MEDIA RELEASE

Scotiabank®

March 9, 2022

SCOTIA GROUP JAMAICA REPORTS

FIRST QUARTER OF FISCAL 2022 RESULTS

Scotia Group delivered a strong financial performance reporting net income of $1.8 billion, which was $663 million or 59% above the last quarter (Q4/2021), and $34 million or 2% above the comparative period in prior year. Assets increased by $38 billion or 7%, and the Group maintained a strong capital position amounting to $115.4 billion as at the quarter end. In keeping with our history of value creation and return on investments to shareholders, the Board of Directors approved a dividend of 35 cents per stock unit in respect of the first quarter, which is payable on April 20, 2022 to stockholders on record as at March 29, 2022.

President and CEO of Scotia Group Jamaica, Audrey Tugwell Henry commenting on the Group's performance said "Scotia Group delivered another solid quarter for shareholders. We continue to invest in new products, services and process improvements to deliver best in class financial solutions to our customers. Our customers continue to demonstrate their trust in us managing their financial affairs. We saw notable growth in our deposit book with an increase of 11% versus the comparable period last year. Our mortgage portfolio delivered a strong performance with an increase of 17% versus prior year. We are very proud to be helping so many Jamaicans achieve their goal of home ownership and investment in assets that create value for their families. Our insurance business continues to perform well with non-creditor premiums increasing by 10% year over year and creditor premium income increasing by 19% versus the same period last year. Assets Under Management at Scotia Investments continue to grow and showed an increase of $6.3 billion or 3% versus the prior year. At the start of the quarter, Scotia Investments launched two new funds for investors, The Scotia Premium Short-Term Income Funds - available in USD and JMD currency. The Funds provide the potential for higher returns on short-term fixed income investments when compared to traditional money market solutions.

As we advance our Customer First strategy, several initiatives were launched to assist customers to make everyday transactions more convenient and to help them meet their financial objectives. We have continued to show our strength in Digital offerings by delivering products and services via our world class Mobile Banking App. Our retail banking customers have demonstrated preference for our Mobile App, not only to complete day to day transactions but also to access our retail products. Usage of our Mobile and Online Banking channels continue to outpace all other channels.

We launched Select Pay on our Mobile App and this is performing well. This is our affordable installment plan for credit card customers. This feature allows our customers the option to convert large select credit card transactions to a term loan at a lower interest rate. The product has been well received by the market and we will be making further enhancements to the feature during the fiscal year.

We ramped up our commitment to public financial education with our Scotia Advice radio series. The series gave useful advice to customers on several topics including digital banking, debt management, protection, investment basics and home purchases. We will continue our thrust in this area and include communications to promote our deposit account offerings and helping customers to choose the best account to meet their needs.

As a fervent supporter of diversity and inclusion, we were very proud to launch the Scotiabank Women Initiative (SWI) in January. SWI is aimed at advancing women-led and women owned businesses in Jamaica. It is a 3-pronged programme which is comprised of access to capital, business education and business advisory services and mentorship. The programme was launched with a loan fund valued at $3 billion dollars, made available to provide financing to eligible women-led and owned businesses with loans up to $100 million dollars at preferential rates along with waivers on some applicable fees. We look forward to offering more exciting and innovative products and promotions this year that will focus on the current needs of our customers and the market.

As we settle into the new year, we are optimistic about Jamaica's economic recovery as the effects of the pandemic abates. Our capital position is one of our key strengths that will put us in a position to support our customers as they rebuild.

I would like to thank our Winning Team of Scotiabankers for their commitment to serving our customers with excellence, our Board for their sound guidance and governance, our customers for making us their financial partner and our shareholders for their continued investment, trust and support."

