Scotiabank

SCOTIA GROUP JAMAICA LIMITED

ANNUAL REPORT

2024

What's inside

Scotiabank has been in Jamaica since 1889 and is the premier financial institution in the country.

Scotia Group Jamaica Limited (SGJL) is a subsidiary of Scotiabank (Canada) and offers a diverse range of products and services including personal, commercial and small business banking, wealth management, insurance and mortgages. Our expert team of Scotiabankers are committed to assisting our clients to achieve their financial goals. SGJL is an award winning institution having been named on numerous occasions as the Bank of the Year and Best Bank in Jamaica by international financial publications – the Banker, Latin Finance, Euromoney, and Global Finance magazines. SGJL has $705 billion in assets as at October 31, 2024.

Corporate Data

SECRETARY

Maia Wilson
Vice President
General Counsel,
Company Secretary

AUDITORS

KPMG
6 Duke Street
Kingston, Jamaica

Tel.: (876) 922.6640
Fax: (876) 922.4500
(876) 922.7198

firmmail@kpmg.com.jm

REGISTERED OFFICE

Scotiabank Centre
Corner Duke &
Port Royal Streets
P.O. Box 709
Kingston, Jamaica

Tel.: (876) 922.1000
Fax: (876) 922.6548

jm.scotiabank.com

Telex: 2297
SWIFT Bic Code:
NOSCJMKN

REGISTRAR

Jamaica Central Securities
Depository Limited
40 Harbour Street
Kingston, Jamaica

Tel. (876) 967.3271
Fax. (876) 948.6653

jamstockex.com

Why invest in Scotia Group?

	2024	2023
RETURN ON EQUITY (ROE):	15.55%	15.27%
RETURN ON ASSETS (ROA):	2.86%	2.59%
PRODUCTIVITY RATIO:	46.49%	49.81%
EARNINGS PER SHARE:	$6.48	$5.54
NIAT (BILLION)	$20.16	$17.23
TOTAL ASSETS (BILLION)	$705.02	$664.74
TOTAL LOANS ($BILLION)	$312.76	$268.83

Our 2024 Awards

BEST BANK AWARD 2024
GLOBAL FINANCE

EUROMONEY
AWARDS FOR EXCELLENCE
JAMAICA
BEST BANK
2024

Consolidated Balance Sheet	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Balance Sheet Data - $000			(Restated)	(Restated)						
Total Assets^	**705,016,705**	664,736,962	594,416,156 ~	584,296,467 +	543,326,016 +	535,507,538	508,629,891	478,654,013	466,919,326	422,238,030
Performing Loans	**307,760,150**	264,325,238	230,641,432 ~	199,492,333 +	215,961,142	201,902,111	178,919,287	161,979,917	162,446,895	149,997,313
Non-Performing Loans	**4,995,054**	4,504,480	4,016,110	6,029,612	4,765,692	3,723,273	3,687,971	4,513,674	4,379,885	4,502,060
Investments & Other Earning Assets^	**277,595,857**	265,348,380	253,958,380 ~	270,990,941 +	224,970,252	221,439,836	230,860,468	229,671,461	239,330,388	218,909,608
Deposits by the Public	**476,060,200**	444,875,527	397,176,483	378,473,110	336,660,438	312,968,147	287,948,379	260,559,467	248,416,381	209,461,602
Securities Sold Under Repurchase Agreement	—	—	—	—	—	—	31,152	20,666,065	31,634,237	39,832,452
Stockholders' Equity	**138,469,577**	126,548,087	106,362,825 ~	112,068,060 +	110,919,149 +	118,114,076	115,647,730	102,431,566	91,855,773	85,257,232
Profits and Dividends - $000										
Profit Before Tax	**29,703,702**	25,440,171	15,365,747 ~	12,669,179	13,397,088	18,482,724	18,292,628	18,201,458	16,640,943	14,244,136
Net Profit After Tax Attributable to Stockholders	**20,157,791**	17,228,629	10,319,766 ~	8,638,852 +	9,215,562 +	13,190,054	12,770,916	12,174,742	11,300,599	9,921,429
Dividends Paid and Proposed	**5,289,708**	4,356,229	4,356,230	4,511,810	4,822,969	14,811,171	6,067,607	5,694,214	5,320,815	5,040,748
Number of Stock Units at Year End	**3,111,573**	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573
Financial Ratios										
Earnings Per Stock Unit	**6.48**	5.54	3.32 ~	2.78 +	2.96 +	4.24	4.10	3.91	3.63	3.19
Price Earnings Ratio	**7.02**	6.14	11.07 ~	12.76 +	15.16 +	12.96	13.09	13.10	8.67	8.43
Dividends Per Stock Unit	**1.70**	1.40	1.40	1.45	1.55	4.76 **	1.95	1.83	1.71	1.62
Dividend Yield	**3.92%**	4.06%	3.89%	3.49%	3.11%	8.61% **	3.66%	4.28%	5.53%	7.01%
Dividend Payout Ratio	**26.24%**	25.28%	42.21% ~	52.23% +	52.34% +	112.29% **	47.51%	46.77%	47.08%	50.81%
Return on Average Equity	**15.55%**	15.27%	9.43% ~	7.47% +	8.13% +	11.25%	11.54%	12.58%	12.65%	12.32%
Return on Assets at Year End^	**2.86%**	2.59%	1.74% ~	1.48% +	1.70% +	2.46%	2.51%	2.54%	2.42%	2.35%
Other Data										
Tier 1 Capital (Bank Only) (1) $000	**53,946,964**	51,939,245	47,932,451	47,958,609	47,954,917	47,931,662	39,909,535	33,900,498	27,391,052	23,332,290
Risk Based Capital Adequacy Ratio (Bank Only) (1)	**12.68%**	13.55%	14.15%	16.28%	15.58%	16.04%	16.91%	15.28%	12.88%	11.50%
Stock Price at Year End	**45.48**	34.03	36.75	35.48	44.88	54.95	53.72	51.25	31.48	26.87
Price Change from Last Year	**33.65%**	(7.41%)	3.58%	(20.95%)	(18.33%)	2.29%	4.82%	62.83%	17.16%	39.74%
JSE Index at Year End	**314,993**	318,788	347,651	403,965	375,386	495,188	365,134	292,895	166,759	131,284
Change in JSE Index from Last Year	**(1.19%)**	(8.30%)	(13.94%)	7.62%	(24.20%)	35.62%	24.66%	75.64%	27.02%	83.05%
Number of Staff	**1,533**	1,485	1,449	1,490	1,611	1,650	1,727	1,876	2,021	2,144
Exchange Rate US$1.00 = J$	**158.1163**	155.2457	153.1594	154.6673	145.1010	138.9420	127.9971	126.6851	128.7033	119.5755
Inflation Rate Year Over Year	**4.93%**	5.10%	9.83%	8.51%	5.00%	3.26%	4.72%	4.68%	1.78%	2.03%

