

SCOTIA GROUP JAMAICA REPORTS SECOND QUARTER OF FISCAL 2022 RESULTS

Scotia Group reports strong financial results with net income of \$4.4 billion for the six months ended April 30, 2022. Net income for the quarter reflected an increase of \$800 million or 45% over the previous quarter driven by solid performance across our core business lines and strong volume growth.

In keeping with our consistent dividend policy, the Board of Directors approved a dividend of 35 cents per stock unit in respect of the second quarter, which is payable on July 20, 2022 to stockholders on record as at June 28, 2022.

Adding context to the Group's results, President and CEO, Audrey Tugwell Henry commented "Scotia Group delivered strong results for another quarter. We continue to advance our Customer First strategy and support the recovery process as the economy normalizes. Performance improved across our business lines as we continue to deliver relevant, value-added solutions to assist our customers to meet their financial objectives. Deposits increased by 11% versus last year underscoring strong customer confidence in the Group. We also saw growth in retail loans with our flagship Scotia Plan Loan increasing by 9% year over year signaling a positive trajectory for the remainder of the fiscal. We registered another quarter of robust growth in our mortgage book with a 22% increase over prior year. We have maintained very attractive mortgage rates to enable more of our customers to purchase and achieve their goal of home ownership.

Assets Under Management at Scotia Investments Jamaica Limited (SIJL) increased from \$187 billion to \$191 billion year over year. In March, SIJL also lowered the minimum opening balance requirement for mutual funds and unit trusts to \$250,000. This move will allow more of our customers to add investment products to their overall financial portfolio. Scotia Insurance continues to make valuable contributions to the Group's performance with Gross Premium revenue growing by 7% year over year, led by Creditor Premium Income which increased by 21% year over year. In May we launched Scotia Elevate, a new Universal Life product, which requires no medical underwriting and boasts the highest coverage in the market.

As one of the top financial advisors to the Jamaican market with over 132 years of experience, we are committed to helping our customers and the broader economy to rebound from the pandemic even stronger as the effects of this crisis recede. We initiated a series of customer-focused initiatives during the quarter, including our Scotiabank Vision Achiever SME programme which offers free business coaching to business owners. March was dubbed SME Digital Month and a series of free online workshops were held to help empower small and medium sized business owners to capitalize on the efficiencies and opportunities that our digital technology can offer.



Mobile App
RANKED #1
in the market



393,149
customers enrolled
in online and mobile banking



Credit
quality
remains strong
Non accrual loans as a
percentage of gross loans -
lower than industry average



Strong
Capital
Position



Total Assets
\$604.4
BILLION



From left: Andrea Whittick, Head of Sales at Trend Media Jamaica, Audrey Tugwell Henry, President and Chief Executive Officer, Scotiabank, Guest Speaker, Marlene Street-Forrest, Managing Director, Jamaica Stock Exchange, Marcia Woon Choy International Business Coach, ActionCOACH and (right) Perrin Gayle, Executive Vice President, Retail and Small Business Banking, Scotiabank following the launch of the 11th staging of the Scotiabank Vision Achiever programme. Scotiabank has delivered business coaching and supported capacity building of approximately 300 SME customers over the last 11 years.

Improving our customer experience remains a key area of focus for the business. We further expanded our Customer Experience Unit and streamlined our escalation processes for complex matters. This has resulted in improved resolution and response times as well as increased capacity for branch staff to serve our customers who visit our locations.

In February, the Group onboarded our first ever brand ambassador, gold medal Olympic Champion, Shericka Jackson. Shericka is a great asset to our team and will feature prominently in more of our public education initiatives and advertising campaigns throughout the year.

As part of our Winning Teams strategy, in March we implemented enhanced parental leave policies for all staff across the Group. Paid maternity leave was extended to 14 weeks and fathers and adoptive parents will now receive four fully paid weeks of parental leave. This is an important move as we continue to strengthen our position to be an Employer of choice in the market.

As we look toward the second half of the financial year, we are very optimistic about the positive trends in the market and in our business as we leverage our strengths and expertise to deliver relevant financial solutions for our customers.

I would like to thank our resilient team of Scotiabankers for their consistent hard work and our Board of Directors for their sound leadership. We are grateful to our customers for choosing Scotia Group as their financial partner and our shareholders for their trust and confidence in us.”