GROUP FINANCIAL PERFORMANCE

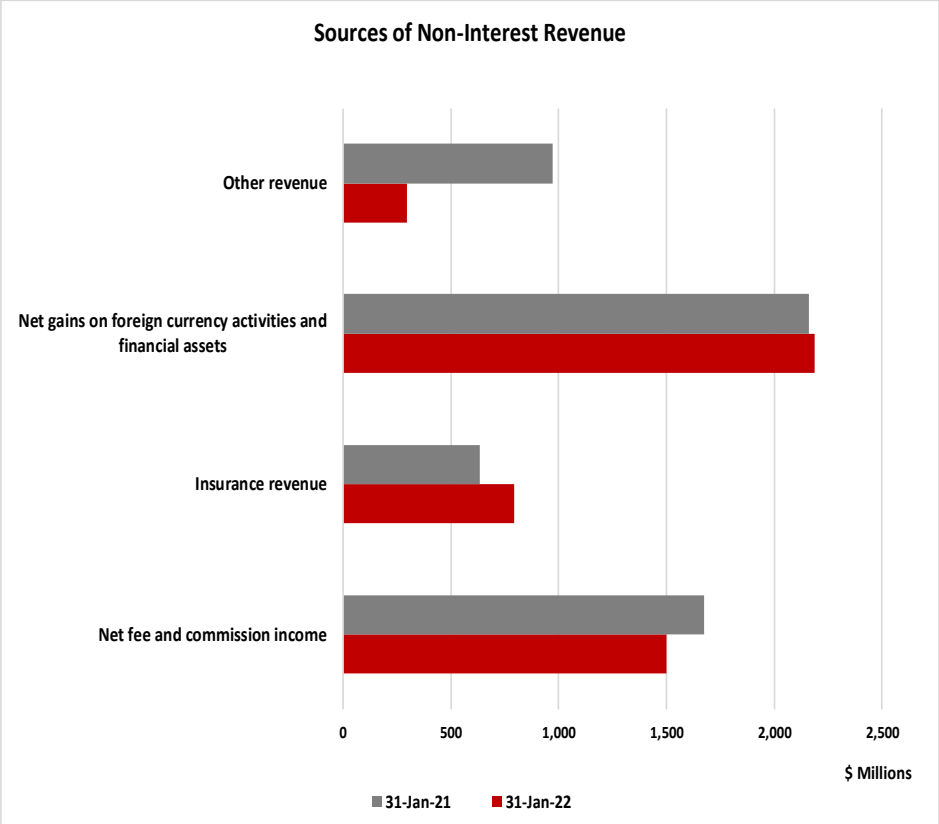
TOTAL REVENUES

Total revenues excluding expected credit losses for the three months ended January 31, 2022 was $10.9 billion, reflecting a reduction of $302 million or 2.7% over the prior year period, but up $2.1billion or 23.1% above the last quarter.

Business segments collaborated and performed well during the quarter with insurance revenues and net gains on foreign currency activities increasing over the prior year period by $159.6 million (25.2%) and $121.9 million (6.1%) respectively. Net interest income grew by $223.4 million or 4.2% and was primarily attributable to an increase in interest earned on the investment portfolio and improved retail loan performance.

OTHER REVENUE

Other income, defined as all income other than interest income reduced by $664 million or 12.2%.



- Net fee and commission income amounted to $1.5 billion and showed a reduction of $174 million or 10.4%. The reduction noted in fee and commission revenue is due to the continued execution of the Group's digital adoption strategies geared towards educating customers about our various electronic channels which attract lower fees coupled with rising costs associated with the cards network.
- Insurance revenues increased by $159.6 million or 25.2% to $793.7 million given higher transaction volumes stemming from improved cross-selling initiatives coupled with higher actuarial reserve releases and lower refunds.
- Net gains on foreign currency activities and financial assets amounted to $2.2 billion, representing an increase of $26.7 million or 1.2%.
- Other revenue decreased by $677.1 million or 69.6% due to one-off gains reflected in the prior period from the extinguishment of debt facilities which was partially offset by current year gains realized on the disposal of property.

