Scotiabank®

MEDIA RELEASE

December 4, 2019

SCOTIA GROUP JAMAICA REPORTS FISCAL 2019 RESULTS

Scotia Group reports net income of $13.19 billion for the year ended October 31, 2019 which represents an increase of $419 million or 3.28% over the prior year. Excluding gains on the sale of a subsidiary of $753 million that occurred in the prior year, net income increased year on year by $1.17 billion or 9.75%.

Today, the Board of Directors approved a final dividend of 55 cents per stock unit in respect of this financial year, which is payable on January 15, 2020 to stockholders on record as at December 24, 2019.

President and CEO of Scotia Group Jamaica, David Noel, commented "Our core businesses have performed well this year as we remained focused on executing our strategic objectives – accelerating growth and investing for the future.

During the year we continued to focus on simplifying and optimizing our processes to better serve our customers. Total loan growth remained strong throughout the period with a year over year increase of 13%. Highlights from our retail banking portfolio include a 17% year over year growth in our Scotia Plan loan portfolio. Our mortgage portfolio continues to perform well and grew 13% year over year as we continue to boast one of the most competitive mortgage rates in the market.

Our total commercial loans book increased by 14% over prior year. Of note, commercial loans to the private sector increased by 27% when compared to the same period last year. We believe the private sector is the engine of economic growth and development, and Scotiabank is committed to supporting this sector by facilitating access to credit for businesses.

Financial Highlights

	Year ended 31-Oct-19 $millions	Year ended 31-Oct-18 $millions
Total revenues	45,177	42,211
Total operating expenses	24,099	22,001
Net profit after tax	13,190	12,771
Return on equity	11.25%	11.54%
Productivity ratio	53.34%	52.12%
Operating leverage	(2.5%)	(2.0%)
Earnings per share (cents)	424	410
	31-Oct-19 $millions	31-Oct-18 $millions
Total assets	549,002	521,862
Investments	138,998	156,491
Loans (net of allowances for credit losses)	205,625	182,607
Deposits by the public	312,968	287,948
Liabilities under repurchase agreements and other client obligations	20,292	23,829
Policyholders' fund	45,140	45,292
Stockholders' equity	118,114	115,648

	3 months ended 31-Oct-19 $millions	3 months ended 31-Jul-19 $millions	3 months ended 31-Oct-18 $millions
Total revenues	11,349	11,737	9,175
Total operating expenses	5,717	5,638	5,740
Net profit after tax	3,402	4,173	1,613
Return on equity	11.62%	14.15%	5.65%
Productivity ratio	50.37%	48.04%	62.56%
Dividends per share (cents)	55	125	51

Our Insurance business, Scotia Jamaica Life Insurance Company (SJLIC) has delivered solid results marked by a 20% increase in policies sold year over year. As previously announced, we decided not to pursue the sale of our insurance business. We remain committed to providing the highest levels of customer service and high quality insurance solutions and we are focused on growing the business.

Building for the Future

The improvement in our business performance was partially offset by lower net interest income from declining interest rates and higher loan loss provisions due to the adoption of IFRS 9 which is a more conservative forward looking credit loss model compared to the previous incurred loss model under IAS 39. Our credit quality remains strong and actual delinquency is down year over year with NALs representing 1.77% of gross loans compared to 2.0% last year. We are comfortable with this more prudent approach to provisioning and we are well positioned for the future. The Group's operating expenses were also higher than prior year partially due to increased fraud related expenses, as well as increased investments in technology and business optimization which we believe are necessary investments for the future, as we continue to focus on improving customer satisfaction.

This year we celebrated 130 years of helping customers achieve their financial goals and we will continue to make investments to ensure that we will be able to serve Jamaicans for many years to come. During the last quarter, we invested in new technology aimed at improving our in-branch customer experience. Improvements were made to increase customer traffic flow, staff resourcing and customer comfort. We will continue to make investments in our infrastructure including a $500 million investment to create a state of the art branch. Renovations have also begun at our head office building where we are investing $1 billion to upgrade and modernize our facilities to create a more efficient and collaborative environment.

We continue to advance our digital banking agenda with continued investment in technology. During the fiscal year, we rolled out new ATMs and introduced Intelligent Deposit Machines which offer customers immediate access to their deposits. We also launched enhanced security and transaction alerts, as well as credit card controls for online banking customers. We continue to receive positive customer feedback in relation to all these features as well as our partnership with Digicel which allows customers to use the Scotia Caribbean App without affecting their data plans. We believe these innovations will enable the bank to offer the best financial solutions for our customers.

I would like to thank all our shareholders, customers and staff for their loyalty, continued support and trust, as we work towards building a stronger bank for the future".

GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

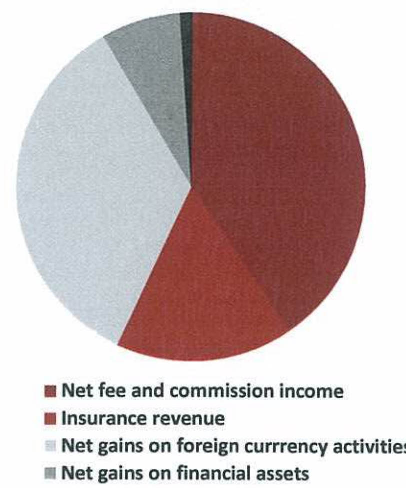
Total revenues excluding expected credit losses for the year ended October 31, 2019 was $45.18 billion and showed an increase of $2.97 Billion or 7.03% above that of 2018. Excluding the one-off impact of gains from sale of subsidiary last year, total revenues grew by 8.97%. Loan and transaction volumes continued to grow across our business lines, however lower interest rates due to a stable macroeconomic environment and increased competition, resulted in margin compression. Net interest income after expected credit losses for the year totaled $22.52 billion, down $767 million or 3.3% when compared to the previous year.