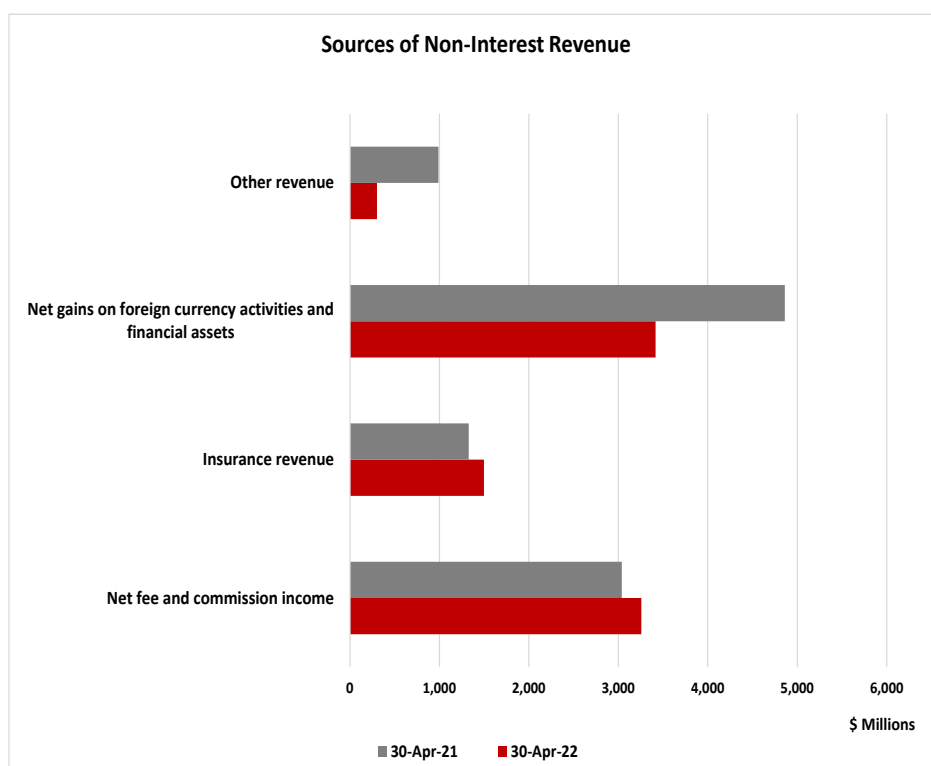
GROUP FINANCIAL PERFORMANCE

TOTAL REVENUES

Total revenues (excluding expected credit losses) for the six months ended April 30, 2022 was \$21.2 billion, reflecting a reduction of \$337 million or 1.6% over the prior year comparative period. Net interest income for the Group grew by \$1.6 billion or 16% and was driven by an increase in interest earned on the investment portfolio and improved retail loan volumes.

OTHER REVENUE

- Net fee and commission income as at April 2022 amounted to \$3.3 billion and showed an increase of \$218 million or 7.2% due to higher transaction volumes. Of note, the Group also continues to expand its provision of alternative channels which is more convenient for our customers.
- Insurance revenues increased by \$170 million or 12.8% to \$1.5 billion given higher transaction volumes stemming from improved cross-selling initiatives.
- Net gains on foreign currency activities and financial assets amounted to \$3.4 billion, representing a reduction of \$1.4 billion or 29.8%.
- Other revenue decreased by \$687 million or 69.4% primarily due to one-off gains reflected in the prior period.