CREDIT QUALITY

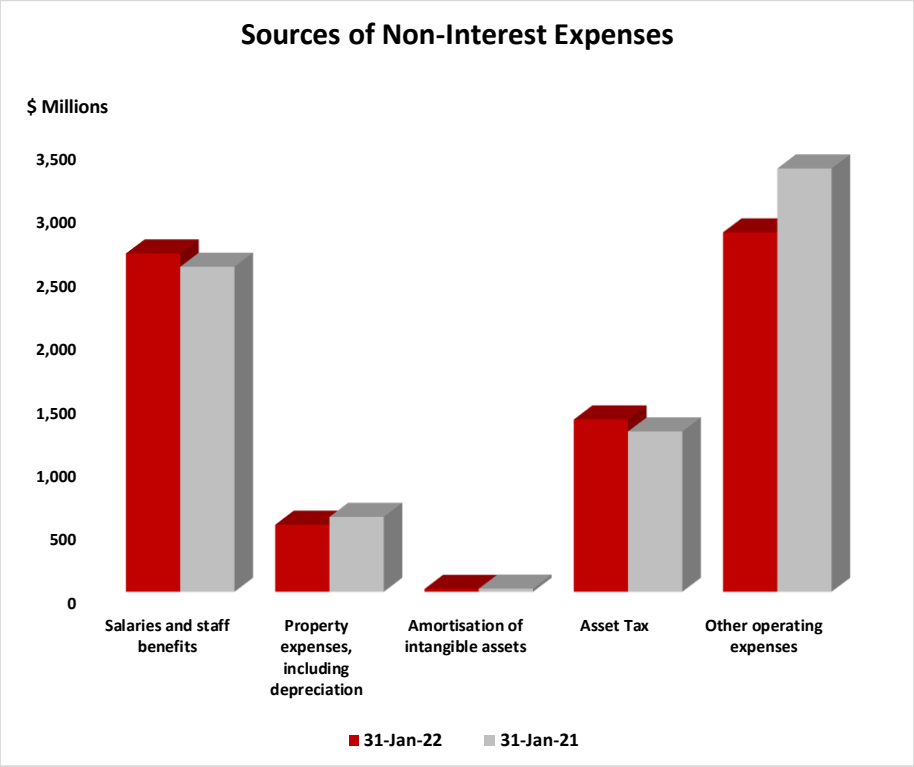
Expected credit losses for the period showed an increase of $139.1 million or 32.4% when compared to Q1/2021. However, the Group's credit quality remains strong and we are well provisioned for both our performing and non-performing loans, ensuring adequate coverage for possible future net write offs.

Non-accrual loans (NALs) as at January 2022 totaled $4.7 billion compared to $5.7 billion as at January 2021. This represents a reduction of $1 billion or 18%. The Group's NALs represent 2.3% of gross loans when compared to January 2021 (2.6%) and 0.8% of total assets (January 2021 – 1.0%). 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 January 2022 was $5.1 billion, representing 109.6% coverage of total non-performing loans.

OPERATING EXPENSES

Operating expenses amounted to $7.4 billion for the quarter and reflected a reduction of $367.5 million or 4.7% over the prior year comparative period. The lower operating expenses reflected as at Q1/2022 was due to Q1/2021 (prior period) restructuring provisions and the continued benefits of initiatives executed.

Asset tax expenses, increased year over year by $94.3 million or 7.5% to $1.5 billion given an increase in the Group's asset base.



GROUP FINANCIAL CONDITION

ASSETS

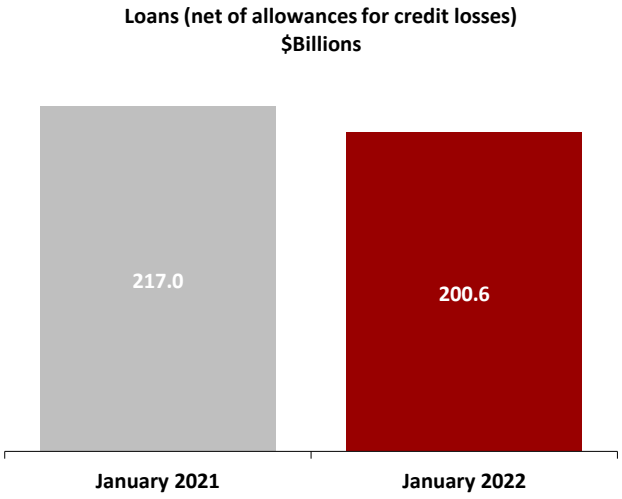
The Group's asset base grew by $38.2 billion or 6.9% to $590.7 billion as at January 2022. This was predominantly as a result of the growth in our cash resources of $42.2 billion or 32.4% due to increased deposits driven by the continued confidence of our customers in the Group.

Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $172.5 billion, increasing by $42.2 billion or 32.4% over the prior period. The increase noted was directly attributable to the growth in our core deposits. The Group maintains a strong liquidity position which enables us to respond effectively to changes in our cash flow requirements.

Loans

Our loan portfolio showed a reduction by $16.4 billion or 7.6% compared to January 2021, with loans after allowances for expected credit losses reducing to $200.6 billion. Loan repayments coupled with lower commercial loan demand in light of the global pandemic accounted for the year over year movement. Our core loan book continues to do well with mortgages increasing by 17% compared to Q1/2021.

