Achievement Jamaica, facilitates the training of 8th and 9th grade students in various schools throughout the island. As part of the programme 100 students from high schools across the island gathered at The Hope Zoo to be part of a Scotiabank/Jamaica Junior Achievement Innovative camp. The students who had all benefited from the financial literacy programme spent the day conceptualising and presenting solutions for specific challenges related to technology and the banking industry.

In April, we again sponsored the Girls in ICT Day Hackathon with students from 20 institutions taking on the challenge to create solutions for social issues related to the theme #SafeGirlsSafeFuture. The Girls using technological platforms, came up with a plethora of websites, games, apps and animations.

Scotiabank in partnership with the West Indies Cricket Board through the Kiddy Cricket Programme, launched a new educational manual for primary level students, which will facilitate the integration of cricket into regular classroom activities. Chirpy’s Classroom Adventure Academic Manual, which will be used as a resource tool by teachers, is geared towards teaching children the game, while incorporating varied elements of cricket into the subject areas of Math, Language Arts, Technology, Social Studies, Science, Information Technology and Healthy Lifestyles.

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.



Winners of the Innovation Camp, Hampton High School, pose with their prizes.



A student at the Girls In ICT Day Hackathon participates in a virtual reality activity at the Scotiabank booth.



Students from Jessie Ripoll Primary are presented with copies of the Chirpy Classroom Adventure Academic Manual at the launch.

**BUILDING
THE ECONOMY OF
EVERYONE**

Consolidated Statement of Revenue and Expenses
Period ended April 30, 2018

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2018	January 2018	April 2017	April 2018	April 2017
Interest Income	6,975,280	7,486,431	7,627,429	14,461,711	15,399,090
Interest Expense	(792,486)	(850,337)	(1,087,977)	(1,642,823)	(2,234,024)
Net Interest Income	6,182,794	6,636,094	6,539,452	12,818,888	13,165,066
Impairment losses on loans	(560,252)	6,226	(554,748)	(554,026)	(975,466)
Net interest income after impairment losses	5,622,542	6,642,320	5,984,704	12,264,862	12,189,600
Net fee and commission income	2,010,418	2,100,171	2,174,514	4,110,589	4,422,333
Insurance revenue	707,090	1,170,522	1,096,985	1,877,612	1,701,229
Net gains on foreign currency activities	861,203	792,751	625,968	1,653,954	1,095,927
Net gains on financial assets	290,405	132,038	165,084	422,443	219,407
Gains on disposal of subsidiary	-	753,145	-	753,145	-
Other revenue	8,337	8,413	5,212	16,750	56,075
	3,877,453	4,957,040	4,067,763	8,834,493	7,494,971
Total Operating Income	9,499,995	11,599,360	10,052,467	21,099,355	19,684,571
Operating Expenses					
Salaries and staff benefits	2,462,042	2,672,517	2,839,554	5,134,559	5,323,016
Property expenses, including depreciation	507,162	488,659	527,943	995,821	1,031,546
Amortisation of intangible assets	37,445	37,622	31,738	75,067	63,494
Asset tax	(30,721)	1,119,744	146	1,089,023	1,068,710
Other operating expenses	1,861,499	2,048,542	1,763,692	3,910,041	3,628,249
	4,837,427	6,367,084	5,163,073	11,204,511	11,115,015
Profit before taxation	4,662,568	5,232,276	4,889,394	9,894,844	8,569,556
Taxation	(1,316,415)	(1,820,331)	(1,407,197)	(3,136,746)	(2,876,606)
Profit for the period	3,346,153	3,411,945	3,482,197	6,758,098	5,692,950
Attributable to:-					
Equityholders of the Company	3,346,153	3,411,945	3,417,965	6,758,098	5,599,354
Non-Controlling Interest	-	-	64,232	-	93,596
Earnings per share (cents)	108	110	110	217	180
Return on average equity (annualized)	12.51%	13.17%	14.56%	12.81%	12.01%
Return on assets (annualized)	2.59%	2.72%	2.78%	2.62%	2.28%
Productivity ratio	48.08%	54.92%	48.68%	51.74%	53.80%

