MEDIA RELEASE

Scotiabank®

September 8, 2021

SCOTIA GROUP JAMAICA REPORTS THIRD QUARTER OF FISCAL 2021 RESULTS

Scotia Group reports net income of $7.28 billion representing an increase of 31% for the nine months ended July 31, 2021, compared to $5.56 billion as at the corresponding period last year.

The improved performance was underpinned by strong collaboration across all business lines which has enabled the Group to continue to execute well on our Customer First strategy.

Today, the Board of Directors approved an interim dividend of 35 cents per stock unit in respect of the third quarter, which is payable on October 20, 2021 to stockholders on record as at September 28, 2021.

Commenting on the Group's performance, Scotia Group President and CEO, Audrey Tugwell Henry said, "We are proud to deliver another quarter of strong results for our shareholders. Our clearly defined strategy of investing in our people, processes, products and technology continue to drive the business forward despite the very real obstacles present in the current business landscape. Notwithstanding the challenges, the Group continues to perform well as we focus on the needs of our customers. Our deposits continue to grow, with an increase of 11% versus prior year as customers consistently choose Scotiabank as their financial partner. Our mortgage book also showed solid performance, recording growth of 11% year over year. Scotia Insurance had a commendable quarter with the number of policies sold increasing by 2% when compared to the corresponding period last year. This is an area that we will continue to prioritize, as we ensure that our customers have adequate protection for all eventualities. Scotia Investments delivered a solid contribution to the Group's results and we expect further improvements as the economy recovers.

During the quarter, the Group continued to advance our Customer First strategy which ultimately seeks to help customers achieve their financial goals. A critical component of this strategy is the optimization of our business through continued investment in digital technology to make everyday banking easier. In July we made further enhancements to our mobile banking app including the ability to transfer funds to pay personal or third-party loans, easier payment of credit cards, and upgrades to our data encryption to further improve security. Our efforts in the digital banking space were recently recognized as the Most Innovative in Data by *The Banker*'s Global Innovation in Digital Banking Awards 2021. Significant advances were made in the area of service delivery as we aim to offer customers a best-in-class experience. Our Customer Experience Unit was recently expanded to support our branches and call centre to ensure that all customer concerns are addressed and resolved in the shortest possible time. Several new promotions were launched for personal banking products including mortgages, credit cards and personal loans, which were well received by the market.

Financial Highlights

July 2021 Billions	July 2020 Billions
$7.3 Net profit	$5.6 Net profit
$578.3 Total Assets	$544.1 Total Assets
$116.2 Equity	$110.1 Equity
$370.7 Deposits	$335.1 Deposits
$2.34 Earnings per share	$1.79 Earnings per share
8.5% Return on Equity	6.5% Return on Equity
60.0% Productivity	58.5% Productivity

Our SME customers remain a key segment for us and we are committed to offering the best financial advice and solutions to support them to be successful. In June, the Bank boldly introduced a special, market leading rate of 6.5% for secured loans to the industry. The response from the market has been very positive and is demonstrative of the recovery taking place.

While the overall growth outlook for 2021 has been dampened by the recent resurgence in COVID-19 cases commencing the country's third wave and resulting in a retightening of containment measures, we remain optimistic. We know that as a country and a people we are very resilient. As we look towards the final quarter of the year, we will continue to execute on our digital transformation initiatives, upgrade and expand our ABM network, provide relevant financial solutions to meet our customers' needs and focus on enhancing customer experience right across the Scotia Group. We will continue to focus on delivering high quality financial services through our team of dedicated staff members, with the clear objective of making it easier to do business with us.

I would like to thank our dedicated team of Scotiabankers for delivering another quarter of strong results, our Board of Directors who continue to offer invaluable support and guidance to the leadership team and our shareholders for continuing to place their trust in us. Finally, I would like to thank our customers for choosing Scotiabank every day."

GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues excluding expected credit losses for the nine months ended July 31, 2021 was $31.7 billion and reflected a reduction of $350 million or 1.1% over the corresponding prior period.