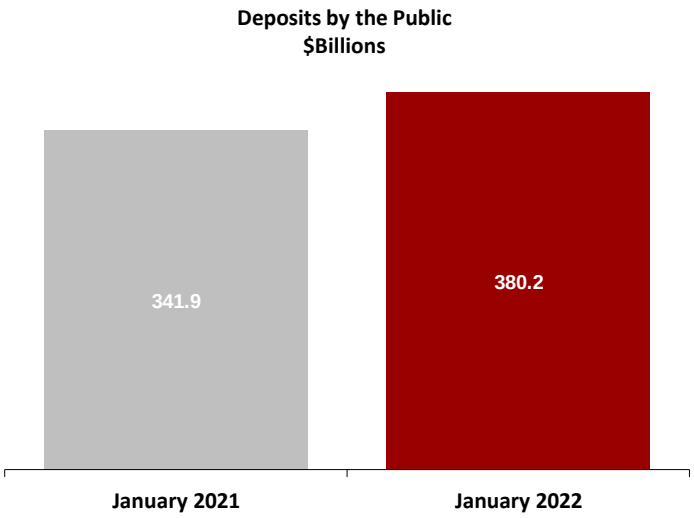


LIABILITIES

Total liabilities were $475.3 billion as at January 2022 and showed an increase of $36.9 billion or 8.4%. The increase noted was driven mainly by increased customer deposits.

Deposits

Deposits by the public increased to $380.2 billion, up from $341.9 billion as at January 2021. The $39 billion or 11.2% 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 remained relatively flat year over year and showed a marginal reduction of $55.7 million / 0.3%. Our strategic focus continues to be geared towards growing our off-balance sheet business, namely, mutual funds and unit trusts. As at January 2022 our asset management portfolios grew by $6.3 billion or 3.4% representing solid performance in all our funds.

Policyholders' Fund

The Policyholders' Fund reflects the insurance contract liabilities held at Scotia Insurance for our flagship product ScotiaMINT. The Fund stood at $46.1 billion as at January 2022 compared to $45.3 billion as at January 2021. Our Scotia Affirm product continues to perform well, growing by 20.4% year over year with a current net asset value of $1.2 billion. The increase noted was attributable to our strong sales effort coupled with the improved performance of the stock market.

Other Liabilities

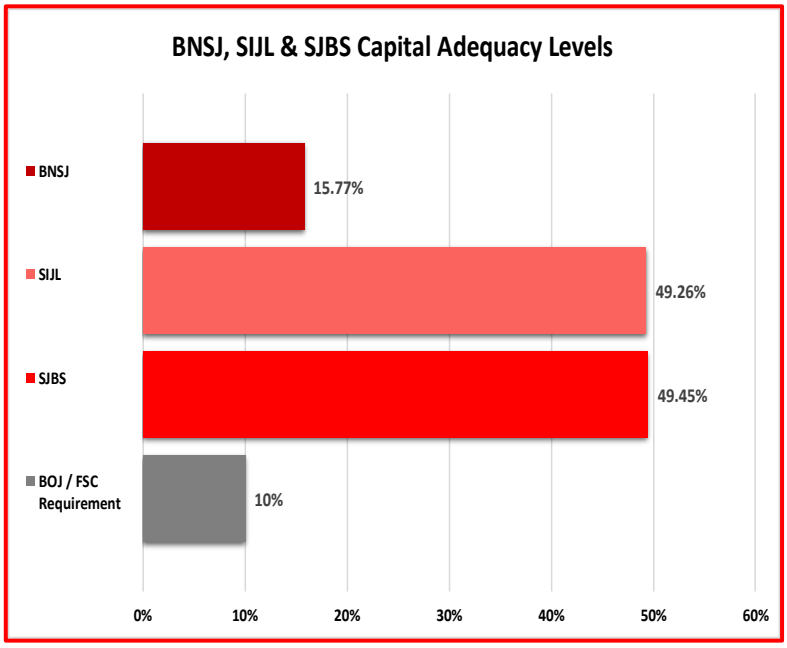
Other liabilities totaled $29 billion as at January 2022 and showed a reduction of $2.8 billion or 8.9% over the comparative prior year period. The year over year movement was primarily attributable to settlement of outstanding dividends to shareholders owning greater than 1% (settled in Q2 2021).