(1) Risk Based Capital Adequacy ratio and Tier 1 Capital are calculated per Bank of Jamaica Regulations.

** Includes special dividends of $2.68 paid in 2019.

^ Effective 1 November 2020, Total Assets, Investments & Other Earning Assets for the years 2012 to 2020 were restated given the derecognition of Guarantees and Letter's of Credit. Consequently, the Group's return on assets were also restated.

+ Effective 1 November 2019, based on the Group's review of the applicable tax treatment, Total Assets, Net Profit Attributable to Shareholders' and Shareholders' Equity were restated to account for deferred taxes associated with premiums/discounts on the investment portfolio. Consequently, the financial ratios affected were also restated.

~ Effective 1 November 2021, based on the Group's review of the applicable recognition of loan origination fees, Total Assets, Profit Before Tax, Net Profit Attributable to Shareholders' and Shareholders' Equity were restated to account for the deferral of loan origination fees over the life of the loan. As such, the financial ratios affected were also restated.

Notice of Annual General Meeting

SCOTIA GROUP JAMAICA LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **SCOTIA GROUP JAMAICA LIMITED** (the "Company") will be held on Friday, March 7, 2025 between 10 a.m. to 12 noon at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, Jamaica, in-person, to consider, and if thought fit, pass the following resolutions:

1. **Resolution No. 1 – Audited Accounts**
   That the Directors' Report, the Auditors' Report and the Financial Statements of the Company for the year ended October 31, 2024 previously circulated be and are hereby received.

2. **Resolution No. 2 – Election of Directors**
   That each of the following persons shall be elected a Director of the Company for the term from the date of his or her election until the close of the next Annual General Meeting of the Company following election, subject always to earlier termination pursuant to the Articles of the Company:

   A. **Aileen Corrigan**
   B. **Roxane De Freitas**
   C. **Vernon Douglas**
   D. **Antony Mark Hart**
   E. **William David McConnell**
   F. **James McPhedran**
   G. **Audrey Richards**
   H. **Anya Schnoor**
   I. **Jabar Singh**
   J. **Meigan Terry**
   K. **Audrey Tugwell Henry**

3. **Resolution No. 3 – Appointment of Auditors**
   That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

SPECIAL BUSINESS

4. **Resolution No. 4 – Directors' Remuneration**
   That the Directors be and are hereby authorised to fix their remuneration for the ensuing year.

BY ORDER OF THE BOARD

Maia A. Wilson
Vice President General Counsel,
Company Secretary
January 17, 2025

REGISTERED OFFICE
Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston

A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not also be a Member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least 48 hours before the time appointed for holding a meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

Directors' Report

SCOTIA GROUP JAMAICA LIMITED

FINANCIAL RESULTS AND DIVIDENDS

The Directors submit herewith the Consolidated Statements of Revenue and Expenses, Comprehensive Income and Financial Position of the Group for the year ended October 31, 2024.

The Consolidated Statement of Revenue and Expenses reports pre-tax profit for the year of $29.70 Billion from which there has been provided $9.54 Billion for corporate income tax, leaving a balance of $20.16 Billion.

The appropriation of earnings detailed in the financial statements includes:

A last interim dividend of 45 cents per stock unit payable to stockholders on record as at January 2, 2025 payable on January 24, 2025. This brings the total distribution for the year to $1.70 per stock unit which represents an increase of 30 cents (21%) over the previous year 2023 - $1.40.

DIRECTORS

Roxane De Freitas was appointed to the Board of Directors on June 6, 2024.