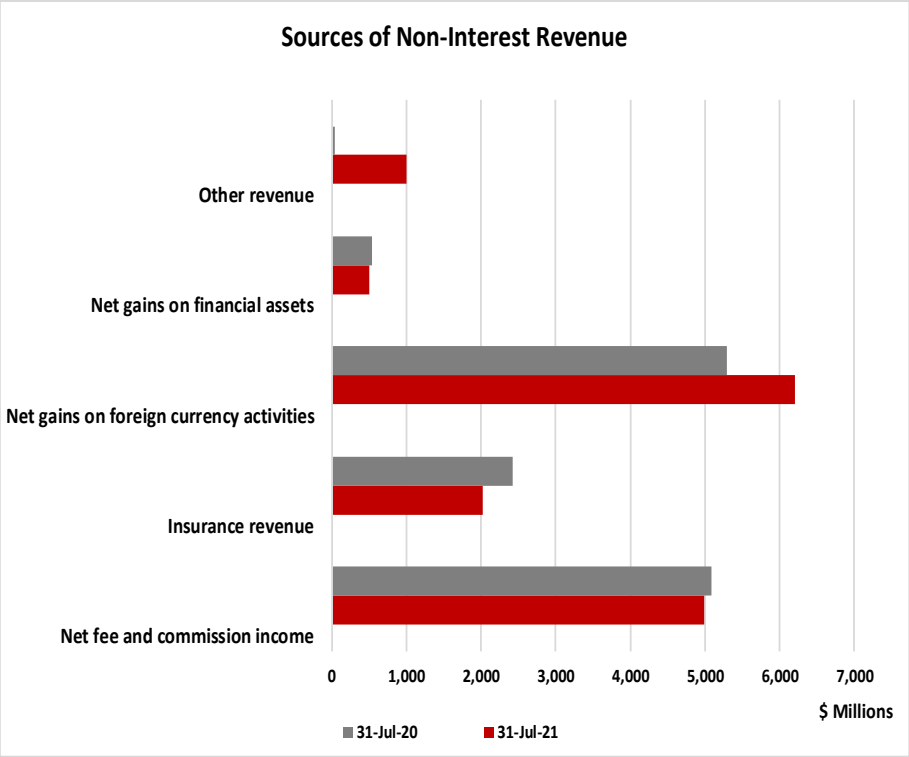
Total revenues continue to be heavily impacted by the COVID-19 pandemic as evidenced by the ongoing reduction in interest rates offered in the market and lower transaction volumes, which have contributed to a reduction in the Group's net interest income, lower net fee and commissions as well as insurance revenues.

Net interest income after expected credit losses for the nine month period was $15.0 billion up $1.6 billion or 11.6% when compared to the corresponding period last year and was primarily attributable to the reduction in expected credit losses of $3.3 billion. Prior period results included higher provisioning given the revised assumptions incorporated in the impairment methodology, in conjunction with the adoption of a more prudent approach in determining credit loss provisions.

OTHER REVENUE

Other income, defined as all income other than interest income increased by $1.4 billion or 10.1%.

- Net fee and commission income amounted to $5.0 billion and showed a reduction of $94 million or 1.9%. The year over year decline noted in fee and commission revenues was primarily attributable to lower transaction volumes stemming from the COVID-19 pandemic in conjunction with the continued execution of the Group's digital adoption strategy geared towards educating customers about our various electronic channels which attract lower fees.
- Insurance revenues decreased by $397 million or 16.4% to $2.0 billion due to the reduction in premium income stemming from the pandemic as well as lower actuarial reserve releases.



- Net gains on foreign currency activities and financial assets amounted to $6.7 billion, representing an increase of $877 million or 15%.
- Other revenue increased by $965 million (over 100%) when compared to the prior period and was attributable to gains realized on the extinguishment of debt facilities.

CREDIT QUALITY

Expected credit losses for the year showed a reduction of $3.3 billion when compared to 2020. The higher credit losses reflected in the prior period was mainly driven by additional provisions recorded on account of the revised assumptions incorporated in the Group's impairment methodology stemming from the COVID-19 pandemic.

The Group's credit quality remains strong and we are well provisioned with accumulated credit losses (ACLs) for both our performing and non-performing loans, ensuring adequate coverage for possible future net write offs.

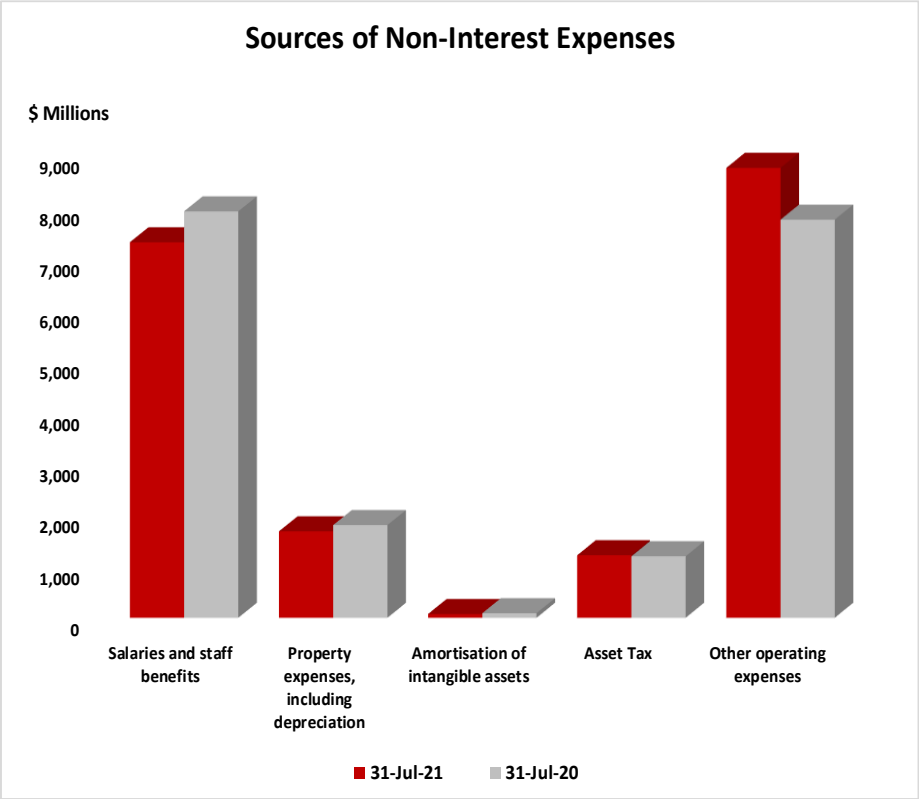
Non-accrual loans (NALs) as at July 31, 2021 totaled $6.1 billion compared to $4.9 billion for the corresponding period. The Group's NALs represent 2.7% of gross loans up from 2.1% as at July 2020 and 1.1% of total assets (July 2020 – 0.9%). Of note, the Group's NALs as a percentage of gross loans continue to be below the industry average. The Group's aggregate expected credit losses for loans as at July 31, 2021 was $6.2 billion, representing 101.1% coverage of total non-performing loans.