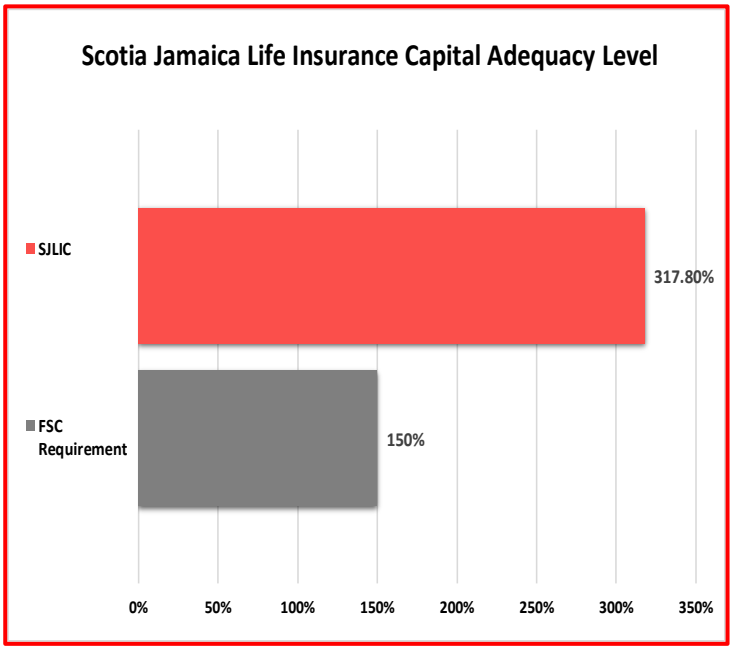
CAPITAL

Shareholders' equity available to common shareholders totaled $115.4 billion and reflected an increase of $1.3 billion or 1.1% when compared to January 2021. This was due primarily to the improved re-measurement results 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

Scotia Group continues to maintain a strong commitment to philanthropy through activities designed to deliver social impact and sustainable results for the communities in which we live and work. Since the start of the fiscal year, we have ramped up efforts through several partnerships designed to benefit the most vulnerable in the society.

Education

The Bank donated approximately $4 million in electronic devices to students via the United Way of Jamaica "Digital Divide" programme. The programme targeted students challenged by physical disabilities, those from rural families dependent on agriculture or tourism for income generation, teenage mothers and other students from underserved communities. A total of 132 students received tablets equipped with learning aids to assist with their studies following the impact of the pandemic. The students were from the following thirteen (13) schools; The Jamaica School For the Blind; Carron Hall High School; Sydney Pagon Agricultural High School; Llandilo School of Special Education; Port Antonio High School, Buff Bay High School; Herbert Morrison Technical High School; Montego Bay High School; Seaforth High School; Ocho Rios High School; York Castle High School; The Women's Centre Foundation of Jamaica and the Anchovy High School. Additionally, a further $700,000 in laptops and tablets were presented to the top students in the Scotiabank Jamaica Foundation CSEC Exam programme. The initiative sought to highlight and reward outstanding students who participated in the Foundation-Sponsored online extra lessons preparation programme which took place during October to December 2021.

Community Outreach

Scotiabank and the United Way of Jamaica partnered over the 2021 yuletide season to assist six children's homes across the island at a cost of $2.2 million. Through the initiative, gifts and food items were provided for 231 wards of the state who are living in privately-run homes across the island. The funds were also used to support the provision of Christmas meals for the Homes. Four homes - Blessed Assurance Home, New Vision Children's Home, Annie Dawson Home for Girls and Sunbeam Boy's Home - also received donations of commercial appliances and furniture.

The sum of $1.5 million was donated to the Food for the Poor Organization to purchase food, household items and appliances during the Christmas period for families facing various socio-economic challenges.

A further $1.5 million dollars was also donated to the Salvation Army's Red Kettle Appeal which supports hundreds of needy persons in communities across the island.

Healthcare

Through the Sick Kids-Caribbean Initiative funded in part by the Bank, we continue to improve access to health services for children who are diagnosed with cancer and blood disorders. The Bustamante Hospital for Children and University Hospital of the West Indies have benefitted from the installation of a telemedicine facility under the initiative, and this is helping to improve the diagnosis and subsequent management of paediatric patients with cancer and blood disorders, as well as provides training and education in the areas of haematology/oncology, nursing, and laboratory services.

The Scotiabank Jamaica Foundation also provided a well-needed respite for 1,600 healthcare workers at the Cornwall Regional Hospital in Montego Bay a few days before the Christmas holiday. Scotiabank staff and volunteers from its branches across the island rallied to serve lunches and helped to make the day a memorable one for the healthcare workers who have faced considerable challenges while treating COVID-19 patients, potentially at significant cost to their own health and wellbeing.