BUILDING
THE ECONOMY OF
EVERYONE

Consolidated Statement of Comprehensive Income
Period ended April 30, 2018

Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2018	January 2018	April 2017	April 2018	April 2017
Profit for the period	3,346,153	3,411,945	3,482,197	6,758,098	5,692,950
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	2,720,813	349,746	312,525	3,070,559	490,585
Taxation	(906,938)	(116,582)	(104,174)	(1,023,520)	(163,528)
	1,813,875	233,164	208,351	2,047,039	327,057
Items that may be subsequently reclassified to profit or loss:					
Unrealised gains on available for sale assets	802,873	412,606	181,790	1,215,479	135,271
Realised (gains)/losses on available for sale assets	(157,530)	14,770	(205,365)	(142,760)	(133,670)
Foreign currency translation	(1,757)	(12,442)	4,944	(14,199)	1,163
	643,586	414,934	(18,631)	1,058,520	2,764
Taxation	(115,102)	(101,238)	44,374	(216,340)	53,373
	528,484	313,696	25,743	842,180	56,137
Other comprehensive income, net of tax	2,342,359	546,860	234,094	2,889,219	383,194
Total comprehensive income for the period	5,688,512	3,958,805	3,716,291	9,647,317	6,076,144
Attributable to:-					
Equityholders of the Company	5,688,512	3,958,805	3,617,060	9,647,317	5,960,876
Non-Controlling Interest	-	-	99,231	-	115,268



BUILDING
THE ECONOMY OF
EVERYONE

Consolidated Statement of Financial Position
April 30, 2018

Unaudited (\$ Thousands)	April 30, 2018	October 31, 2017	April 30, 2017
ASSETS			
CASH RESOURCES	126,243,751	116,476,559	115,569,159
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8,232	8,155	433,576
INVESTMENT SECURITIES	131,556,207	120,292,580	124,196,189
PLEGGED ASSETS	33,284,601	37,253,225	43,146,766
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	-	1,203,495	1,802,124
LOANS, AFTER ALLOWANCE FOR IMPAIRMENT LOSSES	170,873,592	166,493,591	164,234,437
OTHER ASSETS			
Customers' liability under acceptances, guarantees and letters of credit	12,983,767	12,228,668	11,182,000
Property, plant and equipment	5,291,941	5,322,155	5,412,365
Deferred taxation	151,988	176,310	83,730
Taxation recoverable	3,247,281	2,574,148	2,593,650
Retirement benefit asset	28,498,911	25,020,925	18,596,866
Other assets	2,632,224	2,074,311	2,634,814
Assets held for sale	-	664,416	-
Intangible assets	1,021,395	1,094,143	1,159,790
	53,827,507	49,155,076	41,663,215
TOTAL ASSETS	515,793,890	490,882,681	491,045,466
LIABILITIES			
Deposits by the public	283,048,938	260,559,467	262,547,698
Amounts due to banks and other financial institutions	9,755,483	10,168,548	10,588,420
	292,804,421	270,728,015	273,136,118
OTHER LIABILITIES			
Acceptances, guarantees and letters of credit	12,983,767	12,228,668	11,182,000
Securities sold under repurchase agreements	15,946,982	20,666,065	26,837,433
Capital management and government securities funds	16,655,128	17,844,600	15,222,118
Deferred taxation	9,236,306	7,800,934	5,931,686
Retirement benefit obligation	3,768,141	3,884,186	3,686,884
Liabilities held for sale	-	37,272	-
Other liabilities	10,388,167	10,090,219	11,331,767
	68,978,491	72,551,944	74,191,888
POLICYHOLDERS' LIABILITIES	44,919,224	45,171,156	45,040,786
STOCKHOLDERS' EQUITY			
Share capital	6,569,810	6,569,810	6,569,810
Reserve fund	3,249,976	3,249,976	3,249,976
Retained earnings reserve	34,891,770	31,891,770	28,291,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	3,074,259	2,687,050	3,201,442
Other reserves	9,964	9,964	9,964
Translation reserve	(26,458)	(12,259)	896
Cumulative remeasurement result from available for sale assets	1,422,359	565,980	901,805
Unappropriated profits	59,888,734	57,457,935	52,779,212
	109,091,754	102,431,566	95,016,215
Non-controlling interest	-	-	3,660,459
	109,091,754	102,431,566	98,676,674
TOTAL EQUITY AND LIABILITIES	515,793,890	490,882,681	491,045,466