CREDIT QUALITY

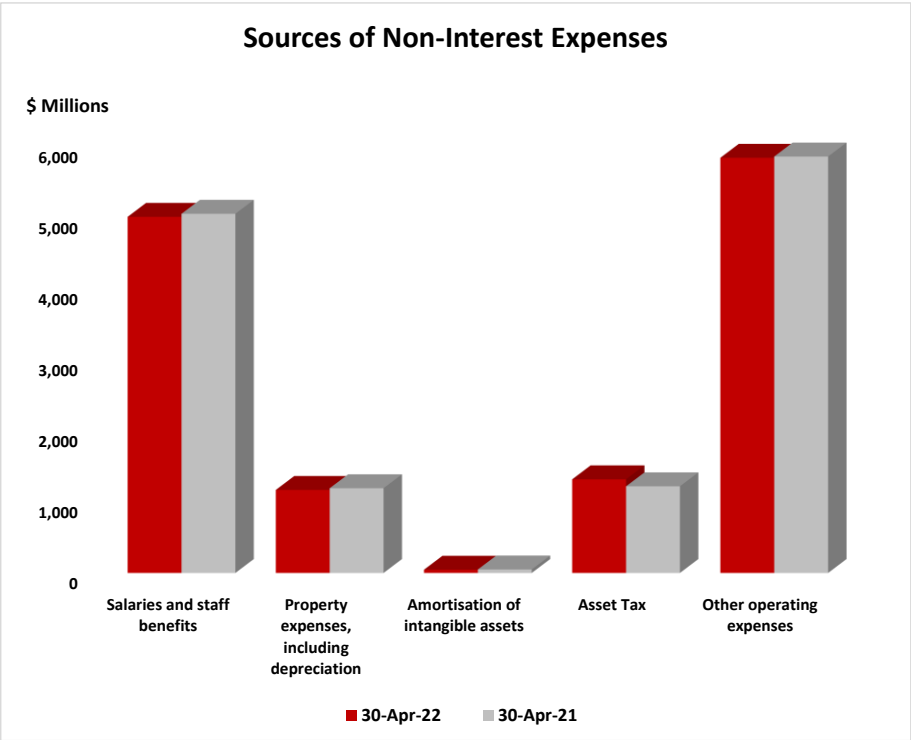
Expected credit losses for the period showed a reduction of \$179 million or 12.8% when compared to Q2/2021. The Group’s credit quality remains strong and we are well provisioned for both our performing and non-performing loans, ensuring adequate coverage for possible future non- performing loans.

Non-accrual loans (NALs) as at April 2022 totaled \$3.9 billion compared to \$6.1 billion as at April 2021. This represents a reduction of \$2.2 billion or 36.1%. The Group’s NALs represent 1.9% of gross loans when compared to April 2021 (2.8%) and 0.7% of total assets (April 2021 – 1.1%). Of note, the Group’s NALs as a percentage of gross loans continue to be below the industry average. The Group’s accumulated credit loss (ACL) provision for loans as at April 2022 was \$5.0 billion, representing 126.3% coverage of total non-performing loans.

OPERATING EXPENSES

Operating expenses amounted to \$13.4 billion and was flat year over year, anchored by the Group’s strong expense management initiatives.

Quarter over quarter expenses decreased by \$1.4 billion or 19.4%.



GROUP FINANCIAL CONDITION

ASSETS

The Group’s asset base grew by \$30.9 billion or 5.4% to \$604.4 billion as at April 2022. This was predominantly as a result of the growth in our cash resources of \$27 billion or 19.9%, and our investment portfolio of \$13.5 billion or 8.1% due to increased deposits driven by the continued confidence of our customers in the Group.

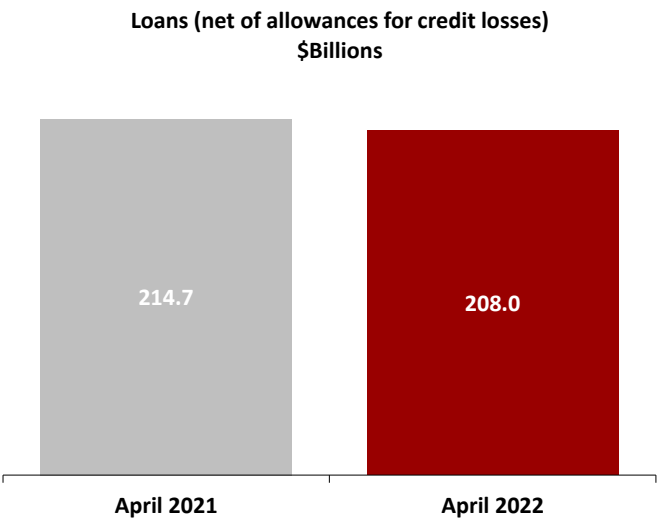
Cash Resources

Our cash resources held to meet statutory reserves and the Group’s prudential liquidity targets stood at \$162.8 billion, increasing by \$27 billion or 19.9% 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 core loan book continues to perform well with mortgages increasing by 22%, and consumer loans up 9% when compared to Q2/2021. Quarter over quarter our total loans increased by 4%.

On a year over year basis, our loan portfolio showed a 3.1% reduction, largely driven by soft commercial loan demand in Q1 coupled with commercial loan repayments. Of note, commercial loans grew by 3% quarter over quarter signaling a rebound in the economic environment.