OTHER REVENUE

Other income, defined as all income other than interest income, increased by $3.05 billion or 17.97% over 2018.

- Net fee and commission income amounted to $8.10 billion declining marginally by $22.29 million, impacted by continuous customer education on alternatives to reduce fees, and the ongoing shift to online and mobile transactions which attract lower fees.
- Insurance revenues increased by $370.57 million or 12.64% to $3.30 billion due mainly to higher premium income year over year, partially offset by lower actuarial reserve releases.
- Net gains on foreign currency activities and financial assets amounted to $8.43 billion, up $3.27 billion or 63.31% above last year due to increased market and trading activities.

Sources of Non-Interest Revenue



CREDIT QUALITY

Expected credit losses were up $678 million above last year, impacted by the initial adoption of IFRS 9, (Financial Instruments) which resulted in a significant change to the Group's impairment methodology. Non accrual loans (NALs) as at October 31, 2019 totaled $3.72 billion compared to $3.69 billion last year.

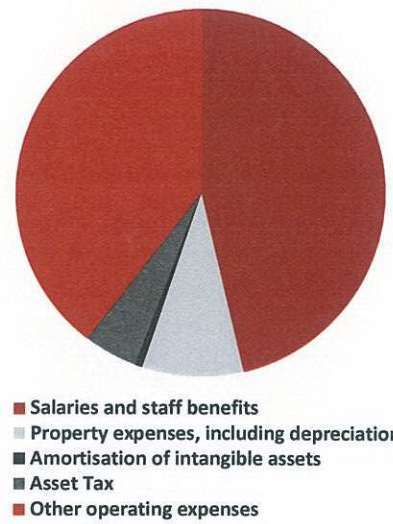
The Group's NALs represent 1.77% of gross loans down from 2.0% last year, and represent 0.68% of total assets. The Group's aggregate expected credit losses for loans as at October 31, 2019 was $6.45 billion, representing over 100% coverage of total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating expenses amounted to $24.10 billion for the period, an increase of $2.10 billion or 9.54% compared to prior year. Salaries and staff benefit costs increased by $697 million or 6.76% primarily due to increased incentives to our sales team resulting in the growth of our loan portfolio, while other operating expenses grew by $1.37 billion. The growth in other operating expenses was attributable to increased technology investments such as ATM software, online banking enhancements, security chips for credit cards and network upgrade to support our digital strategy. Asset tax expenses increased by $45 million or 4.14% to $1.13 billion due to the increase in the Group's assets.

Our productivity ratio for the year was 53.34% compared to 52.12% recorded for last year.

Sources of Non-Interest Expenses



GROUP FINANCIAL CONDITION

ASSETS

The Group's asset base increased year over year by $27.14 billion to $549 billion as at October 31, 2019. This was predominantly as a result of the growth in our loan portfolio of $23.02 billion or 12.61%. Cash resources increased by $12.24 billion while other assets grew by $9.38 billion or 15.63% as a result of an increase in the retirement benefit asset on our defined benefit pension plan scheme. This was offset by a reduction in our investment portfolio of $17.49 billion or 11.18%.

Cash Resources

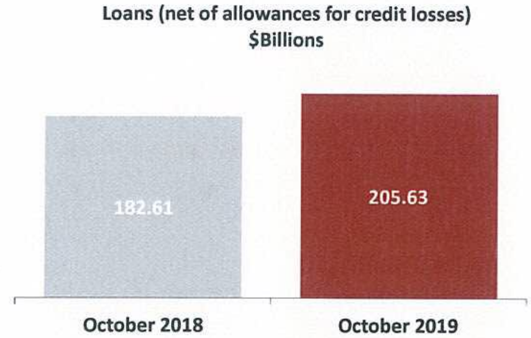
Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $135 billion, growing by $12.24 billion or 9.97% compared to last year. We continue to maintain adequate liquidity levels to enable us to respond effectively to changes in our cash flow requirements.

Securities

Total investment securities, including pledged assets, decreased by $17.49 billion or 11.18% to $139 billion due mainly to the sale of securities used to fund our regular and special dividend payments 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 $23.02 billion or 12.61% year over year, with loans after allowances for credit losses, increasing to $205.63 billion. We continue to see solid performance across our business lines quarter over quarter and year over year.

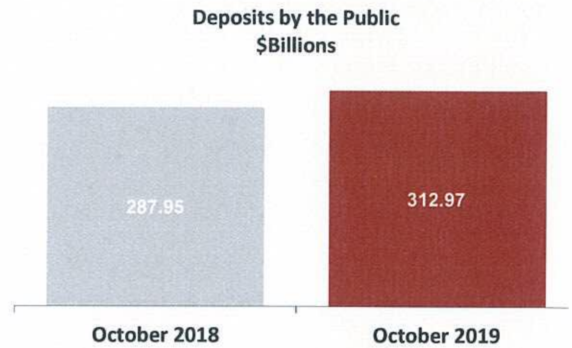


LIABILITIES

Total liabilities were $430.89 billion as at October 31, 2019 and showed an increase over prior year of $24.67 billion driven mainly by increased customer deposits which was offset by the reduction in our capital management fund.