Director

Director

**BUILDING
THE ECONOMY OF
EVERYONE**

Consolidated Statement of Changes in Shareholders' Equity
 April 30, 2018

Unaudited (\$ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement result from Available for Sale financial assets	Loan Loss Reserve	Other Reserves	Translation Reserve	Unappropriated Profits	Total	Non-controlling Interest	Total Equity
Balance as at 31 October 2016	6,569,810	3,249,976	24,791,770	11,340	868,236	3,143,875	9,964	-	53,210,802	91,855,773	3,632,764	95,488,537
Net Profit	-	-	-	-	-	-	-	-	5,593,354	5,593,354	93,396	5,686,750
Other Comprehensive Income												
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	-	327,057	327,057	-	327,057
Foreign Currency Translation	-	-	-	-	-	-	-	686	-	686	267	1,953
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	135,267	-	-	-	-	135,267	21,085	156,352
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(101,688)	-	-	-	-	(101,688)	310	(101,378)
Total Comprehensive Income					33,589				896	5,926,411	115,268	6,076,144
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	3,900,000	-	-	-	-	-	(3,900,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	57,967	-	-	(57,967)	-	-	-
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	11,340	901,805	3,201,442	9,964	896	52,779,212	95,016,215	3,660,459	98,676,674
Balance as at 31 October 2017	6,569,810	3,249,976	31,691,770	11,340	565,980	2,687,050	9,964	(12,259)	57,457,935	102,431,586	-	102,431,586
Net Profit	-	-	-	-	-	-	-	-	6,759,086	6,759,086	-	6,759,086
Other Comprehensive Income												
Re-measurement of defined benefit plan obligations	-	-	-	-	-	-	-	-	2,047,039	2,047,039	-	2,047,039
Foreign Currency Translation	-	-	-	-	-	-	-	(14,199)	-	(14,199)	-	(14,199)
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	-	95,152	-	-	-	-	95,152	-	95,152
Realised gains on available-for-sale securities, net of taxes	-	-	-	-	(95,173)	-	-	-	-	(95,173)	-	(95,173)
Total Comprehensive Income					856,379			(14,199)	8,805,137	9,647,317		9,647,317
Transfers between reserves												
Transfer to Retained Earnings Reserve	-	-	3,000,000	-	-	-	-	-	(3,000,000)	-	-	-
Transfer to Loan Loss Reserve	-	-	-	-	-	387,209	-	-	(387,209)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	(2,987,129)	(2,987,129)	-	(2,987,129)
Balance as at 30 April 2018	6,569,810	3,249,976	34,691,770	11,340	1,422,359	3,074,259	9,964	(26,458)	59,889,734	109,091,754	-	109,091,754

**BUILDING
THE ECONOMY OF
EVERYONE**

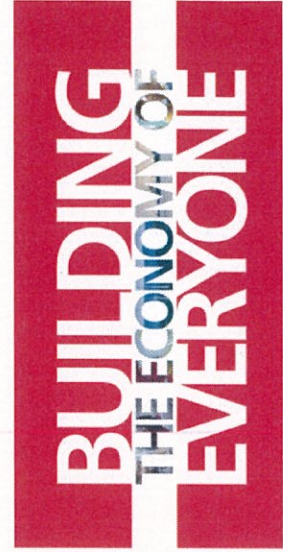
Condensed Statement of Consolidated Cash Flows
Period ended April 30, 2018