OPERATING EXPENSES AND PRODUCTIVITY

Operating expenses amounted to $19 billion for the period and reflected an increase of $292 million or 1.6% over the corresponding prior year period. This was primarily attributable to an increase in other operating expenses of $1 billion which was partially offset by the reduction in salaries and staff benefit costs of $602 million (due to continued expense management initiatives despite restructuring provisions recorded). The increase noted in other operating expenses was due to restructuring costs and technology expenses. Excluding restructuring and other one-off expenses, operating expenses would be $263 million or 1.4% lower than the prior comparative period.

Asset tax expenses, increased year over year by $20 million or 1.7% to $1.2 billion given an increase in the Group's assets.

Our productivity ratio for the period was 60% compared to 58.5% recorded for the prior comparative period.



GROUP FINANCIAL CONDITION

ASSETS

The Group's asset base increased over the prior period by $34.2 billion to $578.3 billion as at July 31, 2021. This was predominantly as a result of the growth in our cash resources of $30.5 billion (26.3%), investment securities of $1.5 billion (0.9%) and other assets of $7.5 billion (17%) which was partially offset by the reduction in our loan portfolio of $5.3 billion (2.4%).

Cash Resources

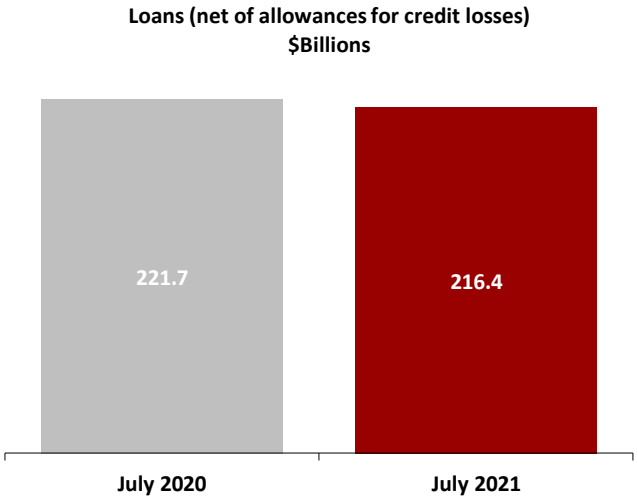
Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $146.7 billion, increasing over the comparative period by $30.5 billion or 26.3%. The increase noted was directly attributable to the growth in our core deposits in conjunction with loan repayments. The Group continues 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, increased by $1.5 billion or 0.91% to $163.3 billion when compared to the corresponding period (July 2020 - $161.9 billion). The increase noted was due to the purchase of additional securities.

Loans

Our loan portfolio showed a reduction by $5.3 billion or 2.4% over the prior year period, with loans after allowances for credit losses reducing to $216.4 billion. Loan repayments coupled with lower loan demand in light of the global pandemic accounted for the year over year movement.

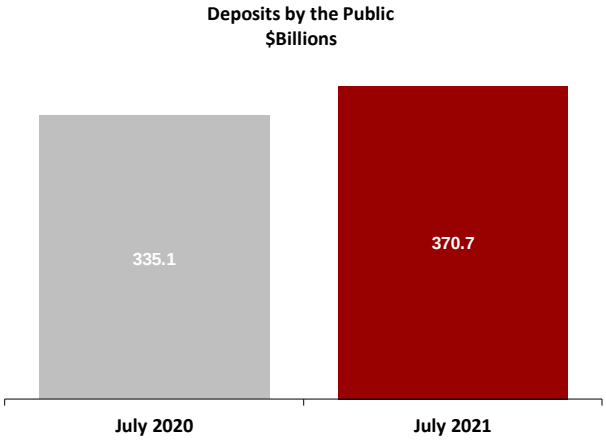


LIABILITIES

Total liabilities were $462.1 billion as at July 31, 2021 and showed an increase over the comparative period of $28.1 billion or 6.5%. The increase noted was driven mainly by increased customer deposits, other liabilities, deferred taxation as well as a higher retirement benefit obligation which was partially offset by the reduction in capital management fund balances.

Deposits

Deposits by the public increased to $370.7 billion, up from $335.1 billion when compared to the corresponding period. The $35.6 billion or 10.6% 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

Net obligations decreased by $3.1 billion or 15.7% over the prior period. Our strategic focus continues to be geared towards growing our off-balance sheet business, namely, mutual funds and unit trusts. As at July 2021 our asset management portfolios grew by $14 billion or 7.9% given the performance of the portfolios and the stock market.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund stood at $45.6 billion as at July 2021 compared to $45.2 billion as at July 2020. Our Scotia Affirm product continues to perform well, growing 29% year over year with a current net asset value of $1.1 billion. The increase noted was attributable to our strong sales effort coupled with the improved performance of the stock market.