Deposits

Deposits by the public increased to $312.97 billion, up from $287.95 billion in the previous year. This $25.02 billion 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

The obligations (net) decreased by $3.54 billion or 14.85% compared to the prior year. Our strategic focus is to grow our off-balance sheet business, namely, mutual funds and unit trusts, as a result our fund and asset management portfolios grew by $21.66 billion or 13.19% above 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 $45.14 billion as at October 2019 compared to $45.29 billion as at October 2018.

CAPITAL

Shareholders' equity available to common shareholders grew to $118.11 billion, increasing by $2.47 billion or 2.13% 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.

SCOTIABANK COMMITMENT TO THE COMMUNITY

Scotiabank continued its support to communities in the areas of youth sports and financial education.

Youth Sports

The Scotiabank Kiddy Cricket programme brought 96 boys and girls from 8 parishes to play cricket during the half time period of the West Indies versus India 2nd Test Match in August, at Sabina Park in Kingston. The programme was supported by the Scotiabank Volunteer Coaches. The Scotiabank Kiddy Cricket programme started in 2000 and has introduced the sport to thousands of students at the primary level.

In mid-August, the Bank sponsored the Mount Pleasant Academy football team and coaching staff from St. Ann to represent Jamaica in the **Scotiabank Concacaf Under-13 Champions League** in San Jose, Costa Rica. This was the second year that Mount Pleasant Academy was representing Jamaica in the league, which is in its 5th year. The students were outstanding ambassadors for their school and country.

The **Scotiabank Concacaf Next Play Academy and Cup** was also launched during the fourth quarter. From October to December, over 2,000 boys and girls ages 10 to 11 will participate in the tournament which will feature a total of 224 schools within the Caribbean. Sixty four schools from Jamaica are participating in the tournament which also provides training for coaches, as well as a Football Academy for students.

130th Anniversary

This year Scotiabank celebrates its 130th anniversary in Jamaica and commemorated the occasion with various customer initiatives as well as a public financial educational forum themed "Planning for Financial Success".

Approximately 200 attendees were engaged with presentations from Scotiabank executives including CEO, David Noel. Presentations featured the fundamentals of good financial planning, protecting and growing wealth, banking innovations and the use of technology.

Consolidated Statement of Revenue and Expenses
Year ended October 31, 2019

	For the three months ended			For the year ended	
($ Thousands)	October 2019	July 2019	October 2018	October 2019	October 2018
Interest income	7,057,337	7,095,353	6,874,848	27,728,588	28,411,098
Interest expense	(631,511)	(643,043)	(785,322)	(2,609,532)	(3,203,320)
Net interest income	6,425,826	6,452,310	6,089,526	25,119,056	25,207,778
Expected credit losses	(671,998)	(582,310)	(743,887)	(2,595,985)	(1,917,989)
Net interest income after expected credit losses	5,753,828	5,870,000	5,345,639	22,523,071	23,289,789
Net fee and commission income	2,119,722	1,885,571	2,013,818	8,104,741	8,127,028
Insurance revenue	736,925	756,320	528,696	3,302,198	2,931,627
Net gains on foreign currency activities	1,711,570	1,871,883	396,112	6,953,520	4,001,556
Net gains on financial assets	345,799	762,115	140,502	1,477,020	1,160,818
Gains on disposal of subsidiary	-	-	-	-	753,145
Other revenue	9,444	8,888	6,394	220,891	29,297
	4,923,460	5,284,777	3,085,522	20,058,370	17,003,471
Total Operating Income	10,677,288	11,154,777	8,431,161	42,581,441	40,293,260
Operating Expenses					
Salaries and staff benefits	2,796,745	2,771,772	2,861,594	11,143,903	10,446,820
Property expenses, including depreciation	496,083	565,295	629,009	2,131,161	2,140,995
Amortisation of intangible assets	40,441	37,425	38,345	154,764	154,552
Asset tax	778	-	-	1,134,145	1,089,022
Other operating expenses	2,382,620	2,264,004	2,210,919	9,534,744	8,169,243
	5,716,667	5,638,496	5,739,867	24,098,717	22,000,632
Profit before taxation	4,960,621	5,516,281	2,691,294	18,482,724	18,292,628
Taxation	(1,558,147)	(1,343,371)	(1,077,807)	(5,292,670)	(5,521,712)
Profit for the year	3,402,474	4,172,910	1,613,487	13,190,054	12,770,916
Attributable to:-					
Equityholders of the Company	3,402,474	4,172,910	1,613,487	13,190,054	12,770,916
Earnings per share (cents)	109	134	52	424	410
Return on average equity (annualized)	11.62%	14.15%	5.65%	11.25%	11.54%
Return on assets (annualized)	2.47%	3.11%	1.24%	2.40%	2.45%
Productivity ratio	50.37%	48.04%	62.56%	53.34%	52.12%