Consolidated Statement of Revenue and Expenses
Period ended January 31, 2022

	For the three months ended		
Unaudited ($ Thousands)	January 2022	October 2021	January 2021
Interest income	6,610,164	6,156,875	6,307,886
Interest expense	(452,226)	(453,548)	(512,443)
Net interest income	6,157,938	5,703,327	5,795,443
Expected credit losses	(569,307)	(819,226)	(430,162)
Net interest income after expected credit losses	5,588,631	4,884,101	5,365,281
Net fee and commission income	1,501,385	1,101,782	1,674,935
Insurance revenue	793,741	608,871	634,181
Net gains on foreign currency activities	2,117,464	1,349,687	1,995,601
Net gains on financial assets	68,950	98,120	164,114
Other revenue	295,388	18,817	972,520
	4,776,928	3,177,277	5,441,351
Total Operating Income	10,365,559	8,061,378	10,806,632
Operating Expenses			
Salaries and staff benefits	2,664,713	2,164,723	2,560,210
Property expenses, including depreciation	528,095	648,744	589,843
Amortisation of intangible assets	22,741	24,191	24,498
Asset tax	1,356,963	-	1,262,644
Other operating expenses	2,830,998	3,255,107	3,333,812
	7,403,510	6,092,765	7,771,007
Profit before taxation	2,962,049	1,968,613	3,035,625
Taxation	(1,177,743)	(846,962)	(1,285,098)
Profit for the period	1,784,306	1,121,651	1,750,527
Attributable to:-			
Equityholders of the Company	1,784,306	1,121,651	1,750,527
Earnings per share (cents)	57	36	56
Return on average equity (annualized)	6.23%	3.90%	6.23%
Return on assets (annualized)	1.21%	0.77%	1.27%
Productivity ratio	67.71%	68.61%	69.16%

Consolidated Statement of Comprehensive Income
Period ended January 31, 2022

	For the three months ended		
Unaudited ($ Thousands)	January 2022	October 2021	January 2021
Profit for the period	1,784,306	1,121,651	1,750,527
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan/obligations	2,747,998	(2,615,630)	4,660,859
Taxation	(915,999)	871,876	(1,553,619)
	1,831,999	(1,743,754)	3,107,240
Items that may be subsequently reclassified to profit or loss:			
Unrealised losses on investment securities	(1,042,760)	(1,218,424)	(122,675)
Realised losses / (gains) on investment securities	20,582	(2,178)	13,516
Foreign currency translation	2,530	1,004	10,581
Expected credit losses on investment securities	2,531	(1,440)	4,191
	(1,017,117)	(1,221,038)	(94,387)
Taxation	306,712	334,575	36,420
	(710,405)	(886,463)	(57,967)
Other comprehensive income, net of tax	1,121,594	(2,630,217)	3,049,273
Total comprehensive income for the period	2,905,900	(1,508,566)	4,799,800

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Consolidated Statement of Financial Position
January 31, 2022

Unaudited	January 31, 2022	October 31, 2021	January 31, 2021
($ Thousands)			
ASSETS			
CASH RESOURCES, NET OF ALLOWANCES	172,513,016	168,675,612	130,310,903
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	3,198,856	3,703,002	4,077,881
INVESTMENT SECURITIES	145,407,977	141,625,200	132,173,874
PLEDGED ASSETS	17,647,675	15,639,678	14,776,412
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	1,001,904	-	1,601,468
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	200,560,722	208,523,054	216,993,589
OTHER ASSETS			
Property, plant and equipment, including right of use assets	8,858,982	8,851,961	8,183,797
Deferred taxation	326,928	302,506	84,318
Taxation recoverable	2,076,650	2,262,233	2,683,042
Retirement benefit asset	34,495,296	31,254,250	34,182,480
Other assets	4,057,775	4,036,354	6,822,272
Intangible assets	547,680	570,421	643,595
	50,363,311	47,277,725	52,599,504
TOTAL ASSETS	**590,693,461**	**585,444,271**	**552,533,631**
LIABILITIES			
Deposits by the public	380,161,567	378,473,110	341,929,283
Amounts due to banks and other financial institutions	2,036,822	1,957,816	1,247,418
	382,198,389	380,430,926	343,176,701
OTHER LIABILITIES			
Capital management and government securities funds	18,025,278	18,808,108	18,080,965
Deferred taxation	8,747,393	7,761,915	9,160,804
Retirement benefit obligation	5,364,891	5,237,873	5,505,308
Other liabilities	14,883,953	13,737,092	17,148,640
	47,021,515	45,544,988	49,895,717
POLICYHOLDERS' LIABILITIES	46,053,665	45,865,307	45,305,996
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	45,891,770
Capital reserve	11,340	11,340	11,340
Loan loss reserve	334,797	334,797	(10,933)
Other reserves	9,964	9,964	9,964
Translation reserve	41,235	38,705	16,269
Cumulative remeasurement on investment securities	(1,322,610)	(609,675)	788,925
Unappropriated profits	60,633,610	58,106,363	57,628,096
	115,419,892	113,603,050	114,155,217
TOTAL EQUITY AND LIABILITIES	**590,693,461**	**585,444,271**	**552,533,631**