Unaudited (\$ Thousands)	2018	2017
Cash flows provided by / (used in) operating activities		
Profit for the period	6,758,098	5,692,950
Items not affecting cash:		
Depreciation	264,747	286,847
Impairment losses on loans	554,026	975,466
Amortisation of intangible assets	75,067	64,070
Taxation	3,136,746	2,876,606
Net interest income	(12,818,888)	(13,165,066)
(Gain) on disposal of property	(168)	(45,224)
Gain on sale of subsidiary	(753,145)	-
	<u>(2,783,517)</u>	<u>(3,314,351)</u>
Changes in operating assets and liabilities		
Loans	(4,982,608)	1,691,711
Deposits	21,312,892	14,007,093
Policyholders reserve	(251,932)	276,201
Securities sold under repurchase agreement	(4,657,379)	(4,788,595)
Financial assets at fair value through profit and loss	(203)	120,458
Interest received	14,566,712	15,299,379
Interest paid	(1,704,136)	(2,256,288)
Taxation paid	(4,003,794)	(3,117,648)
Amounts with parent and fellow subsidiaries	(4,856,408)	(2,565,832)
Assets held for sale, net	95,265	-
Other	(3,866,866)	(7,695,259)
	<u>8,868,026</u>	<u>7,656,869</u>
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	(6,314,795)	(4,242,784)
Net proceeds on sale of subsidiary	1,275,750	-
Purchase of property, plant, equipment and intangibles	(238,028)	(271,901)
Proceeds on sale of property, plant and equipment	1,342	79,070
	<u>(5,275,731)</u>	<u>(4,435,615)</u>
Cash flows used in financing activities		
Dividends paid	(2,987,129)	(2,888,007)
	<u>(2,987,129)</u>	<u>(2,888,007)</u>
Effect of exchange rate on cash and cash equivalents	(695,103)	383,028
Net change in cash and cash equivalents	(89,937)	716,275
Cash and cash equivalents at beginning of year	74,036,257	70,297,279
Cash and cash equivalents at end of period	73,946,320	71,013,554
Represented by :		
Cash resources	126,243,751	115,569,159
Less statutory reserves at Bank of Jamaica	(37,228,256)	(33,731,156)
Less amounts due from Bank of Jamaica greater than ninety days	(662,738)	-
Less amounts due from other banks greater than ninety days	(11,830,133)	(10,188,527)
Less accrued interest on cash resources	(66,304)	(39,068)
Pledged assets, t/bills and repurchase agreements assets less than ninety days	127,558	1,809,853
Cheques and other instruments in transit, net	(2,637,558)	(2,406,707)
Cash and cash equivalents at end of period	73,946,320	71,013,554

**BUILDING
THE ECONOMY OF
EVERYONE**

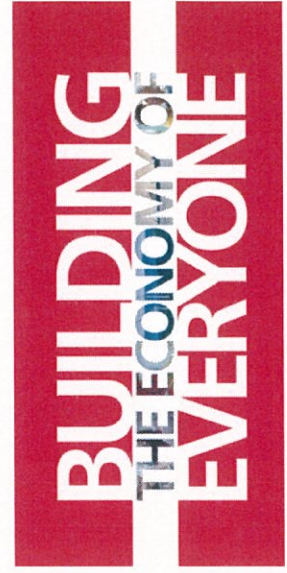
Segmental Financial Information
April 30, 2018