Consolidated Statement of Comprehensive Income
Year ended October 31, 2019

	For the three months ended			For the year ended	
($ Thousands)	October 2019	July 2019	October 2018	October 2019	October 2018
Profit for the year	3,402,474	4,172,910	1,613,487	13,190,054	12,770,916
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan / obligations	4,133,050	7,171	4,374,445	8,136,799	7,636,885
Taxation	(1,377,683)	(2,390)	(1,458,148)	(2,712,266)	(2,545,628)
	2,755,367	4,781	2,916,297	5,424,533	5,091,257
Items that may be subsequently reclassified to profit or loss:					
Unrealised (losses) / gains on investment securities	(319,517)	304,990	(372,768)	174,167	2,214,797
Realised (gains) / losses on investment securities	(13,405)	(524,258)	6,524	(697,931)	(514,087)
Foreign currency translation	7,917	3,710	(13,502)	18,341	(11,166)
Expected credit losses on investment securities	(152,284)	42,277	-	(87,963)	-
	(477,289)	(173,281)	(379,746)	(593,386)	1,689,544
Taxation	142,325	32,216	86,410	82,589	(361,294)
	(334,964)	(141,065)	(293,336)	(510,797)	1,328,250
Other comprehensive income, net of tax	2,420,403	(136,284)	2,622,961	4,913,736	6,419,507
Total comprehensive income for the year	5,822,877	4,036,626	4,236,448	18,103,790	19,190,423
Attributable to:-					
Equityholders of the Company	5,822,877	4,036,626	4,236,448	18,103,790	19,190,423

Consolidated Statement of Financial Position
October 31, 2019

($ Thousands)	October 31, 2019	October 31, 2018
ASSETS		
CASH RESOURCES, NET OF ALLOWANCES	134,999,146	122,762,983
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	3,261,577	24,175
INVESTMENT SECURITIES	119,465,785	134,732,786
PLEDGED ASSETS	15,670,497	21,433,179
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMI	600,518	300,473
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	205,625,384	182,607,258
OTHER ASSETS		
Customers' liability under acceptances, guarantees and letters of credit, net of allowances	13,494,138	13,232,396
Property, plant and equipment	5,827,844	5,303,898
Deferred taxation	117,518	67,105
Taxation recoverable	2,932,659	3,490,939
Retirement benefit asset	43,704,650	34,517,087
Other assets	2,516,305	2,428,094
Intangible assets	785,655	961,914
	69,378,769	60,001,433
TOTAL ASSETS	**549,001,676**	**521,862,287**
LIABILITIES		
Deposits by the public	312,968,147	287,948,379
Amounts due to banks and other financial institutions	9,476,875	10,312,649
	322,445,022	298,261,028
OTHER LIABILITIES		
Acceptances, guarantees and letters of credit	13,606,718	13,232,396
Securities sold under repurchase agreements	-	31,152
Capital management and government securities funds	20,291,757	23,797,925
Deferred taxation	13,082,092	10,790,027
Retirement benefit obligation	4,646,759	4,727,215
Other liabilities	11,675,209	10,082,485
	63,302,535	62,661,200
POLICYHOLDERS' LIABILITIES	45,140,043	45,292,329
STOCKHOLDERS' EQUITY		
Share capital	6,569,810	6,569,810
Reserve fund	3,249,976	3,249,976
Retained earnings reserve	45,891,770	37,891,770
Capital reserve	11,340	11,340
Loan loss reserve	2,304,057	2,377,843
Other reserves	9,964	9,964
Translation reserve	(5,084)	(23,425)
Cumulative remeasurement on investment securities	916,666	1,902,761
Unappropriated profits	59,165,577	63,657,691
	118,114,076	115,647,730
TOTAL EQUITY AND LIABILITIES	**549,001,676**	**521,862,287**

Director   Director

Scotiabank
Scotia Group Jamaica Limited

Consolidated Statement of Changes in Shareholders' Equity
October 31, 2019

($ Thousands)	Share Capital	Reserve Fund	Retained Earnings Reserve	Capital Reserves	Cumulative Remeasurement on Investment Securities	Loan Loss Reserve	Other Reserves	Translation Reserve	Unappropriated Profits	Total
Balance as at 31 October 2017	**6,569,810**	**3,249,976**	**31,891,770**	**11,340**	**565,980**	**2,687,050**	**9,964**	**(12,259)**	**57,457,935**	**102,431,566**
Net Profit	-	-	-	-	-	-	-	-	12,770,916	12,770,916
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	5,091,257	5,091,257
Foreign Currency Translation	-	-	-	-	-	-	-	(11,166)	-	(11,166)
Unrealised gains on investment securities, net of taxes	-	-	-	-	1,704,950	-	-	-	-	1,704,950
Realised gains on investment securities, net of taxes	-	-	-	-	(365,534)	-	-	-	-	(365,534)
Total Comprehensive Income	-	-	-	-	**1,339,416**	-	-	**(11,166)**	**17,862,173**	**19,190,423**
Transfers between reserves										
Transfer to Retained Earnings Reserve	-	-	6,000,000	-	-	-	-	-	(6,000,000)	-
Transfer to Loan Loss Reserve	-	-	-	-	-	(309,207)	-	-	309,207	-
Transfer to Unappropriated Profits	-	-	-	-	(2,635)	-	-	-	2,635	-
Dividends Paid	-	-	-	-	-	-	-	-	(5,974,259)	(5,974,259)
Balance as at 31 October 2018	**6,569,810**	**3,249,976**	**37,891,770**	**11,340**	**1,902,761**	**2,377,843**	**9,964**	**(23,425)**	**63,657,691**	**115,647,730**
Balance as at 31 October 2018	**6,569,810**	**3,249,976**	**37,891,770**	**11,340**	**1,902,761**	**2,377,843**	**9,964**	**(23,425)**	**63,657,691**	**115,647,730**
Cumulative effect of adopting IFRS 9	-	-	-	-	(456,957)	-	-	-	(493,768)	(950,725)
Balance as at 1 November 2018	**6,569,810**	**3,249,976**	**37,891,770**	**11,340**	**1,445,804**	**2,377,843**	**9,964**	**(23,425)**	**63,163,923**	**114,697,005**
Net Profit	-	-	-	-	-	-	-	-	13,190,054	13,190,054
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	5,424,533	5,424,533
Foreign Currency Translation	-	-	-	-	-	-	-	18,341	-	18,341
Unrealised gains on investment securities, net of taxes and provisions	-	-	-	-	(14,952)	-	-	-	-	(14,952)
Realised gains on investment securities, net of taxes	-	-	-	-	(514,186)	-	-	-	-	(514,186)
Total Comprehensive Income	-	-	-	-	**(529,138)**	-	-	**18,341**	**18,614,587**	**18,103,790**
Transfers between reserves										
Transfer to Retained Earnings Reserve	-	-	8,000,000	-	-	-	-	-	(8,000,000)	-
Transfer from Loan Loss Reserve	-	-	-	-	-	(73,786)	-	-	73,786	-
Dividends Paid	-	-	-	-	-	-	-	-	(14,686,719)	(14,686,719)
Balance as at 31 October 2019	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**916,666**	**2,304,057**	**9,964**	**(5,084)**	**59,165,577**	**118,114,076**