Other Liabilities

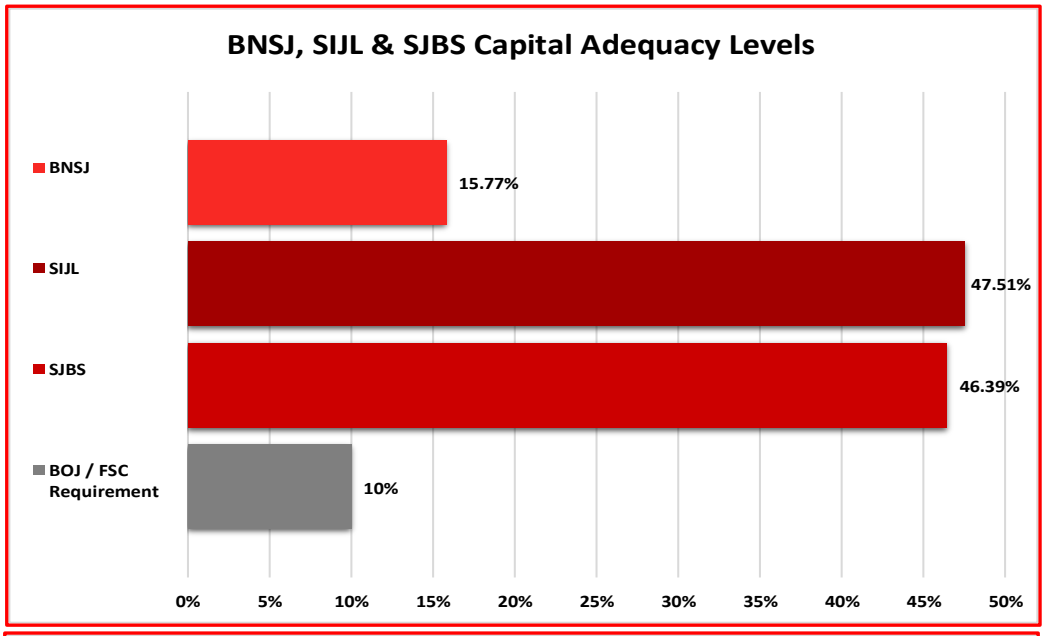
Other liabilities showed an increase of $2.7 billion or 10.7% over the comparative period and totaled $27.5 billion as at July 2021. This was attributable to an increase in other liabilities of $982 million or 8% from the timing of accrued operating expenses, increase in deferred taxation of $903 million or 11.2% due to the change in the retirement benefit asset, as well as an increase in the retirement benefit obligation of $765 million or 17% resulting from the revised assumptions used in the actuarial valuation.

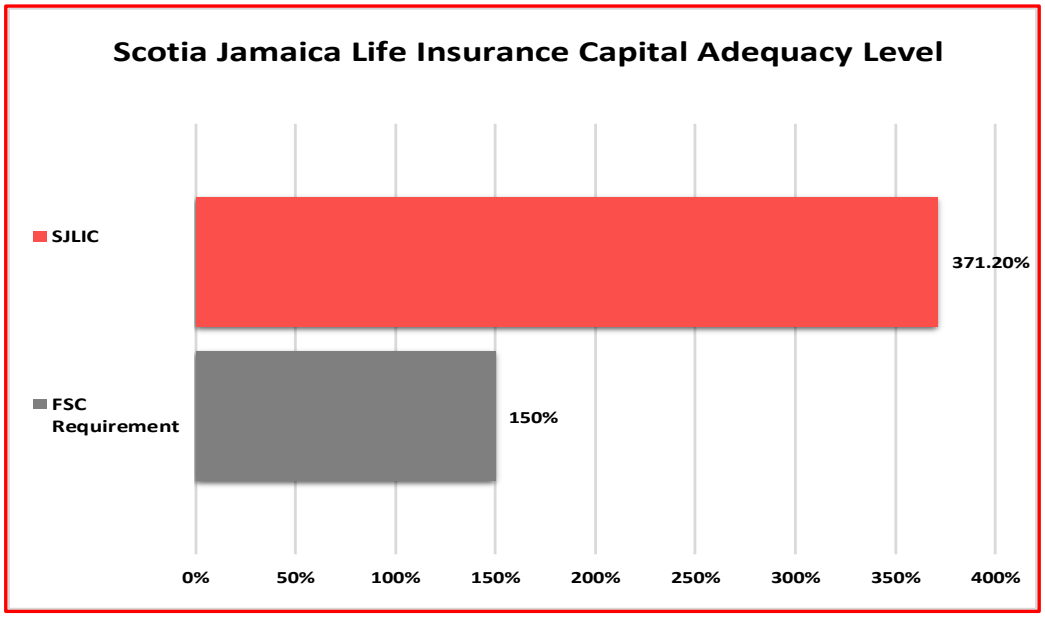
CAPITAL

Shareholders' equity available to common shareholders increased by $6.1 billion or 5.5% over the comparative period to $116.2 billion. This was due primarily to the re-measurement of the defined benefit pension plan assets coupled with internally generated profits which was partially offset by dividends paid.