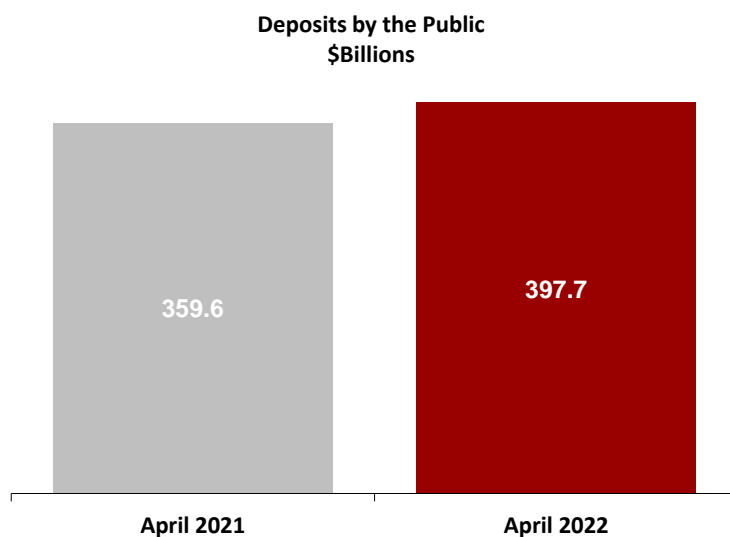


LIABILITIES

Total liabilities were \$489.8 billion as at April 2022 and showed an increase of \$34.7 billion or 7.6%. The increase noted was driven mainly by increased customer deposits.

Deposits

Deposits by the public increased to \$397.7 billion, up from \$359.6 billion as at April 2021. The \$38.1 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 \$1 billion or 6%. Our strategic focus continues to be geared towards growing our off-balance sheet business, namely, mutual funds and unit trusts. As at April 2022 our asset management portfolios grew by \$3.8 billion or 2% 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 \$46.2 billion as at April 2022 compared to \$45.5 billion as at April 2021. Our Scotia Affirm product continues to perform well, growing by 22% year over year with a current net asset value of \$1.3 billion. The increase noted was attributable to our strong sales effort coupled with the improved performance of the stock market.

Other Liabilities

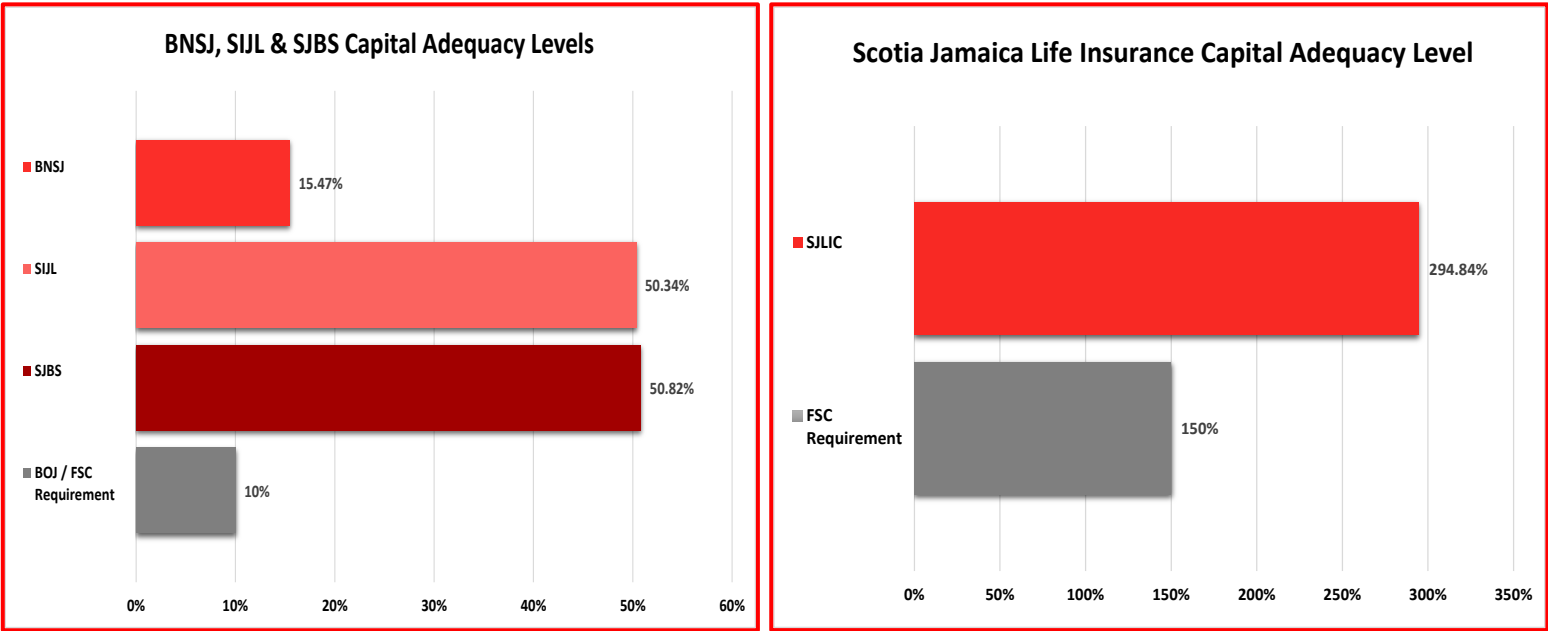
Other liabilities totaled \$27.1 billion as at April 2022 and showed a reduction of \$4 billion or 13% over the comparative prior year period. The year over year movement was primarily attributable to the reduction in deferred taxation of \$2.6 billion or 24.3% due to the change in the retirement benefit assets given the revised assumptions used in the actuarial valuation as well as the reduction in operating expense accruals.