Building for the Future

Scotiabank.

Scotia Group Jamaica Limited

Condensed Statement of Consolidated Cash Flows
Year ended October 31, 2019

($ Thousands)	**2019**	**2018**
Cash flows provided by / (used in) operating activities		
Profit for the period	13,190,054	12,770,916
Items not affecting cash:		
Depreciation	553,190	567,648
Expected credit losses	3,312,439	3,192,042
Amortisation of intangible assets	154,764	154,552
Taxation	5,292,670	5,521,712
Net interest income	(25,119,056)	(25,207,777)
Loss / (Gain) on disposal of property	(185,933)	1,878
Increase in retirement benefit assets / obligations	(1,016,854)	(889,679)
Gain on sale of subsidiary	-	(753,145)
	(3,818,726)	(4,641,853)
Changes in operating assets and liabilities		
Loans	(27,564,790)	(19,306,142)
Deposits	21,538,379	33,348,951
Policyholders reserve	(152,286)	121,173
Securities sold under repurchase agreement	(30,745)	(20,527,216)
Financial assets at fair value through profit and loss	(3,232,717)	(15,608)
Interest received	27,985,893	28,531,066
Interest paid	(2,650,888)	(3,329,467)
Taxation paid	(4,645,554)	(6,847,674)
Amounts with parent and fellow subsidiaries	(2,067,569)	(6,324,460)
Assets held for sale, net	-	185,522
Other	5,917,281	(3,176,409)
	11,278,278	(1,982,117)
Cash flows provided by / (used in) investing activities		
Investments and pledged assets	22,011,341	3,824,398
Net proceeds on sale of subsidiary	-	1,194,767
Purchase of property, plant, equipment and intangibles	(1,116,807)	(577,258)
Proceeds on sale of property, plant and equipment	225,604	3,666
	21,120,138	4,445,573
Cash flows used in financing activities		
Dividends paid	(14,686,719)	(5,974,259)
	(14,686,719)	(5,974,259)
Effect of exchange rate on cash and cash equivalents	4,884,146	329,260
Net change in cash and cash equivalents	22,595,843	(3,181,543)
Cash and cash equivalents at beginning of year	70,854,714	74,036,257
Cash and cash equivalents at end of year	**93,450,557**	**70,854,714**
Represented by :		
Cash resources, before expected credit losses	134,999,146	122,762,983
Less statutory reserves at Bank of Jamaica	(31,929,861)	(37,885,689)
Less amounts due from other banks greater than ninety days	(9,457,244)	(12,273,822)
Less expected credit losses	15,558	-
Less accrued interest on cash resources	(51,025)	(83,815)
Pledged assets, t'bills and repurchase agreements assets less than ninety days	3,416,611	1,343,971
Cheques and other instruments in transit, net	(3,542,628)	(3,008,914)
Cash and cash equivalents at the end of the year	**93,450,557**	**70,854,714**

Building for the Future

Segmental Financial Information
October 31, 2019

($ Thousands)	Banking: Treasury	Banking: Retail	Banking: Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	8,213,330	18,855,698	8,007,098	3,465,535	5,093,087	1,542,678	-	45,177,426
Revenues from other segments	(1,785,412)	376,270	1,181,670	208,414	70,405	-	(51,347)	-
Total revenues	6,427,918	19,231,968	9,188,768	3,673,949	5,163,492	1,542,678	(51,347)	45,177,426
Expenses	(565,924)	(15,628,961)	(7,778,226)	(1,394,360)	(1,191,925)	(46,816)	(88,490)	(26,694,702)
Profit before tax	5,861,994	3,603,007	1,410,542	2,279,589	3,971,567	1,495,862	(139,837)	18,482,724
Taxation								(5,292,670)
Profit for the period								**13,190,054**
Segment assets	178,939,016	136,534,750	91,298,678	37,288,657	58,530,404	24,347,436	(23,999,248)	502,939,693
Unallocated assets								46,061,983
Total assets								**549,001,676**
Segment liabilities	-	171,369,564	173,205,216	27,951,890	46,001,589	81,918	(11,200,573)	407,409,604
Unallocated liabilities								23,477,997
Total liabilities								**430,887,601**
Other Segment items:								
Capital expenditure	-	678,606	429,768	8,433	-	-	-	1,116,807
Expected credit losses	(64,372)	2,251,332	441,007	8,752	(40,734)	-	-	2,595,985
Depreciation and amortisation	-	376,070	190,902	137,588	3,394	-	-	707,954