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 regulatory capital adequacy levels versus the minimum requirement is shown below:





SCOTIABANK COMMITMENT TO THE COMMUNITY

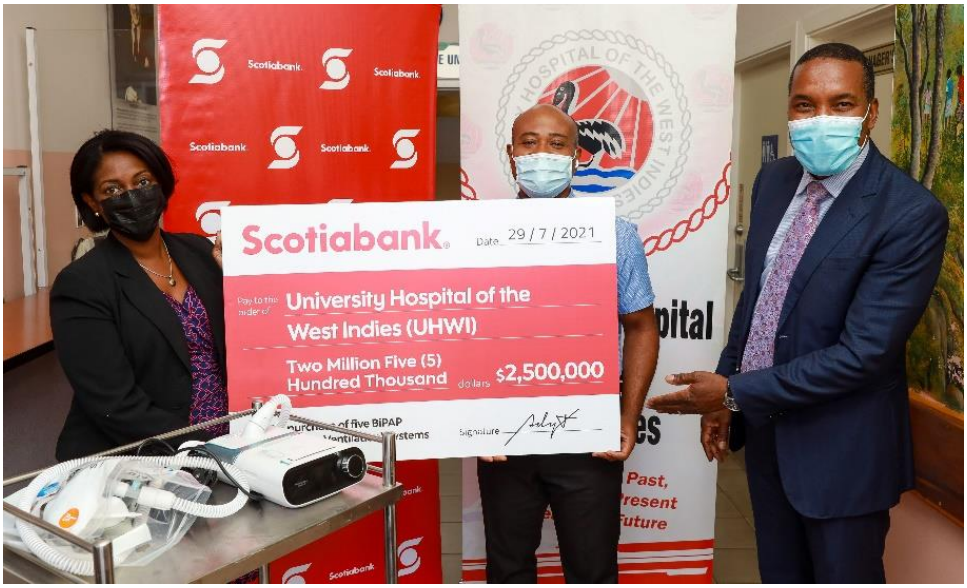
Social Impact

Over the past quarter the Bank continued to deepen its involvement with the community through various projects.

Labour Day 2021

In May, donations totaling $1 million were provided for two local organizations that spearheaded Labour Day 2021 projects in Central and Western Jamaica. In partnership with the South St. Catherine Chamber of Commerce and The United Way of Jamaica, refurbishment, sanitation and beautification works were carried out at the Old Harbour Market, the Catadupa Health Clinic in St. James, The Green Island High School, and the Lucea Infant School located in Westmoreland.

COVID-19



Dr. Kevin Metalor (centre), Head of Department of Anaesthesia and Intensive Care at UHWI and Dr. Carl Bruce (right), Medical Chief of Staff at the UHWI accept a donation of $2.5 million from Yanique Forbes-Patrick (left), VP Public Affairs and Communications — Scotiabank Jamaica,

In July, the Bank also continued to bolster the island's response to the COVID-19 pandemic with an additional donation of $2.5 million to the University Hospital of the West Indies (UHWI) for the purchase of five Bi-level Positive Airway Pressure (BiPAP) machines. These provide non-invasive ventilation used to facilitate breathing and are a favoured option in the treatment of patients battling COVID-19.

SCOTIA Rise

In line with the Bank's new philanthropic focus of fostering economic resilience within the communities that we serve, a partnership with One on One Educational Services Ltd. was created to provide exam preparation assistance for students preparing to sit the upcoming CSEC exams. Approximately 1,000 students will benefit from the initiative.

Consolidated Statement of Revenue and Expenses
Period ended July 31, 2021

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	**July 2021**	**April 2021**	**July 2020**	**July 2021**	**July 2020**
Interest income	6,159,482	5,943,581	6,813,101	18,410,949	20,527,899
Interest expense	(453,870)	(436,474)	(585,031)	(1,402,787)	(1,818,373)
Net interest income	5,705,612	5,507,107	6,228,070	17,008,162	18,709,526
Expected credit losses	(584,258)	(975,593)	(2,586,966)	(1,990,013)	(5,254,736)
Net interest income after expected credit losses	5,121,354	4,531,514	3,641,104	15,018,149	13,454,790
Net fee and commission income	1,948,743	1,362,860	1,646,437	4,986,538	5,080,533
Insurance revenue	695,608	694,422	515,910	2,024,211	2,421,681
Net gains on foreign currency activities	1,653,048	2,558,438	1,747,443	6,207,087	5,299,003
Net gains on financial assets	198,538	143,658	247,243	506,310	537,388
Other revenue	15,557	16,110	19,760	1,004,187	38,688
	4,511,494	4,775,488	4,176,793	14,728,333	13,377,293
Total Operating Income	9,632,848	9,307,002	7,817,897	29,746,482	26,832,083
Operating Expenses					
Salaries and staff benefits	2,262,913	2,487,996	2,460,375	7,311,119	7,912,804
Property expenses, including depreciation	492,354	600,974	573,132	1,683,171	1,804,041
Amortisation of intangible assets	24,500	24,483	29,422	73,481	88,140
Asset tax	-	(44,861)	-	1,217,783	1,197,510
Other operating expenses	2,907,546	2,519,004	2,693,680	8,760,362	7,751,237
	5,687,313	5,587,596	5,756,609	19,045,916	18,753,732
Profit before taxation	3,945,535	3,719,406	2,061,288	10,700,566	8,078,351
Taxation	(1,137,303)	(989,572)	(515,031)	(3,411,973)	(2,514,466)
Profit for the period	2,808,232	2,729,834	1,546,257	7,288,593	5,563,885
Attributable to:-					
Equityholders of the Company	2,808,232	2,729,834	1,546,257	7,288,593	5,563,885
Earnings per share (cents)	90	88	50	234	179
Return on average equity (annualized)	9.57%	9.39%	5.56%	8.46%	6.45%
Return on assets (annualized)	1.94%	1.90%	1.14%	1.68%	1.36%
Productivity ratio	55.66%	54.34%	55.33%	60.01%	58.45%