CAPITAL

Shareholders’ equity available to common shareholders totaled \$114.5 billion and reflected a reduction of \$3.9 billion or 3.3% when compared to April 2021. This was due primarily to lower 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

During the quarter, the Bank continued to execute its commitment to protecting the environment. To commemorate Earth Day (observed April 21), \$700,000 was donated through the United Way of Jamaica in partnership with the National Forestry Department and the National Secondary Students Council (NSSC) to plant 1,000 trees (fruit and ornamental) on school premises across the island. The programme ties into the national initiative to plant 3 million trees in 3 years to increase forest cover and reduce the impact of greenhouse gas.

(From left) Raymon Treasure, Principal of the York Castle High School, Frederick Green, Senior Manager, Credit Solutions, Scotiabank, Shanice Davidson from York Castle High School, Student, and Patrick Barrett, Forester Client Services from the Forestry Department of Jamaica, plant one of 1000 seedlings donated by Scotiabank on Earth Day (April 21).



After a 2-year hiatus due to COVID-19, the Scotiabank volunteer corps also returned to classrooms to assist with the delivery of the Junior Achievement Jamaica financial literacy curriculum. Sessions were moderated over the period at the Covenant of Mercy Academy (Alpha), Merlene Ottey High School, and the Heinz Simonitsch High School.

Commitments totaling \$3.6 million were also made by the Scotiabank Jamaica Foundation to support the observance of Child Month to provide book vouchers to 18 early childhood and primary schools across the island as well as refurbishing efforts at 3 schools.

A Scotiabank employee volunteer interacts with students at the Heinz Simonitsch High School during a financial literacy session under the Junior Achievement Programme of which the Bank is a sponsor.