Segmental Financial Information

October 31, 2018

($ Thousands)	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net External Revenues	7,037,229	18,278,020	7,793,014	3,094,700	4,979,881	1,028,405	-	42,211,249
Revenues from other segments	(2,347,057)	405,571	1,634,393	249,262	56,243	1,295	293	-
Total Revenues	4,690,172	18,683,591	9,427,407	3,343,962	5,036,124	1,029,700	293	42,211,249
Expenses	(586,333)	(13,803,172)	(6,673,444)	(1,506,962)	(1,228,131)	(44,816)	(75,763)	(23,918,621)
Profit Before Tax	4,103,839	4,880,419	2,753,963	1,837,000	3,807,993	984,884	(75,470)	18,292,628
Taxation								(5,521,712)
Profit for the year								**12,770,916**
Segment assets	177,823,742	120,517,664	82,562,123	37,606,313	60,359,317	28,948,515	(23,077,411)	484,740,263
Unallocated assets								37,122,024
Total Assets								**521,862,287**
Segment liabilities	-	161,421,613	159,070,223	29,281,828	46,297,163	54,049	(10,411,625)	385,713,251
Unallocated liabilities								20,501,306
Total liabilities								**406,214,557**
Other Segment items:								
Capital Expenditure	-	339,153	219,406	18,699	-	-	-	577,258
Impairment losses on loans	-	1,898,664	16,938	2,387	-	-	-	1,917,989
Depreciation and amortisation	-	387,412	196,496	133,322	4,970	-	-	722,200

SCOTIA GROUP JAMAICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2019

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.

2. Significant accounting policies

(a) Basis of presentation

Statement of compliance

The condensed interim 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, 2018, which was prepared in accordance with International Financial Reporting Standards (IFRS).

New, revised and amended standards

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.

(i) IFRS 9, Financial Instruments

The Group adopted IFRS 9, 'Financial Instruments' effective November 1, 2018, which resulted in changes in accounting policies related to the classification and measurement and impairment of financial assets. Changes in accounting policies were applied retrospectively and as permitted under IFRS 9, the Group did not restate comparative information for prior periods. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 were recognized in retained earnings and reserves as at November 1, 2018. The impact of IFRS 9 adoption on the Consolidated Statement of Financial Position as at November 1, 2018 is set out under Note 5.

(ii) IFRS 15, Revenue from Contracts with Customers

The Group adopted IFRS 15, 'Revenue from Contracts with Customers' effective November 1, 2018. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service, and the Group must determine whether its performance obligation is to provide the service itself (i.e. the Group acts as a principal) or to arrange another party to provide the service (i.e. the Group acts as an agent).

The adoption of IFRS 15 did not impact the majority of the Group's revenue, including interest income, trading revenue and securities gains. There was no significant impact on the timing and recognition of fee income for the Group.

2. **Significant accounting policies (continued)**
   (a) Basis of presentation (continued)

Functional and presentation currency
The condensed interim consolidated financial statements are presented in Jamaican dollars, which is the Group's functional currency. All financial information has been expressed in thousands of Jamaican dollars unless otherwise stated.

(b) 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. **Critical accounting estimates and judgements**
The preparation of financial statements, in conformity with IFRS requires management to make estimates, apply judgements and make assumptions that affect the reported amount of and disclosures relating to assets, liabilities, income and expenses at the date of the condensed interim consolidated financial statements. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

4. **Financial Assets**
Financial assets include both debt and equity instruments.

Classification and measurement
Debt instruments
Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:
- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL);

Classification of debt instruments is determined based on the business model under which the asset is held and the contractual cash flow characteristics of the instrument.

Equity instruments
Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase.

Impairment
The group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. This impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

4. Financial Assets (continued)
Impairment (continued)

Stage 1 – where there has not been a significant increase in credit risk (SIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months.

Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

5. Transition to IFRS 9
Reconciliation of IAS 39 to IFRS 9

The following table provides the impact from the transition to IFRS 9 on the Consolidated Statement of Financial Position at transition date, November 1, 2018. The impact consists of reclassification and remeasurement.

Reclassification:
These adjustments reflect the movement of balances between the categories on the Consolidated Statement of Financial Position with no impact to shareholders' equity. There is no change to the carrying value of the balances as a result of the classification.

Remeasurement:
These adjustments, which include expected credit losses, result in a change to the carrying value of the item on the Statement of Financial Position with an impact to shareholders' equity net of tax.