In accordance with the Company's Articles, the terms of Aileen Corrigan, Eric Crawford, Roxane De Freitas, Vernon Douglas, Angela Fowler, Antony Mark Hart,William David McConnell, James McPhedran, Audrey Richards, Anya Schnoor, Evelyn Smith, and Audrey Tugwell Henry expire at the close of the next Annual Meeting of Members.

All directors, with the exception of Eric Crawford, Angela Fowler and Evelyn Smith offer themselves for re-election for the term from the date of their election until the close of the first Annual General Meeting following their election, subject always to earlier termination in accordance with the Company's Articles.

The Directors wish to express their gratitude to Mr. Crawford, Mrs. Fowler and Mrs. Smith for their contributions to the Company over the years. Their dedication and efforts have been instrumental to our success. The Directors are pleased that they will continue to serve on the Board of Directors of The Bank of Nova Scotia Jamaica Limited, where their expertise and insights will continue to play a pivotal role in the Bank's strategic direction and success.

AUDITORS

The Auditors, KPMG, have signified their willingness to continue in office.

Your Directors wish to thank the Management and Staff of the Company for their performance during the year under review.

ON BEHALF OF THE BOARD

Anya Schnoor
Chair
Kingston, Jamaica
January 17, 2025

Anya Schnoor
Chair of the
Board of Directors

Chair's Message to Shareholders

Dear Shareholders,

I am pleased to report that Scotia Group has delivered another outstanding performance for the financial year ending October 31, 2024. As we celebrate 135 years of unbroken service to Jamaica, we remain committed to being our clients most trusted financial partner and helping them reach their financial goals.

This year, Scotia Group received multiple awards including the Best Bank and Best Consumer Digital Bank Award from Global Finance magazine and Best Bank for 2024 from Euro Money. Scotia Group also received multiple accolades from the Jamaica Stock Exchange (JSE) Best Practice Awards, which included the Governor General's Award for Excellence. We are honoured that our performance and commitment to excellence and sound governance and risk management practices have been recognised by both local and international organisations.

Throughout the year, we continued to advance our strategy to grow and scale in priority businesses, to make it easy to do business with us, to earn primary client relationships and to win as one team. We executed extensive upgrades to reduce the downtime of ABMs and additionally, we renovated select branches to enhance our clients' experience.

Our people and our culture are an essential component of our strategy, and we are firmly committed to increasing collaboration, championing diversity and inclusion and empowering our employees to win as one team. In support of these goals, the global bank introduced ScotiaBond, our new organisational values and behaviours which will guide day to day interactions and decisions, and ultimately help us to achieve and execute our strategic vision.

SOCIAL & ENVIRONMENTAL IMPACT

For over a century, Scotia Group has contributed to a myriad of philanthropic initiatives and continues to demonstrate our commitment to giving back to communities and changing lives through social impact programmes.

One of these initiatives is The Scotiabank Women Initiative for which $3 billion has been earmarked to support women-led businesses with access to capital, advisory services and tailored education. We are extremely proud of the growth and interest in this unique programme.

The Scotia Jamaica Foundation (SJF) was pleased to participate in two significant environmental projects during the year. In April, over 200 volunteers joined the Great Mangrove Clean-Up at the Sirgany Beach in Kingston and in September the SJF partnered with the Jamaica Environmental Trust for International Coastal Cleanup Day, where over 100 volunteers joined the clean-up efforts at the Donald Quarrie Coastline. Through the spirit of volunteerism, Scotiabankers continue to do their part by participating in opportunities available to make a positive impact.

In August, to celebrate our 135th year of serving Jamaica, we increased donations to the communities we serve. 3,000 students from 28 schools across the island were supported with book vouchers and school supplies valued at $20 million. This was a $10 million increase in support of education to students across the island.

Our Foundation also partnered with many other organisations doing great work in our communities, including United Way Jamaica, The Salvation Army, Crime Stop and the University of the West Indies.

FOCUS ON GOVERNANCE

Throughout our proud history, we have built up a reputation for trust, prudence and strong risk-management. Your Board has placed great emphasis on these areas to ensure we safe guard and protect our clients' interest as well as setting standards for best practices across the financial services industry. We continue to leverage the strength and expertise of our parent bank as well as our Directors to provide oversight and guidance to the management of the business to achieve long-term success and sustainability. Emphasis is consistently placed on reviewing and strengthening our internal controls to ensure that we are managing the many risks inherent in our business. I am very proud to lead such a distinguished board of professionals who are all committed to the highest standards of compliance and integrity.

OUTLOOK

As we close a very successful year, we remain committed to executing our strategy which we believe is right for our market.

> This year, Scotia Group received multiple awards including the Best Bank and Best Consumer Digital Bank Award from Global Finance magazine and Best Bank for 2024 from Euro Money.

Looking ahead, Jamaica's economic landscape presents opportunities for growth alongside challenges such as geo-political uncertainties, inflation and climate-related vulnerabilities. Yet, time and again, we have proven our agility, foresight, and resilience in navigating and adapting to any scenario.

This resilience is a testament to the unwavering dedication of our employees, whose focus on delivering excellence to our clients and supporting each other is truly inspiring. By leveraging our international footprint and deep local expertise, we are well-positioned to continue providing innovative solutions to our clients.