Consolidated Statement of Revenue and Expenses
Period ended April 30, 2022


Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2022	January 2022	April 2021	April 2022	April 2021
Interest income	6,994,552	6,610,164	5,943,581	13,604,716	12,251,467
Interest expense	(442,677)	(452,226)	(436,474)	(894,903)	(948,917)
Net interest income	6,551,875	6,157,938	5,507,107	12,709,813	11,302,550
Expected credit losses	(656,976)	(569,307)	(975,593)	(1,226,283)	(1,405,755)
Net interest income after expected credit losses	5,894,899	5,588,631	4,531,514	11,483,530	9,896,795
Net fee and commission income	1,754,893	1,501,385	1,362,860	3,256,278	3,037,795
Insurance revenue	705,172	793,741	694,422	1,498,913	1,328,603
Net gains on foreign currency activities	1,248,504	2,117,464	2,558,438	3,365,968	4,554,039
Net (losses) / gains on financial assets	(19,263)	68,950	143,658	49,687	307,772
Other revenue	6,713	295,388	16,110	302,101	988,630
	3,696,019	4,776,928	4,775,488	8,472,947	10,216,839
Total Operating Income	9,590,918	10,365,559	9,307,002	19,956,477	20,113,634
Operating Expenses					
Salaries and staff benefits	2,340,662	2,664,713	2,487,996	5,005,375	5,048,206
Property expenses, including depreciation	638,986	528,095	600,974	1,167,081	1,190,817
Amortisation of intangible assets	22,739	22,741	24,483	45,480	48,981
Asset tax	(40,878)	1,356,963	(44,861)	1,316,085	1,217,783
Other operating expenses	3,004,398	2,830,998	2,519,004	5,835,396	5,852,816
	5,965,907	7,403,510	5,587,596	13,369,417	13,358,603
Profit before taxation	3,625,011	2,962,049	3,719,406	6,587,060	6,755,031
Taxation	(1,040,929)	(1,177,743)	(989,572)	(2,218,672)	(2,274,670)
Profit for the period	2,584,082	1,784,306	2,729,834	4,368,388	4,480,361
Attributable to:-					
Equityholders of the Company	2,584,082	1,784,306	2,729,834	4,368,388	4,480,361
Earnings per share (cents)	83	57	88	140	144
Return on average equity (annualized)	8.99%	6.23%	9.39%	7.63%	7.83%
Return on assets (annualized)	1.71%	1.21%	1.90%	1.45%	1.56%
Productivity ratio	58.22%	67.71%	54.34%	63.11%	62.08%

Consolidated Statement of Comprehensive Income
Period ended April 30, 2022


Unaudited (\$ Thousands)	For the three months ended			For the period ended	
	April 2022	January 2022	April 2021	April 2022	April 2021
Profit for the period	2,584,082	1,784,306	2,729,834	4,368,388	4,480,361
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan/obligations	219,973	2,747,998	4,869,285	2,967,971	9,530,144
Taxation	(73,325)	(915,999)	(1,623,096)	(989,324)	(3,176,715)
	146,648	1,831,999	3,246,189	1,978,647	6,353,429
Items that may be subsequently reclassified to profit or loss:					
Unrealised losses on investment securities	(3,608,168)	(1,042,760)	(596,951)	(4,650,928)	(719,626)
Realised losses / (gains) on investment securities	21,120	20,582	(23,156)	41,702	(9,640)
Foreign currency translation	(4,003)	2,530	17,082	(1,473)	27,663
Expected credit losses on investment securities	2,367	2,531	881	4,898	5,072
	(3,588,684)	(1,017,117)	(602,144)	(4,605,801)	(696,531)
Taxation	1,074,473	306,712	151,556	1,381,185	187,976
	(2,514,211)	(710,405)	(450,588)	(3,224,616)	(508,555)
Other comprehensive income, net of tax	(2,367,563)	1,121,594	2,795,601	(1,245,969)	5,844,874
Total comprehensive income for the period	216,519	2,905,900	5,525,435	3,122,419	10,325,235

Consolidated Statement of Financial Position
April 30, 2022

Unaudited	April 30, 2022	October 31, 2021	April 30, 2021
(\$ Thousands)			
ASSETS			
CASH RESOURCES, NET OF ALLOWANCES	162,778,858	168,675,612	135,800,229
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2,965,281	3,703,002	4,709,384
INVESTMENT SECURITIES	160,997,695	141,625,200	145,307,586
PLEDGED ASSETS	16,249,117	15,639,678	15,700,755
GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS	-	-	1,001,115
LOANS, NET OF ALLOWANCES FOR CREDIT LOSSES	208,017,919	208,523,054	214,685,503
OTHER ASSETS			
Property and equipment, including right of use assets	8,940,096	8,851,961	8,272,829
Deferred taxation	789,977	302,506	132,206
Taxation recoverable	2,034,647	2,262,233	3,113,452
Retirement benefit asset	35,198,393	31,254,250	39,484,592
Other assets	5,870,495	4,036,354	4,687,940
Intangible assets	524,942	570,421	619,108
	53,358,550	47,277,725	56,310,127
TOTAL ASSETS	604,367,420	585,444,271	573,514,699
LIABILITIES			
Deposits by the public	397,661,777	378,473,110	359,567,154
Amounts due to banks and other financial institutions	2,425,460	1,957,816	1,431,640
	400,087,237	380,430,926	360,998,794
OTHER LIABILITIES			
Capital management and government securities funds	16,440,586	18,808,108	17,489,778
Deferred taxation	8,099,398	7,761,915	10,691,889
Retirement benefit obligation	5,488,515	5,237,873	5,614,379
Other liabilities	13,464,264	13,737,092	14,789,106
	43,492,763	45,544,988	48,585,152
POLICYHOLDERS' LIABILITIES	46,240,066	45,865,307	45,494,738
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	488,674	334,797	(10,933)
Other reserves	9,964	9,964	9,964
Translation reserve	37,232	38,705	33,351
Cumulative remeasurement on investment securities	(3,832,818)	(609,675)	321,255
Unappropriated profits	62,121,406	58,106,363	62,359,482
	114,547,354	113,603,050	118,436,015
TOTAL EQUITY AND LIABILITIES	604,367,420	585,444,271	573,514,699