Consolidated Statement of Comprehensive Income
Period ended July 31, 2021

	For the three months ended			For the period ended	
Unaudited ($ Thousands)	**July 2021**	**April 2021**	**July 2020**	**July 2021**	**July 2020**
Profit for the period	2,808,232	2,729,834	1,546,257	7,288,593	5,563,885
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan/obligations	(5,871,716)	4,869,285	(4,511,967)	3,658,428	(13,679,556)
Taxation	1,957,239	(1,623,096)	1,503,989	(1,219,476)	4,559,852
	(3,914,477)	3,246,189	(3,007,978)	2,438,952	(9,119,704)
Items that may be subsequently reclassified to profit or loss:					
Unrealised (losses) / gains on investment securities	(120,809)	(596,951)	797,508	(840,435)	984,176
Realised (gains) / losses on investment securities	53,195	(23,156)	-	43,555	(419,046)
Foreign currency translation	3,424	17,082	11,435	31,087	17,978
Expected credit losses on investment securities	1,180	881	(4,838)	6,251	(31,552)
	(63,010)	(602,144)	804,105	(759,542)	551,556
Taxation	22,972	151,556	(249,696)	210,948	(182,807)
	(40,038)	(450,588)	554,409	(548,594)	368,749
Other comprehensive income, net of tax	(3,954,515)	2,795,601	(2,453,569)	1,890,358	(8,750,955)
Total comprehensive income for the period	(1,146,283)	5,525,435	(907,312)	9,178,951	(3,187,070)

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Consolidated Statement of Financial Position
July 31, 2021

Unaudited ($ Thousands)	July 31, 2021	Restated October 31, 2020	Restated July 31, 2020
ASSETS			
CASH RESOURCES, NET OF ALLOWANCES	146,604,848	141,256,766	116,094,858
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	3,742,020	3,685,340	3,422,922
INVESTMENT SECURITIES	145,937,643	116,397,816	141,058,787
PLEDGED ASSETS	12,040,595	17,179,792	17,370,875
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	1,601,541	1,100,871	-
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	216,414,692	220,726,834	221,736,740
OTHER ASSETS			
Property, plant and equipment, including right of use assets	8,530,395	8,558,323	7,527,291
Deferred taxation	146,144	149,744	150,452
Taxation recoverable	2,560,826	2,675,632	2,683,568
Retirement benefit asset	33,575,726	28,242,497	30,985,027
Other assets	6,526,705	2,597,940	2,343,163
Intangible assets	594,611	668,093	697,515
	51,934,407	42,892,229	44,387,016
TOTAL ASSETS	**578,275,746**	**543,239,648**	**544,071,198**
LIABILITIES			
Deposits by the public	370,668,636	336,660,438	335,078,260
Amounts due to banks and other financial institutions	1,713,207	4,713,140	9,077,916
	372,381,843	341,373,578	344,156,176
OTHER LIABILITIES			
Capital management and government securities funds	16,631,820	19,157,775	19,728,211
Deferred taxation	9,007,468	7,037,160	8,104,192
Retirement benefit obligation	5,257,441	4,541,887	4,492,250
Other liabilities	13,228,548	15,073,998	12,246,629
	44,125,277	45,810,820	44,571,282
POLICYHOLDERS' LIABILITIES	45,567,953	45,299,616	45,239,703
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	45,891,770	45,891,770	44,891,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	(10,933)	220,791	250,597
Other reserves	9,964	9,964	9,964
Translation reserve	37,701	6,614	12,894
Cumulative remeasurement on investment securities	277,792	857,473	1,267,437
Unappropriated profits	60,163,253	53,937,896	53,840,249
	116,200,673	110,755,634	110,104,037
TOTAL EQUITY AND LIABILITIES	**578,275,746**	**543,239,648**	**544,071,198**