Director

Director

Consolidated Statement of Changes in Shareholders' Equity
as at January 31, 2022

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 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	-	-	-	-	-	-	-	-	1,750,527	1,750,527
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	3,107,240	3,107,240
Foreign Currency Translation	-	-	-	-	-	-	-	9,655	926	10,581
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(82,285)	-	-	-	-	(82,285)
Realised Losses on investment securities, net of taxes	-	-	-	-	13,737	-	-	-	-	13,737
Total Comprehensive Income	**-**	**-**	**-**	**-**	**(68,548)**	**-**	**-**	**9,655**	**4,858,693**	**4,799,800**
Transfers between reserves										
Transfer from Loan Loss Reserve	-	-	-	-	-	(231,724)	-	-	231,724	-
Dividends Paid	-	-	-	-	-	-	-	-	(1,400,217)	(1,400,217)
Balance as at 31 January 2021	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**788,925**	**(10,933)**	**9,964**	**16,269**	**57,628,096**	**114,155,217**
Balance as at 31 October 2021	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**(609,675)**	**334,797**	**9,964**	**38,705**	**58,106,363**	**113,603,050**
Net Profit	-	-	-	-	-	-	-	-	1,784,306	1,784,306
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	1,831,999	1,831,999
Foreign Currency Translation	-	-	-	-	-	-	-	2,530	-	2,530
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(726,657)	-	-	-	-	(726,657)
Realised losses on investment securities, net of taxes	-	-	-	-	13,722	-	-	-	-	13,722
Total Comprehensive Income	**-**	**-**	**-**	**-**	**(712,935)**	**-**	**-**	**2,530**	**3,616,305**	**2,905,900**
Dividends Paid	-	-	-	-	-	-	-	-	(1,089,058)	(1,089,058)
Balance as at 31 January 2022	**6,569,810**	**3,249,976**	**45,891,770**	**11,340**	**(1,322,610)**	**334,797**	**9,964**	**41,235**	**60,633,610**	**115,419,892**

Condensed Statement of Consolidated Cash Flows
Period ended January 31, 2022

Unaudited **($ Thousands)**	**2022**	**2021**
Cash flows provided by operating activities		
Profit for the period	1,784,306	1,750,527
Items not affecting cash:		
Depreciation and amortisation of right of use assets	239,859	274,041
Amortisation of intangible assets	22,741	24,498
Expected credit losses	895,058	553,194
Taxation	1,177,743	1,285,098
Net interest income	(6,157,938)	(5,795,443)
Increase in retirement benefit assets / obligations	(321,907)	(287,450)
Gain on disposal of property	(287,746)	(1,113)
Gain on extinquishment of debt	-	(953,779)
	(2,647,884)	(3,150,427)
Changes in operating assets and liabilities		
Loans	7,036,850	2,817,200
Deposits	890,819	4,166,068
Policyholders reserve	188,358	6,380
Financial assets at fair value through profit and loss	579,210	(362,448)
Interest received	6,244,970	6,107,641
Interest paid	(432,779)	(489,054)
Taxation paid	(144,579)	(712,148)
Amounts with parent and fellow subsidiaries	(372,278)	(2,015,484)
Other	471,096	(4,330,438)
	11,813,783	2,037,290
Cash flows used in investing activities		
Investments and pledged assets	(6,535,005)	(12,484,773)
Lease payments on right of use asset	(44,208)	(161,072)
Purchase of property, plant, equipment and intangibles	(241,179)	(332,212)
Proceeds on sale of property, plant and equipment	331,355	1,113
	(6,489,037)	(12,976,944)
Cash flows used in financing activities		
Dividends paid	(1,089,058)	(1,400,217)
	(1,089,058)	(1,400,217)
Effect of exchange rate on cash and cash equivalents	294,719	1,827,943
Net change in cash and cash equivalents	4,530,407	(10,511,928)
Cash and cash equivalents at beginning of year	127,412,620	105,494,541
Cash and cash equivalents at end of period	**131,943,027**	**94,982,613**
Represented by :		
Cash resources, net of expected credit losses	172,513,016	130,310,903
Less statutory reserves at Bank of Jamaica	(31,503,304)	(28,902,509)
Less amounts due from other banks greater than ninety days	(9,208,890)	(8,749,763)
Expected credit losses on cash resources	2,016	5,437
Less accrued interest on cash resources	(13,396)	(5,074)
Pledged assets, investment securities and repurchase agreements assets less than ninety days	3,625,260	5,309,476
Cheques and other instruments in transit, net	(3,471,675)	(2,985,857)
Cash and cash equivalents at the end of the period	**131,943,027**	**94,982,613**