 Director



 Director

Consolidated Statement of Changes in Shareholders' Equity as at April 30, 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	-	-	-	-	-	-	-	-	4,480,361	4,480,361
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	6,353,429	6,353,429
Foreign Currency Translation	-	-	-	-	-	-	-	26,737	926	27,663
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(519,459)	-	-	-	-	(519,459)
Realised gains on investment securities, net of taxes	-	-	-	-	(16,759)	-	-	-	-	(16,759)
Total Comprehensive Income	-	-	-	-	(536,218)	-	-	26,737	10,834,716	10,325,235
Transfers between reserves										
Transfer from Loan Loss Reserve	-	-	-	-	-	(231,724)	-	-	231,724	-
Dividends Paid	-	-	-	-	-	-	-	-	(2,644,854)	(2,644,854)
Balance as at 30 April 2021	6,569,810	3,249,976	45,891,770	11,340	321,255	(10,933)	9,964	33,351	62,359,482	118,436,015
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	-	-	-	-	-	-	-	-	4,368,388	4,368,388
Other Comprehensive Income										
Re-measurement of defined benefit plan/obligations	-	-	-	-	-	-	-	-	1,978,647	1,978,647
Foreign Currency Translation	-	-	-	-	-	-	-	(1,473)	-	(1,473)
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(3,250,945)	-	-	-	-	(3,250,945)
Realised losses on investment securities, net of taxes	-	-	-	-	27,802	-	-	-	-	27,802
Total Comprehensive Income	-	-	-	-	(3,223,143)	-	-	(1,473)	6,347,035	3,122,419
Transfers between reserves										
Transfer to Loan Loss Reserve	-	-	-	-	-	153,877	-	-	(153,877)	-
Dividends Paid	-	-	-	-	-	-	-	-	(2,178,115)	(2,178,115)
Balance as at 30 April 2022	6,569,810	3,249,976	45,891,770	11,340	(3,832,818)	488,674	9,964	37,232	62,121,406	114,547,354

Condensed Statement of Consolidated Cash Flows
Period ended April 30, 2022

Unaudited (\$ Thousands)	2022	2021
Cash flows provided by operating activities		
Profit for the period	4,368,388	4,480,361
Items not affecting cash:		
Depreciation and amortisation of right of use assets	471,685	516,927
Expected credit losses	1,832,546	1,692,642
Impairment losses on property, plant and equipment	11,871	-
Amortisation of intangible assets	45,480	48,981
Taxation	2,218,672	2,274,670
Net interest income	(12,709,814)	(11,302,550)
Gain on disposal of property	(287,416)	(1,607)
Increase in retirement benefit assets / obligations	(643,814)	(574,900)
Gain on extinguishment of debt	-	(953,779)
	(4,692,402)	(3,819,255)
Changes in operating assets and liabilities		
Loans	(1,482,040)	3,683,578
Deposits	16,821,496	21,246,090
Policyholders reserve	374,758	195,122
Financial assets at fair value through profit and loss	758,937	(999,737)
Interest received	13,510,146	12,657,441
Interest paid	(883,985)	(953,766)
Taxation paid	(1,118,829)	(1,889,504)
Amounts with parent and fellow subsidiaries	770,892	(4,512,085)
Other	(3,664,833)	(5,768,460)
	20,394,140	19,839,424
Cash flows used in investing activities		
Investments and pledged assets	(23,960,860)	(29,948,270)
Lease payments on right of use asset	(88,448)	(99,927)
Purchase of property, plant, equipment and intangibles	(502,465)	(721,509)
Proceeds on sale of property, plant and equipment	331,355	1,607
	(24,220,418)	(30,768,099)
Cash flows used in financing activities		
Dividends paid	(2,178,115)	(2,644,854)
	(2,178,115)	(2,644,854)
Effect of exchange rate on cash and cash equivalents	(752,578)	4,027,303
Net change in cash and cash equivalents	(6,756,971)	(9,546,226)
Cash and cash equivalents at beginning of year	127,412,620	105,494,541
Cash and cash equivalents at end of period	120,655,649	95,948,315
Represented by :		
Cash resources, net of expected credit losses	162,778,858	135,800,229
Less statutory reserves at Bank of Jamaica	(32,784,126)	(29,685,064)
Less amounts due from other banks greater than ninety days	(9,113,017)	(9,047,004)
Expected credit losses on cash resources	1,683	1,352
Less accrued interest on cash resources	(60,622)	(2,128)
Pledged assets, investment securities and repurchase agreements assets less than ninety days	3,112,057	2,379,499
Cheques and other instruments in transit, net	(3,279,184)	(3,498,569)
Cash and cash equivalents at the end of the period	120,655,649	95,948,315