Director

Director

Consolidated Statement of Changes in Shareholders' Equity
as at July 31, 2021

Unaudited ($ 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 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**
Net Profit	-	-	-	-	-	-	-	-	5,563,885	5,563,885
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	(9,119,704)	(9,119,704)
Foreign Currency Translation	-	-	-	-	-	-	-	17,978	-	17,978
Unrealised gains on investment securities, net of taxes	-	-	-	-	655,528	-	-	-	-	655,528
Realised gains on investment securities, net of taxes	-	-	-	-	(304,757)	-	-	-	-	(304,757)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**350,771**	**-**	**-**	**17,978**	**(3,555,819)**	**(3,187,070)**
Transfers between reserves										
Transfer from Retained Earnings Reserve	-	-	(1,000,000)	-	-	-	-	-	1,000,000	-
Transfer from Loan Loss Reserve	-	-	-	-	-	(2,053,460)	-	-	2,053,460	-
Dividends Paid	-	-	-	-	-	-	-	-	(4,822,969)	(4,822,969)
Balance as at 31 July 2020	**6,569,810**	**3,249,976**	**44,891,770**	**11,340**	**1,267,437**	**250,597**	**9,964**	**12,894**	**53,840,249**	**110,104,037**
Balance as at 31 October 2020	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**857,473**	**220,791**	**9,964**	**6,614**	**53,937,896**	**110,755,634**
Net Profit	-	-	-	-	-	-	-	-	7,288,593	7,288,593
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	2,438,952	2,438,952
Foreign Currency Translation	-	-	-	-	-	-	-	31,087	-	31,087
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(608,511)	-	-	-	-	(608,511)
Realised losses on investment securities, net of taxes	-	-	-	-	28,830	-	-	-	-	28,830
Total Comprehensive Income	**-**	**-**	**-**	**-**	**(579,681)**	**-**	**-**	**31,087**	**9,727,545**	**9,178,951**
Transfers between reserves										
Transfer from Loan Loss Reserve	-	-	-	-	-	(231,724)	-	-	231,724	-
Dividends Paid	-	-	-	-	-	-	-	-	(3,733,912)	(3,733,912)
Balance as at 31 July 2021	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**277,792**	**(10,933)**	**9,964**	**37,701**	**60,163,253**	**116,200,673**

Condensed Statement of Consolidated Cash Flows
Period ended July 31, 2021

Unaudited

($ Thousands)	**2021**	**2020**
Cash flows provided by operating activities		
Profit for the period	7,288,593	5,563,885
Items not affecting cash:		
Depreciation and amortisation of right of use assets	668,266	740,291
Expected credit losses	2,547,348	5,725,358
Amortisation of intangible assets	73,481	88,140
Taxation	3,411,973	2,514,466
Net interest income	(17,008,162)	(18,709,526)
Increase in retirement benefit assets / obligations	(862,350)	(1,034,099)
Gain on disposal of property	(1,607)	(2,556)
Gain on extinquishment of debt	(953,779)	-
	(4,836,237)	(5,114,041)
Changes in operating assets and liabilities		
Loans	960,104	(20,741,645)
Deposits	31,469,590	21,541,857
Policyholders reserve	268,337	99,660
Financial assets at fair value through profit and loss	(21,613)	(163,562)
Interest received	18,666,559	19,017,417
Interest paid	(1,383,035)	(1,816,448)
Taxation paid	(2,776,551)	(4,051,818)
Amounts with parent and fellow subsidiaries	(4,861,719)	(3,031,174)
Other	(8,724,123)	6,142,788
	28,761,312	11,883,034
Cash flows used in investing activities		
Investments and pledged assets	(28,096,842)	(22,485,062)
Lease payments on right of use asset	(146,320)	(149,577)
Purchase of property, plant, equipment and intangibles	(1,092,295)	(1,002,849)
Proceeds on sale of property, plant and equipment	1,607	2,823
	(29,333,850)	(23,634,665)
Cash flows used in financing activities		
Dividends paid	(3,733,912)	(4,822,969)
	(3,733,912)	(4,822,969)
Effect of exchange rate on cash and cash equivalents	4,309,142	3,810,848
Net change in cash and cash equivalents	2,692	(12,763,752)
Cash and cash equivalents at beginning of year	105,494,541	93,450,473
Cash and cash equivalents at end of period	**105,497,233**	**80,686,721**
Represented by :		
Cash resources, net of expected credit losses	146,604,849	116,094,858
Less statutory reserves at Bank of Jamaica	(30,330,425)	(27,862,233)
Less amounts due from other banks greater than ninety days	(9,114,799)	(8,677,571)
Expected credit losses on cash resources	3,222	7,477
Less accrued interest on cash resources	(3,590)	(20,361)
Pledged assets, investment securities and repurchase agreements assets less than ninety days	1,600,000	2,661,015
Cheques and other instruments in transit, net	(3,262,024)	(1,516,464)
Cash and cash equivalents at the end of the period	**105,497,233**	**80,686,721**