ASSETS	IAS 39 Classification	IFRS 9 Classification	IAS 39 carrying amount as at Oct 31, 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at Nov 1, 2018
Cash and cash balances at Bank of Jamaica	Loans and receivables	Amortised cost	69,070,417	-	(47,438)	69,022,979
Government and bank notes other than Jamaican	Loans and receivables	Amortised cost	898,300	-	-	898,300
Due from other banks	Loans and receivables	Amortised cost	17,573,229	-	-	17,573,229
Accounts with parent and fellow subsidiaries	Loans and receivables	Amortised cost	35,221,037	-	-	35,221,037
Financial assets at fair value through profit or loss	Held for trading	FVPL	24,175	-	-	24,175
Pledged assets	Available-for-sale	FVOCI	13,192,804	(1,749,483)	-	11,443,321
Pledged assets	Available-for-sale	FVTPL	-	1,749,483	-	1,749,483
Pledged assets	Loans and receivables	Amortised cost	7,711,242	-	(831)	7,710,411
Pledged assets	Held to maturity	Amortised cost	529,133	-	-	529,133
Loans, after allowance for impairment losses	Loans and receivables	Amortised cost	182,607,258	-	(1,218,062)	181,389,196
Investments – debt securities	Available-for-sale	FVOCI	132,679,458	(2,351,022)	-	130,328,436
Investments – debt securities	Available-for-sale	FVTPL	-	2,351,022	-	2,351,022
Investments – equity securities	Available-for-sale	FVOCI	2,053,328	(298,740)	-	1,754,588
Investments – equity securities	Available-for-sale	FVTPL	-	298,740	-	298,740
Securities purchased under resale agreements	Loans and receivables	Amortised cost	300,473	-	-	300,473
Customers liabilities under acceptances, guarantees and letter of credit	Loans and receivables	Amortised cost	13,232,396	-	(86,160)	13,146,236
Other			46,769,037		29,015	46,798,052
Total Assets			**521,862,287**	**-**	**(1,323,476)**	**520,538,811**

Building for the Future

5. Transition to IFRS 9 (continued)
Reconciliation of IAS 39 to IFRS 9 (continued)

LIABILITIES	IAS 39 Classification	IFRS 9 Classification	IAS 39 carrying amount as at Oct 31, 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at Nov 1, 2018
Deposits by the public	Loans and receivables	Amortised cost	287,948,379	-	-	287,948,379
Due to other banks and financial institutions	Loans and receivables	Amortised cost	6,823,007	-	-	6,823,007
Due to ultimate parent company	Loans and receivables	Amortised cost	3,311,000	-	-	3,311,000
Due to fellow subsidiaries	Loans and receivables	Amortised cost	178,642	-	-	178,642
Cheques and other instruments in transit	Loans and receivables	Amortised cost	3,008,914	-	-	3,008,914
Acceptances, guarantees and letters of credit	Loans and receivables	Amortised cost	13,232,396	-	-	13,232,396
Security sold under agreement to purchase	Loans and receivables	Amortised cost	31,151	-	-	31,151
Capital management and government securities	Loans and receivables	Amortised cost	23,797,925	-	-	23,797,925
Other			67,883,143	-	(372,751)	67,510,392
Total liabilities			**406,214,557**	**-**	**(372,751)**	**405,841,806**
EQUITY						
Share capital			6,569,810	-	-	6,569,810
Reserve fund			3,249,976	-	-	3,249,976
Retained earnings reserve			37,891,770	-	-	37,891,770
Capital reserves			11,340	-	-	11,340
Loan loss reserve			2,377,843	-	-	2,377,843
Other reserves			9,964	-	-	9,964
Translation reserve			(23,425)	-	-	(23,425)
Cumulative remeasurement on investment securities			1,902,761	(570,036)	113,079	1,445,804
Unappropriated profits			63,657,691	570,036	(1,063,804)	63,163,923
Total equity			115,647,730	-	(950,725)	114,697,005
Total liabilities and equity			**521,862,287**	**-**	**(1,323,476)**	**520,538,811**

6. Pledged Assets

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

($ Millions)	2019	2018
Investments pledged as collateral for securities sold under repurchase agreements	-	33
Capital Management and Government Securities funds	14,003	19,846
Securities with regulators, clearing houses and other financial institutions	1,667	1,554
	15,670	21,433

7. 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.

8. Property, plant and equipment

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

9. 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.

10. 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.

(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.

11. 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 31 OCTOBER 2019

RANK	SHAREHOLDER	HOLDINGS AS AT 31 OCTOBER 2019
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	63,241,902
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION	31,257,242
6	NCB INSURANCE CO. LTD A/C WT109	24,291,176
7	GRACEKENNEDY PENSION FUND CUSTODIAN LTD	20,897,463
8	ATL GROUP PENSION FUND TRUSTEES NOMINEE LTD	16,504,778
9	SAGICOR SELECT FUNDS LIMITED - (CLASS B' SHARES) FINANCIAL	13,487,986
10	JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY	12,792,269