Segmental Financial Information

April 30, 2022

Unaudited (\$ Thousands)	Banking		Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
	Treasury	Retail						
Net external revenues	3,088,788	8,982,643	5,144,161	1,455,214	2,526,031	(14,077)	-	21,182,760
Revenues from other segments	(1,395,943)	249,918	1,112,577	22,521	(4,713)	-	15,640	-
Total revenues	1,692,845	9,232,561	6,256,738	1,477,735	2,521,318	(14,077)	15,640	21,182,760
Expenses	(685,610)	(8,738,687)	(3,482,718)	(828,141)	(787,936)	(31,736)	(40,872)	(14,595,700)
Profit before tax	1,007,235	493,874	2,774,020	649,594	1,733,382	(45,813)	(25,232)	6,587,060
Taxation								(2,218,672)
Profit for the period								4,368,388
Segment assets	244,920,887	154,729,946	80,968,126	27,850,603	59,456,440	23,079,879	(27,586,123)	563,419,758
Unallocated assets								40,947,662
Total assets								604,367,420
Net interest income								
Segment liabilities	-	217,137,109	200,937,159	18,113,928	46,497,738	15,178	(14,609,321)	468,091,791
Unallocated liabilities								21,728,275
Total liabilities								489,820,066
Other Segment items:								
Capital expenditure	-	295,326	207,139	-	-	-	-	502,465
Expected credit losses	15,693	1,182,856	25,608	1,202	924	-	-	1,226,283
Depreciation and amortisation	3,644	321,736	137,649	51,813	2,323	-	-	517,165

Segmental Financial Information

April 30, 2021

Unaudited (\$ Thousands)	Banking			Investment Management Services	Insurance Services	Other	Eliminations	Group
	Treasury	Retail	Corporate and Commercial					
Net external revenues	1,978,179	9,484,887	5,686,070	1,731,796	2,052,002	586,455	-	21,519,389
Revenues from other segments	(596,033)	76,611	386,811	161,331	15,111	-	(43,831)	-
Total revenues	1,382,146	9,561,498	6,072,881	1,893,127	2,067,113	586,455	(43,831)	21,519,389
Expenses	(549,625)	(9,024,918)	(3,896,958)	(588,125)	(718,047)	(8,075)	21,390	(14,764,358)
Profit before tax	832,521	536,580	2,175,923	1,305,002	1,349,066	578,380	(22,441)	6,755,031
Taxation								(2,274,670)
Profit for the period								4,480,361
Segment assets	197,802,733	142,055,866	100,595,679	29,468,842	59,436,341	22,876,950	(22,448,716)	529,787,695
Unallocated assets								43,727,004
Total assets								573,514,699
Net interest income								
Segment liabilities	-	201,149,422	173,155,845	19,151,718	46,086,469	11,246	(9,530,099)	430,024,601
Unallocated liabilities								25,054,083
Total liabilities								455,078,684
Other Segment items:								
Capital expenditure	-	385,710	335,424	375	-	-	-	721,509
Expected credit losses	3,647	1,401,329	1,025	(1,010)	764	-	-	1,405,755
Depreciation and amortisation	3,037	326,033	165,704	67,188	3,946	-	-	565,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 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	14,372	13,868
Securities with regulators, clearing houses and other financial institutions	1,877	1,833
	16,249	15,701

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.