Segmental Financial Information

July 31, 2021

Unaudited ($ Thousands)	Banking			Investment Management Services	Insurance Services	Other	Eliminations	Group
	Treasury	Retail	Corporate and Commercial					
Net external revenues	2,921,786	14,016,620	8,443,970	2,581,260	3,114,108	658,751	-	31,736,495
Revenues from other segments	(985,800)	150,781	647,384	200,968	28,230	-	(41,563)	-
Total revenues	1,935,986	14,167,401	9,091,354	2,782,228	3,142,338	658,751	(41,563)	31,736,495
Expenses	(615,915)	(12,876,735)	(5,574,325)	(928,230)	(1,020,824)	(24,633)	4,733	(21,035,929)
Profit before tax	1,320,071	1,290,666	3,517,029	1,853,998	2,121,514	634,118	(36,830)	10,700,566
Taxation								(3,411,973)
Profit for the period								**7,288,593**
Segment assets	213,502,459	140,606,497	100,505,899	28,580,210	59,974,607	22,973,001	(27,597,221)	538,545,452
Unallocated assets								39,730,294
Total assets								**578,275,746**
Net interest income								
Segment liabilities	-	205,042,213	185,496,002	18,153,458	46,221,087	11,025	(14,664,205)	440,259,580
Unallocated liabilities								21,815,493
Total liabilities								**462,075,073**
Other Segment items:								
Capital expenditure	-	582,901	509,018	376	-	-	-	1,092,295
Expected credit losses	16,731	2,042,585	(75,944)	4,344	2,297	-	-	1,990,013
Depreciation and amortisation	4,294	419,941	213,348	99,783	4,381	-	-	741,747

Segmental Financial Information

July 31, 2020

Unaudited ($ Thousands)	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	3,100,649	14,523,074	8,023,976	2,285,539	3,481,543	672,038	-	32,086,819
Revenues from other segments	(1,114,453)	220,328	787,336	92,341	(2,089)	-	16,537	-
Total revenues	1,986,196	14,743,402	8,811,312	2,377,880	3,479,454	672,038	16,537	32,086,819
Expenses	(522,933)	(15,718,373)	(5,576,967)	(1,061,029)	(966,728)	(96,069)	(66,369)	(24,008,468)
Profit before tax	1,463,263	(974,971)	3,234,345	1,316,851	2,512,726	575,969	(49,832)	8,078,351
Taxation								(2,514,466)
Profit for the period								**5,563,885**
Segment assets	180,695,586	140,533,827	94,260,583	36,626,614	59,063,366	24,559,176	(24,610,484)	511,128,668
Unallocated assets								32,942,530
Total assets								**544,071,198**
Net interest income								
Segment liabilities	-	181,694,388	169,897,641	27,008,053	45,962,769	1,163,000	(11,761,980)	413,963,871
Unallocated liabilities								20,003,290
Total liabilities								**433,967,161**
Other Segment items:								
Capital expenditure	-	538,928	462,418	1,503	-	-	-	1,002,849
Expected credit losses	(31,832)	5,274,396	32,254	(8,893)	(11,189)	-	-	5,254,736
Depreciation and amortisation	4,266	473,578	240,747	99,922	9,918	-	-	828,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021

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 (Barbados) 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, 2020, which was prepared in accordance with International Financial Reporting Standards (IFRS).

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.

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.

Allowance for expected credit losses

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:

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.

The Bank revised its allowance for credit losses (ACL) methodology in Q1 2020, by adding an additional, pessimistic forward-looking scenario. Previously, the Bank determined its ACL using three probability-weighted forward-looking scenarios. The base case represents the most likely outcome and the other scenarios represent more optimistic and pessimistic outcomes, to which probabilities are assigned. The addition of this scenario resulted in an increase in ACL of $408 million (one-time impact) in Q1 2020.

5. Pledged Assets

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

($ Millions)	2021	2020
Capital Management and Government Securities funds	10,211	15,539
Securities with regulators, clearing houses and other financial institutions	1,830	1,832
	12,041	**17,371**

6. 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.

7. Property, plant and equipment including right of use assets

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

The Group recognizes a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured based on the present value of the lease payments.

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.

9. Employee benefits (cont.)

(i) **Defined Benefit Plan (cont.)**

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.

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 and mortgages;
- 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.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, retirement benefits asset and obligation and borrowings. Eliminations comprise intercompany transactions and balances. The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas represent less than 10% of the Group's operating revenue and assets.

11. Prior year adjustment

The Group has determined that acceptances, guarantees and letters of credit have not met the requirement for recognition as an asset or as a liability. This has been corrected by restating each of the affected financial statement line items for prior periods. The expected credit losses on acceptances, guarantees and letters of credit are included in other liabilities as a provision. This prior period adjustment does not have an impact on the group's and company's statements of revenue and expenses, comprehensive income, changes in shareholders' equity and cash flows for the year ended October 31, 2020. The following table summarizes the impact on the Group's and the Company's financial statements.

Statement of financial position

	October 2020			July 2020		
	As previously reported	Adjustments	As Restated	As previously reported	Adjustments	As Restated
Customers' liabilities under guarantees	13,041,700	(13,041,700)	-	12,771,515	(12,771,515)	-
Others	543,239,648	-	543,239,648	544,071,198	-	544,071,198
Total Assets	**556,281,348**	**(13,041,700)**	**543,239,648**	**556,842,713**	**(12,771,515)**	**544,071,198**
Guarantees issued	13,140,840	(13,140,840)	-	12,880,362	(12,880,362)	-
Others	432,384,874	99,140	432,484,014	433,858,314	108,847	433,967,161
Total Liabilities	445,525,714	(13,041,700)	432,484,014	446,738,676	(12,771,515)	433,967,161
Total Equity	110,755,634	-	110,755,634	110,104,037	-	110,104,037
Total Liabilities and Equity	**556,281,348**	**(13,041,700)**	**543,239,648**	**556,842,713**	**(12,771,515)**	**544,071,198**