On behalf of the entire Board, I would like to thank Audrey and the entire team for their tremendous dedication. I would also like to thank our shareholders for their ongoing support and confidence in our Group. Together we will embrace the opportunities and challenges ahead and build a stronger future for all.

Anya Schnoor

President And CEO's Message To Shareholders

Dear Shareholders,

I am extremely pleased with our performance for the year. I am very grateful to our clients for decisively choosing Scotia Group to support their financial needs in 2024. Our results are a testament to the effectiveness of the execution of our strategy. The growth across the business reflects the hard work and dedication of our team and our commitment to simplifying our business and offering the best financial solutions in the market.

The Group reported net income of $20.2 billion for the year ended October 31, 2024, representing an increase of $2.9 billion or 17% over the previous year. The asset base grew by $40.3 billion or 6% to $705 billion during the year and was underpinned by the excellent performance of our loan portfolio. Total loans increased by 16.3% year over year. This includes an increase of 13% in our Scotia Plan personal banking loans and an impressive 27% increase in mortgages when compared with the prior year. Our commercial banking unit continues to stand out in the market with our commercial loan portfolio increasing 12% over the previous year. We believe our commercial solutions are the best in the industry and we look forward to continuing to help local businesses to grow and succeed. The Scotiabank Women Initiative (SWI) continued to deliver on its mandate to support the growth of women-led and women-owned businesses through access to capital, advisory support and tailored education. We are very pleased to advise that the special loan fund of $3 billion, earmarked for the period January 2022 to December 2024 was fully disbursed by the end of our financial year – October 31, 2024. These funds were used to help women business owners in a broad range of industries to expand, retool and grow their businesses.

All our business lines have delivered consistently strong results throughout the fiscal. Scotiabank deposits increased by $31.2 billion or 7% to $476.1 billion, signaling our clients' continued confidence in the strength and safety of the Scotia Group. Scotia Insurance reported a significant increase in net insurance business revenue of 40% year over year driven by a combination of favorable factors including higher contractual service margin (CSM) releases from our strong inforce book of business and increases in our premium revenue from creditor life. A 20% increase was also recorded in the number of policies sold when compared to the previous fiscal year.

Our newest subsidiary, Scotia Protect, has been on a continued growth trajectory since launch. Clients are very satisfied with our insurance offerings and particularly our interest-free payment options for insurance premiums. Total revenue for ScotiaProtect increased by 230% year over year and Gross Written Premiums were up 143% year over year.

At Scotia Investments, our investment advisors continue to assist our clients to navigate the market with bespoke financial advice and solutions. Assets Under Management at Scotia Investments increased by 14.4% over prior year evidencing our investor's confidence.

While the year was a successful one for Scotia Group, it was not without challenges, including the devastating effects of Hurricane Beryl on sections of the island. Our dedicated team once again showed their resilience, as they quickly returned to work to support the needs

In the financial year 2024, we carefully executed on year one of our 5-year strategic plan in line with our Scotiabank global strategy.

Audrey Tugwell Henry
President and Chief Executive Officer

of our clients. The Bank gave direct support through our Client Assistance Programme which offered deferrals on loan payments. Donations were also made to support the community through the Scotiabank Foundation as well as from our global head office in Canada.

STRATEGY

In the financial year 2024, we carefully executed on year one of our 5-year strategic plan in line with our Scotiabank global strategy. Our strategic priorities are:

- Earn primary client relationships
- Make it easier for our clients to do business with us
- Win as one team - and ultimately
- Drive sustainable, profitable growth

This clear focus on deepening client relationships and offering the best financial solutions has resulted in increased demand for our products. We have used analytics to understand trends in client behaviors and preferences and have placed significant focus on our clients' satisfaction with our products and services. We utilized our client feedback system, The Pulse, to gather data and feedback from our clients and implemented changes in line with their expectations. These changes resulted in significant improvements in client satisfaction.

Making it easier to do business with us is also a key tenet of our strategy to win in the market. To that end, we completed a number of initiatives to enhance the client experience.

- In March, we completed full migration of clients from the previous online platform to our newly upgraded native online banking platform. This upgrade allowed clients to more seamlessly conduct their online banking transactions as well as to share feedback directly with us from our mobile or online platforms.
- Additionally in May, we introduced our new Real-Time Gross Settlement (RTGS) inter-bank transfer feature. This feature now allows clients to make faster inter-bank transfers creating more efficiency in the process and greater convenience.
- In October, we were pleased to launch digital onboarding for new bank clients. Persons interested in banking with us can now open a Scotiabank account online in just a few minutes. The digitization of new deposit account opening, which is now available for new and existing clients, will positively impact wait time in branches and will increase the capacity of our branch staff to serve clients more efficiently. We have received extremely positive feedback on these initiatives and will continue to innovate and enhance our services.
- Throughout the year, we conducted significant maintenance work on all our ABMs and installed

49 new ABMs to replace older ones in our fleet. These upgrades have led to a marked improvement in overall access and client experience at the channel.

- Additionally, in recognition of the importance of the branch experience to our overall client experience, we were very pleased to complete renovation works at our University of the West Indies, Port Maria, Falmouth and Portmore branches during the fiscal year.

Building on a culture of inclusivity, diversity and equity, we commemorated International Day for Persons with Disabilities with a donation to the Salvation Army to assist with the purchase of braille printers. We also we hosted a career seminar for persons with disabilities offering advice and support for career development.