Unaudited (\$ Thousands)	Banking						Group	
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other		Eliminations
Net External Revenues	3,507,904	9,313,323	3,826,617	1,476,047	2,891,179	638,311	-	21,653,381
Revenues from other segments	(1,179,733)	61,453	974,393	116,108	32,840	1,295	(6,356)	-
Total Revenues	2,328,171	9,374,776	4,801,010	1,592,155	2,924,019	639,606	(6,356)	21,653,381
Expenses	(500,731)	(6,341,444)	(3,392,735)	(794,124)	(667,217)	(23,272)	(39,014)	(11,758,537)
Profit Before Tax	1,827,440	3,033,332	1,408,275	798,031	2,256,802	616,334	(45,370)	9,894,844
Taxation								(3,136,746)
Profit for the period								6,758,098
Segment assets	181,057,233	115,120,909	74,287,561	51,791,506	60,494,116	25,482,333	(23,885,197)	484,348,461
Unallocated assets								31,445,429
Total Assets								515,793,890
Segment liabilities	-	159,654,217	152,424,423	39,448,291	47,480,071	24,862	(11,247,911)	387,783,953
Unallocated liabilities								18,918,183
Total liabilities								406,702,136
Other Segment items:								
Capital Expenditure	-	167,421	64,216	-	6,391	-	-	238,028
Impairment losses on loans	-	(452,571)	(98,435)	(3,020)	-	-	-	(554,026)
Depreciation and amortisation	-	179,631	91,133	66,586	2,464	-	-	339,814



Segmental Financial Information
April 30, 2017

Unaudited (\$ Thousands)	Banking						Group	
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other		Eliminations
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



SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2018

1. Identification

Scotia Group Jamaica Limited (the Company) is a 71.78% subsidiary of Scotiabank Caribbean Holdings Limited, which is incorporated and domiciled in Barbados. The Bank of Nova Scotia, which is incorporated and domiciled in Canada, is the ultimate parent.

The Company is the parent of The Bank of Nova Scotia Jamaica Limited (100%) and Scotia Investments Jamaica Limited (100%). All subsidiaries are incorporated in Jamaica, except for Scotia Asset Management (St. Lucia) Inc.

On December 1, 2017, the Group disposed of its shares in Scotia Jamaica Microfinance Company Limited. This transaction is in line with the group's strategic direction to simplify its operations, focus on growing its core banking, insurance and investment business and deliver value to shareholders.

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, 2017, 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.



3. Financial Assets (continued)

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 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>2018</u>	<u>2017</u>
Investments pledged as collateral for securities sold under repurchase agreements	14,912	24,649
Capital Management and Government Securities funds	12,570	11,936
Securities with regulators, clearing houses and other financial institutions	<u>5,803</u>	<u>6,562</u>
	<u>33,285</u>	<u>43,147</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.

(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.



9. Employee benefits (continued)

(i) Defined Benefit Plan (continued)

The pension obligation is measured as the present value of the estimated future benefits of employees, in return for service in the current and prior periods, using estimated discount rates based on market yields on Government securities which have terms to maturity approximating the terms of the related liability.

(ii) Other post-retirement obligations

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

(iii) Defined contribution plan

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

10. Segment reporting

The Group is organized into six main business segments:

- Retail Banking – this incorporates personal banking services, personal deposit accounts, credit and debit cards, customer loans, 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.



SCOTIA GROUP JAMAICA LIMITED
TOP TEN (10) LARGEST SHAREHOLDERS
AS AT 30 APRIL 2018

RANK	SHAREHOLDER	HOLDINGS AS AT 30 APRIL 2018
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	30,073,153
6	NCB INSURANCE CO. LTD A/C WT109	26,291,176
7	GRACEKENNEDY LIMITED PENSION SCHEME	20,897,463
8	JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	14,799,865
9	SDBG A/C 560-01	14,004,127
10	SDBG A/C 560-03	13,163,594

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 30 APRIL 2018

DIRECTORS	HOLDINGS AS AT 30 APRIL 2018
ALEXANDER, BARBARA OLIVE LOUISE	108,000
<i>FORRESTER, TERRANCE</i>	0
CRAWFORD, ERIC	45,000
<i>GORDON, DEBBIE-ANN</i>	0
<i>CRAWFORD, ALEXANDER</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 ANN</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
NOEL, DAVID	0
<i>NOEL, DAVID/NOEL, FRANCENE</i>	40,000
<i>NOEL, EDEN</i>	0
<i>NOEL, ZACHARY</i>	0
SMITH, EVELYN	0
<i>SMITH, JOSEPH ALEXANDER</i>	0
<i>SMITH, ANNECIA</i>	0
<i>SMITH, NELSON ALEXANDER</i>	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 30 APRIL 2018