Segmental Financial Information

January 31, 2022

Unaudited ($ Thousands)	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	1,402,066	4,566,081	2,730,885	821,669	1,331,611	82,554	-	10,934,866
Revenues from other segments	(638,641)	126,696	493,478	14,321	(4,075)	-	8,221	-
Total revenues	763,425	4,692,777	3,224,363	835,990	1,327,536	82,554	8,221	10,934,866
Expenses	(625,315)	(4,589,491)	(1,783,455)	(431,635)	(470,222)	(52,238)	(20,461)	(7,972,817)
Profit before tax	138,110	103,286	1,440,908	404,355	857,314	30,316	(12,240)	2,962,049
Taxation								(1,177,743)
Profit for the period								**1,784,306**
Segment assets	231,222,740	151,346,317	78,814,682	30,092,236	59,909,759	23,139,914	(22,110,009)	552,415,639
Unallocated assets								38,277,822
Total assets								**590,693,461**
Net interest income								
Segment liabilities	-	213,488,250	181,516,909	20,082,777	46,580,104	47,893	(9,151,198)	452,564,735
Unallocated liabilities								22,708,834
Total liabilities								**475,273,569**
Other Segment items:								
Capital expenditure	-	129,451	111,728	-	-	-	-	241,179
Expected credit losses	7,164	574,240	(11,889)	(475)	267	-	-	569,307
Depreciation and amortisation	1,761	163,705	70,039	25,914	1,181	-	-	262,600

Segmental Financial Information

January 31, 2021

Unaudited ($ Thousands)	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	939,451	5,379,124	2,837,199	878,969	984,857	217,194	-	11,236,794
Revenues from other segments	(315,599)	27,677	190,683	136,015	8,242	-	(47,018)	-
Total revenues	623,852	5,406,801	3,027,882	1,014,984	993,099	217,194	(47,018)	11,236,794
Expenses	(503,437)	(4,915,061)	(2,061,183)	(296,722)	(425,670)	(42,609)	43,513	(8,201,169)
Profit before tax	120,415	491,740	966,699	718,262	567,429	174,585	(3,505)	3,035,625
Taxation								(1,285,098)
Profit for the period								**1,750,527**
Segment assets	183,758,283	139,257,473	100,833,144	30,108,531	59,458,470	25,928,072	(27,259,737)	512,084,236
Unallocated assets								40,449,395
Total assets								**552,533,631**
Net interest income								
Segment liabilities	-	192,581,435	168,410,217	19,934,401	46,131,926	2,491,513	(14,360,043)	415,189,449
Unallocated liabilities								23,188,965
Total liabilities								**438,378,414**
Other Segment items:								
Capital expenditure	-	161,956	170,256	-	-	-	-	332,212
Expected credit losses	4,760	450,799	(28,073)	1,141	1,535	-	-	430,162
Depreciation and amortisation	1,607	172,198	87,526	33,684	3,524	-	-	298,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022

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, 2021, 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.

5. Pledged Assets

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

($ Millions)	2022	2021
Capital Management and Government Securities funds	15,766	12,947
Securities with regulators, clearing houses and other financial institutions	1,882	1,829
	17,648	**14,776**

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 (continued)

(i) **Defined Benefit Plan (continued)**

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 changes in the effect of the 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 revenues and assets.