ScotiaRISE, the bank's global philanthropy programme in partnership with SOS Children's Villages Canada also announced the launch of Youth RISE, a three-year project with a goal to reach some of the most disadvantaged young people in Jamaica, enabled by funding from Scotiabank's ScotiaRISE initiative. Through Scotiabank's donation of CAD$ $475,000 (J$ 53 million) over three years, the YouthRISE project will provide nearly 800 youth with the essential support, skills and opportunities they need to overcome barriers to education, post-secondary participation, and workforce integration – helping them transition to becoming independent, self-reliant and thriving adults.

During 2024, the Jamaican economy continued to demonstrate generally strong macroeconomic fundamentals that helped to mitigate evolving headwinds. This was underscored by the upgrade of Jamaica's credit rating by Fitch. The move was hinged on the Government of Jamaica's continued progress in reducing the country's debt burden while managing the effects of an evolving global macroeconomic environment and the threat of natural disasters.

Influenced by the impact of Hurricane Beryl that caused extensive damage to the agriculture and mining sectors, as well as infrastructure, GDP for the first three quarters of 2024 contracted by 0.6% relative to the corresponding period in 2023. Concurrently, remittances and tourism maintained positive momentum in the context of stronger than expected growth and employment levels in the United States, Jamaica's key source market.

Notwithstanding the impact of the hurricane on agriculture, inflation continued to converge towards the Bank of Jamaica's target levels, which, supported by global macroeconomic developments, paved the way for the BoJ to commence the unwinding of its tight monetary policy stance.

Indications are that as the agriculture sector recovers and damaged infrastructure is rehabilitated, there could be renewed momentum in economic activity. Further support could emanate from strong consumer spending in the context of continued low unemployment and controlled inflation. However, potential risks could arise from slower growth in our key source markets, which could affect remittances and tourism, as well as the inflationary impact of geopolitical tensions, the imposition of tariffs by major economies and weather-related shocks.

LOOKING AHEAD TO 2025

As we move into 2025, we do so with optimism. Throughout our rich history, we have built up expertise and institutional knowledge to guide us through various economic cycles and we are well positioned to navigate challenges and take advantage of opportunities that will arise. The Group maintains strong capital adequacy levels and strong liquidity which positions us well to support our clients as well as overall economic growth.

Working with our skilled team of professionals we will thoughtfully and skillfully execute on year two of our 5 year strategic plan. We look to even greater results in next fiscal year as we work together to win as one team and accelerate on the momentum we have built. We remain steadfast on our vision of being our clients' most trusted partner.

ACKNOWLEDGMENT

We are extremely proud of the work done over the past year and the excellence demonstrated by our dedicated team who have worked tirelessly to help our clients to attain their financial goals and we thank our clients for choosing Scotiabank. I must also thank our board of directors for their expert guidance and unwavering support. We look forward to the new year and to advancing our mission to be the number one financial institution – for every future!

Audrey Tugwell Henry

Corporate Governance

Group Corporate Structure

Scotia Group Jamaica Limited ("Scotia Group") is a publicly listed financial holding company trading on the Jamaica Stock Exchange.

As the financial holding company for several entities operating within the financial sector, Scotia Group's operations are anchored by its wholly owned subsidiary, The Bank of Nova Scotia Jamaica Limited (BNSJ), a licensed commercial bank with three active subsidiaries: (i) The Scotia Jamaica Building Society (SJBS), (ii) Scotia Jamaica Life Insurance Company Limited (SJLIC), and (iii) Scotia General Insurance Agency Limited (SGIA).

In addition, Scotia Group also wholly owns Scotia Investments Jamaica Limited (SIJL), a licensed Member Dealer of the Jamaica Stock Exchange, and a Securities Dealer regulated by the Financial Services Commission.