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2019

DIRECTORS	HOLDINGS AS AT 31 OCTOBER 2019
ALEXANDER, BARBARA OLIVE LOUISE	**108,000**
FORRESTER, TERRANCE	0
CRAWFORD, ERIC	**45,000**
GORDON, DEBBIE-ANN	0
CRAWFORD, ALEXANDER	0
FOWLER, ANGELA	**0**
FOWLER, ROBERT/ FOWLER, ANGELA	47,760
HALL, JEFFREY MCGOWAN	**0**
HALL, JEFFREY MCGOWAN/CHUA, DR. SWEE TEEN	40,000
HALL, JEI HAN CHUA	0
HALL, LI ANN	0
HART, ANTONY MARK DESNOES	**24,960**
HART, CANDACE	0
HART, CAMERON GABRIELLE	0
HART, ETHAN SAMUEL	0
HART, MAYA ALEXANDRA	0
KING, BRENDAN	**0**
BRYAN, SANDRA	0
KING, CONOR	0
KING, RYAN	0
KING, SHANNON	0
NOEL, DAVID	**0**
NOEL, DAVID/NOEL, FRANCENE	40,000
NOEL, EDEN	0
NOEL, ZACHARY	0
MCCONNELL, WILLIAM DAVID	**0**
MCCONNELL, TANIA	0
MCCONNELL, DAVID (Estate)	265,248
MCCONNELL, LEAH	0
MCCONNELL, WILLIAM K.	0
REID, LESLIE	**0**
REID, WILLIAM	0
RICHARDS, AUDREY	**5,000**
RICHARDS, LINDSAY	0
RICHARDS, DOMINIC	0
SMITH, EVELYN	**0**
SMITH, JOSEPH ALEXANDER	0
SMITH, ANNECIA	0
SMITH, NELSON ALEXANDER	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2019

SENIOR MANAGERS	HOLDINGS AS AT 31 OCTOBER 2019
ANDERSON, YVETT	**55,835**
ANDERSON, ANTHONY DONICA	0
ANDERSON, MISHKA TONI-ANN	0
ANDERSON, KHESS KENITRA	0
ANDERSON, EKI-AKIM	0
ANDERSON, YVETT/ANDERSON, ANTHONY	54,123
BRIGHT, ALSTON CARL	**174,195**
BRIGHT, ARTHUR	0
BRIGHT-FEARSON, SHARON	0
BRIGHT, ALSTON CARL/BRIGHT JONATHAN	116,700
BUCKNOR, DAYNE	**17,106**
BUCKNOR, AYDEN	0
BUCKNOR, MARSHA	0
BUCKNOR, VICTORIA	0
DANIEL, KIYOMI	**0**
DAVIES, TRICIA	**0**
GAYLE, DYLAN ANDREW	0
FORBES-PATRICK, YANIQUE	**0**
FORBES, BLOSSOM	0
FORBES, SHAUN	0
PATRICK, XAVIER	0
PATRICK, ZACHARY	0
FRASER, RICHARD	**0**
KINACH, ANDREA VANESSA	0
FRASER, EMILIA	0
FRASER, ZARA	0
GAUDET, MARCIA	**0**
LECLAIR, PATRICE	0
GAYLE, PERRIN	**0**
GAYLE, NATALIE C.A.	0
GAYLE, PAXTON A	0
GAYLE, PEYTON A	0
HARVEY, VINCENT AGUSTUS	**9,045**
HARVEY, GAIL ROSALEE/ HARVEY, VINCENT A.	2,600
HARVEY, STEPHEN VINCENT	0
HARVEY, VINCENT/ HARVEY, GAIL	1,300
HARVEY, VINCENT A./ HARVEY, GAIL/ HARVEY, PETER-JOHN HARVEY	1,000
HEYWOOD, NADINE	**16,715**
HEYWOOD, GRANT ALEXANDER MAUNSELL	0
HEYWOOD, ZOE MONIQUE MAUNSELL	0

SCOTIA GROUP JAMAICA LIMITED
SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES
QUARTERLY REPORT AS AT 31 OCTOBER 2019

SENIOR MANAGERS	HOLDINGS AS AT 31 OCTOBER 2019
MAIR, HORACE NEIL CRAIG	**65,663**
MAIR, JODI ANN	0
MAIR, DANIEL GEORGE	0
MAIR, JOSHUA HORACE	0
MAIR, LUKE CRAIG	0
MAUCIERI, JEAN*	**0**
MCLEGGON, MARCETTE**	**241,621**
NELSON, MORRIS	**643**
NELSON, KALLICIA	0
NELSON, KARLENE	0
NELSON, KYLE	0
SPENCE,DEBRA	**0**
SPENCE, MELVILLE	0
SPENCE, EMANUELLE	0
SPENCE, NOAH	0
STOKES, ADRIAN	**0**
STOKES, LUCAS	0
SYLVESTER, COURTNEY A.	**278,377**
SYLVESTER, COURTNEY/SYLVESTER, CORAH-ANN	124,764
SYLVESTER, BENJAMIN	0
SYLVESTER, EMMANUEL	0
SYLVESTER, JESSICA	0
TUGWELL-HENRY, AUDREY	**0**
TUGWELL-HENRY, AUDREY MAUD/HENRY, PETER	29,996
HENRY, PETER-GAYE	0
HENRY, STEVEN	0
WHITE, GARY-VAUGHN	**121,776**
WHITE, ROSALEE KEESH-ANN	0
WHITE, CALEB-ANTHONY	0
WHITE, EDEN-GRACE ALEXANDRA	0
WHITE, NAADIA	**8,522**
WHITE, DAVID ANTHONY	0
WHITE, KIMBERLY DE-JANA	0
WHITE, KRISTOPHE JABLONSKI	0
WILKIE-CHANNER, SHELEE NADINE	**123,129**
WILKIE-CHANNER, SHELEE/CHANNER, LENNOX DECORDOVA	21,048
CHANNER, KYRA-JADE ALYSSA	0
CHANNER, MAYA-PAIGE OLIVIA	0
WRIGHT, MICHELLE	**64,443**

Notes:

Effective 31 October 2019, Jean Maucieri will proceed on retirement.

*****Effective 14 October 2019, Marcette McLeggon was appointed as Vice President & Chief Risk Officer, Caribbean North & Central South***