SENIOR MANAGERS	HOLDINGS AS AT 30 APRIL 2018
BRIGHT, ALSTON CARL	153,172
<i>BRIGHT, ARTHUR</i>	0
<i>BRIGHT-FEARSON, SHARON</i>	0
<i>BRIGHT, ALSTON CARL/BRIGHT JONATHAN</i>	56,700
DANIEL, KIYOMI	0
FORBES -PATRICK, YANIQUE	0
<i>FORBES, BLOSSOM</i>	0
<i>FORBES, SHAUN</i>	0
<i>PATRICK, XAVIER</i>	0
<i>PATRICK, ZACHARY</i>	0
FRASER, RICHARD	0
<i>KINACH, ANDREA VANESSA</i>	0
<i>FRASER, EMILIA</i>	0
<i>FRASER, ZARA</i>	0
GAUDET, MARCIA	0
<i>LECLAIR, PATRICE</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>	1,300
<i>HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER-JOHN HARVEY</i>	1,000
HEYWOOD, NADINE	0
<i>HEYWOOD, GRANT ALEXANDER MAUNSELL</i>	0
<i>HEYWOOD, ZOE MONIQUE MAUNSELL</i>	0
MAIR, HORACE NEIL CRAIG	46,668
<i>MAIR, JODI ANN</i>	0
<i>MAIR, DANIEL GEORGE</i>	0
<i>MAIR, JOSHUA HORACE</i>	0
<i>MAIR, LUKE CRAIG</i>	0
MAUCIERI, JEAN	0
MCLEGGON, MARCETTE	222,471

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 30 APRIL 2018

SENIOR MANAGERS	HOLDINGS AS AT 30 APRIL 2018
MILLER, HUGH G	76,591
<i>MILLER, SHEILA OPHELIA</i>	0
MITCHELL, LISSANT	0
<i>MITCHELL, LISSANT L./MITCHELL, ELMAY</i>	40,000
<i>MITCHELL, LISSANT L./MITCHELL, MATTHEW CRAIG</i>	4,500
NELSON, MORRIS	643
<i>NELSON, KARLENE</i>	0
STOKES, ADRIAN	0
<i>STOKES, LUCAS</i>	0
SYLVESTER, COURTNEY A.	257,353
<i>SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN</i>	124,764
<i>SYLVESTER, BENJAMIN</i>	0
<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
TUGWELL-HENRY, AUDREY	0
<i>TUGWELL-HENRY, AUDREY MAUD/HENRY, PETER</i>	29,996
<i>HENRY, PETER-GAYE</i>	0
<i>HENRY, STEVEN</i>	0
WHITE, GARY-VAUGHN	102,314
<i>WHITE, ROSALEE KEESH-ANN</i>	0
<i>WHITE, CALEB- ANTHONY</i>	0
<i>WHITE, EDEN-GRACE ALEXANDRA</i>	0
WHITE, NAADIA	8,126
<i>WHITE, DAVID ANTHONY</i>	0
<i>WHITE, KIMBERLY DE-JANA</i>	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 30 APRIL 2018

SENIOR MANAGERS	HOLDINGS AS AT 30 APRIL 2018
<i>WHITE, KRISTOPHE JABLONSKI</i>	0
WHITELOCKE, GLADSTONE	54,000
<i>WHITELOCKE, ELAINE</i>	113,404
WILKIE -CHANNER, SHELEE NADINE	102,865
<i>WILKIE-CHANNER, SHELEE/CHANNER, LENNOX DECORDOVA</i>	21,048
<i>CHANNER, KYRA-JADE ALYSSA</i>	0
<i>CHANNER, MAYA-PAIGE OLIVIA</i>	0
WRIGHT, MICHELLE	45,504
WRIGHT, SALIANN	34,429
<i>WRIGHT, GLADSTONE SIDONIA</i>	402,688
<i>WRIGHT, KERRY-ANN</i>	0