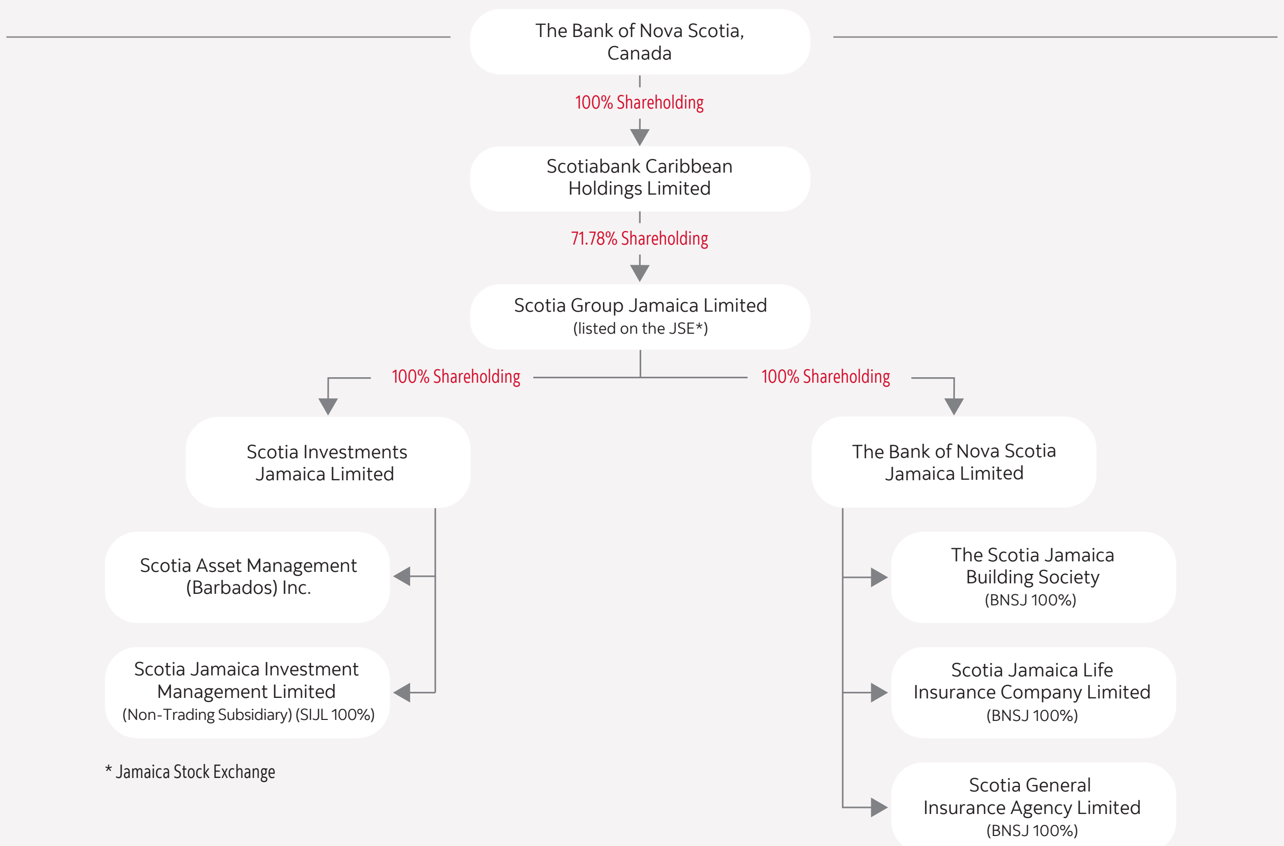
The Board of Directors of Scotia Group is committed to upholding the highest standards of corporate governance. Robust governance structures ensure the preservation of long-term financial sustainability, the creation of stakeholder value, and the promotion of transparency and accountability throughout the organisation.

Good corporate governance remains integral to the core values of Scotia Group, fostering trust, integrity and ethical decision-making. These principles guide our strategies and reinforce the foundation of our success in serving clients, shareholders, and other stakeholders.

Scotia Group is proud of our track record of being a leader of good corporate governance in action and, in recognition of our sound governance practices, we were honoured with the following awards at the Jamaica Stock Exchange Best Practice Awards held in December 2024:

- the Governor General's Award for Excellence (the top award),
- the PSOJ/JSE Corporate Governance Award (Main Market) – 1st Place, and
- the Corporate Disclosures & Investor Relations Award (Main Market) – 1st Place.

SIJL also received awards for Member Dealer – Investor Relations Stockbrokerage, and Member Dealer – Website.



* Jamaica Stock Exchange

Below is the definition of an Independent Director extracted from the Banking Services Act which is adopted by our Corporate Governance Policy. An Independent Director means a Director who is not:

1. an employee of the company;
2. a person holding five per centum or more of the shares of the company or a connected person in relation to the company; or
3. a party to a significant economic or other relationship with the licensee or company that, in the opinion of the Supervisor (BOJ), is inconsistent with that director being considered as independent of the company.

THE ROLE AND RESPONSIBILITY OF THE BOARD DIRECTORS

The role of the Board of Directors is to supervise and monitor management's performance against Board approved parameters, and compliance with applicable legal and regulatory requirements. Additionally, Directors provide advice and counsel to management to ensure that the key strategic objectives of the business are achieved. While management undertakes the day-to-day functions of the company's operations, it is the Board of Directors who remain ultimately accountable to the company's stakeholders for the company's performance and adherence to applicable laws and sound business practices.

The Board, in accordance with its approved Board Mandate, is responsible for the following key duties and functions, to:

- Develop Scotia Group's approach to corporate governance principles and guidelines,
- Oversee and approve Scotia Group's strategic direction, its organisational structure and succession planning for senior management,
- Evaluate the actual operating and financial results of Scotia Group against the company's business objectives, business strategy and plans,
- Identify the principal business risks, review and approve key risk management policies and practices, and oversee the implementation of appropriate systems to enable compliance with such policies,
- Oversee the integrity of Scotia Group's internal controls and management information systems,
- Identify, evaluate and select candidates for the Board of Directors and that of its subsidiaries, and
- Establish committees of Scotia Group and subsidiary Boards with appropriate responsibilities, appoint Chairpersons for these committees, and approve the charters for each committee.

Directors are expected to, at all times, exercise sound, independent, business judgment, in the best interest of the company, and to balance the interests of its various stakeholders. Directors may rely on the expertise of the company's senior management, external advisors and auditors in the exercise of their duties.

The Corporate Governance Policy, which is a Board approved policy, is reviewed annually by the Board to ensure that its provisions remain relevant and accord with local and international best practices, laws, regulations, and regulatory guidance.

A copy of the Corporate Governance Policy is available for review on our website at **www.jm.scotiabank.com**

BOARD COMPOSITION

As at October 31, 2024, the Board comprised of twelve Directors chaired by Anya Schnoor.

Our Directors have diverse skill sets, experience and backgrounds which include local and international experience in banking, finance, business, strategic management, manufacturing, tourism, accounting, education and law, and they are recognised as strong leaders in their respective fields of work and experience.

Ten of twelve Directors are independent of the Scotia Group, its parent, subsidiaries and affiliates; and eleven Directors are Non-Executive Directors.

All Directors have access to, and are encouraged to meet with the Board Chairperson, the President and CEO, and senior management. Time is reserved at the end of each Board and committee meeting for in-camera discussions independent of management. This allows the Board and committee chairpersons, along with other Directors, to independently identify any issues for discussion with management and the Board.

Areas of Expertise	Anya Schnoor	Aileen Corrigan	Eric Crawford	Roxane De Freitas	Vernon Douglas	Angela Fowler	A. Mark Hart	W. David Mcconnell	James Mcphedran	Audrey Richards	Evelyn Smith	Audrey Tugwell Henry
Leadership	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒
Strategy	☒	☒		☒	☒		☒	☒	☒	☒	☒	☒
Local Market	☒	☒			☒		☒	☒		☒	☒	☒
Financial Services	☒					☒			☒	☒		☒
Accounting			☒		☒	☒		☒		☒	☒	
Audit			☒	☒	☒	☒		☒	☒			
Risk Management	☒			☒	☒			☒	☒	☒	☒	☒
Legal/Compliance/Regulatory	☒				☒	☒			☒	☒		
Finance	☒			☒	☒	☒		☒		☒		
Human Capital Management and Executive Compensation	☒	☒		☒	☒	☒	☒		☒			☒
Governance	☒	☒		☒	☒	☒	☒	☒	☒	☒	☒	☒
International Business	☒	☒	☒	☒	☒			☒			☒	
Local Public Policy						☒				☒	☒	☒
Local Industry Experience [e.g. mining, textiles, agriculture]†	☒				☒		☒	☒		☒	☒	☒
Capital Markets	☒				☒					☒		
Wealth Management	☒							☒	☒	☒		
Retail & Consumer	☒	☒		☒	☒			☒	☒			☒
Technology		☒		☒	☒							
Real Estate Development	☒						☒					☒
Marketing		☒		☒				☒	☒	☒	☒	☒
Public Relations	☒								☒		☒	☒
Other Board Experience		☒	☒		☒			☒	☒		☒	☒
Environmental, Social and Governance Matters				☒	☒				☒	☒		☒

COMMITTEES OF SCOTIA GROUP AND SUBSIDIARY BOARDS

The Board reviews and, where necessary, updates it's committee charters annually. The Board has delegated certain responsibilities to its Audit & Conduct Review Committee, Risk Committee and Human Resources & Governance Committee which are described in more detail below.

AUDIT AND CONDUCT REVIEW COMMITTEE

The Audit and Conduct Review Committee is comprised entirely of independent directors, and has oversight responsibility for Scotia Group and its subsidiaries in relation to the following areas:

- The integrity of the financial reporting and system of internal controls,
- Ensuring compliance with legal and regulatory requirements,
- The performance of the internal auditors and external auditors, and
- The identification and resolution of conflicts of interest which may arise from transactions conducted by Scotia Group and its subsidiaries.

Prior to the adjournment of committee meetings, time is reserved for the committee members to meet separately with Internal and External Auditors to discuss any area of concern, in the absence of management.

RISK COMMITTEE

The Risk Committee is comprised of a majority of independent directors and has oversight responsibility for Scotia Group and its subsidiaries in relation to the following areas:

- Cyber Risk & Cyber Awareness
- Enterprise and Operational Risk Management
- Market Risk Analysis
- Review of Policies for Implementation

Prior to the adjournment of committee meetings, time is reserved for the independent committee members to meet separately with the Internal Auditor and/or the Chief Risk Officer to discuss any area of concern, in the absence of management.

HUMAN RESOURCES AND GOVERNANCE COMMITTEE

The Human Resources and Governance Committee has oversight responsibility for Scotia Group and its subsidiaries in relation to governance, staff welfare and compensation matters, and, in particular:

- Review of matters concerning staff welfare,
- Review of staff continuing development and education programmes and staff engagement activities,
- Review of Employee Relations Matters,
- Review of staff compensation, including incentive programmes,
- Review of Board and Senior Management Succession Planning,
- Review of Board nominees prior to appointment,
- Review of the Corporate Governance Policy,
- Review of Board performance,
- Review of Board Education Programme,
- Senior level organisational structure and staffing needs,
- Mandates for the negotiation of collective bargaining agreements,
- Performance of the Executive Team and Board appointed officers,
- Pension Plan design and Investment policies,
- Monitoring Pension Plan Fund performance against its policies, objectives and strategies,
- Appointment and/or removal of the Sponsor Trustees of the Pension Fund,
- Review of actuarial reports, audited financial statements of the Fund and proposed changes to the Pension Plan rules and benefits.

DIRECTORS' ORIENTATION AND TRAINING OPPORTUNITIES

The Board of Directors is exposed to continuous training and education on Scotia Group, its business line segments, products, legal and regulatory changes impacting operations and risk. In this regard, the Board adheres to the Guideline on Director Orientation & Continuous Education. Training and education sessions are multimodal being comprised of quarterly Board presentations from senior management, web-based training on a variety of governance, compliance and risk-based areas of concentration, and internal and external seminars on industry related matters. In addition, each year the Board is engaged by senior management on strategic industry initiatives.

Attendance Record for Directors for Financial Year Ended October 31, 2024	Annual General Meeting	Board of Directors' Meeting	Audit & Conduct Review Committee	Risk Committee	Human Resources & Governance Committee
Number of Meetings	**1**	**9**	**4**	**4**	**4**
Aileen Corrigan	1	8		4	4
Eric Crawford		8	4		
Roxane De Freitas*		4	1		
Vernon Douglas	1	8	4		
Angela Fowler		7	4		
A. Mark Hart		6			3
W. David McConnell	1	7	2		
James McPhedran	1	8		4	
Audrey Richards	1	9		4	4
Anya Schnoor	1	9			4
Evelyn Smith	1	9	4		
Audrey Tugwell Henry	1	9		4	4
W. Warren Smith**		1			

*Roxane De Freitas appointed June 6, 2024

**Dr. W. Warren Smith resigned December 9, 2023

BOARD TRAINING & PRESENTATIONS

This year the Board received presentations and training on the following topical topics:

- Scotiabank Code of Conduct
- Global Mandatory AML & Compliance Training on the following areas:
  - Compliance & the Responsibilities of the Board
  - Conduct & Risk
  - Culture AML/ATF & Sanctions
  - Privacy, Digital & Security
- Financial Stewardship for Non-financial Directors
- The Data Protection Act
- Sustainability and Climate Change
- Cyber & Information Security Control
- Role & Responsibilities of the Board of Directors

APPOINTMENT, TERM, ELECTION AND RETIREMENT OF DIRECTORS

All Directors automatically retire from the Board at each Annual General Meeting (AGM) of the company and are elected or re-elected (as the case may be) by the shareholders of the company on the recommendation of the Board.

In keeping with international best practices, effective November 1, 2021, Directors appointed to the Board may serve on the Board until the expiry of 12 years from the date of their first appointment, or in exceptional circumstances for such longer term as may be approved by the Board of Directors.

Upon the recommendation of the Human Resources & Governance Committee, or any subcommittee of the Board charged with corporate governance the Board may:

(a) in extenuating circumstances, consider and approve the extension of a Director's term beyond the stipulated period as is considered appropriate.

(b) reserve the right not to recommend a Director with an unexpired term to the shareholders for re-election at the Annual General Meeting.

A Director shall resign from the Board of Directors upon the expiration of the respective term (including any variation of the term recommended by the Human Resources & Governance Committee) no later than six weeks prior to the date of the Annual General Meeting of the year in which the term expires.

DIRECTORS' COMPENSATION

Directors' Compensation is paid on the basis of an annual retainer fee which covers attendance and participation at Board and committee meetings throughout the course of the year.

Retainer fees for 2024 are as reflected in the Table below:

TABLE OF FEES

Category	Total Annual Fee
	Expressed in JMD
Board Chair	7,100,000*
Committee Chair	5,500,000
Non-Executive Director	4,500,000

*Not applicable to internal Chairperson.

SCOTIABANK CODE OF CONDUCT

Board members, senior management and all employees of Scotia Group, its subsidiaries and affiliates, are required to observe the Scotiabank Code of Conduct. In this regard, annual certification of compliance is required.

The Code of Conduct outlines Scotia Group's rules and expectations regarding proper business conduct and ethical behaviour of directors, officers and employees of the subsidiaries, including:

- Following the law wherever Scotia Group and its subsidiaries do business
- Avoiding putting themselves or any of the subsidiaries in a conflict-of-interest position
- Conducting themselves honestly and with integrity
- Keeping the subsidiaries' transactions, communications and information accurate, confidential and secure, and all clients' assets safe

CORPORATE GOVERNANCE

- Treating everyone fairly and equitably – whether clients, suppliers, employees or others who deal with Scotia Group and its subsidiaries
- Honouring our commitments to the communities in which we operate

In keeping with the established Code of Conduct, Board members and senior management of Scotia Group's subsidiaries are subject to the Insider Trading Policy in respect of trading in the securities of the company, its subsidiaries and affiliates.

BOARD ANNUAL SELF-EVALUATION

Scotia Group's Board (and the boards of its subsidiaries) conduct an annual self-assessment of performance during the year. Directors are required to complete a questionnaire which tests a wide range of issues regarding the effectiveness of the Board's governance.

The issues include the quality of the information provided by management, the effectiveness of the operation of any committee and a performance assessment of the Board and Chairperson during the year.

Additionally, the Chairperson of the Board conducts one-on-one interviews with each Independent Director to solicit feedback on the performance of the Board and senior management.

The results of the questionnaire are reviewed by the Human Resources & Governance Committee and appropriate action taken to remedy any areas of concern. The process has been invaluable to the continuous improvement of the governance process.

Scotia Group remains committed to good governance practices and continues to comply with the applicable laws and regulations, international best practices and guidance from the Jamaica Stock Exchange, the Bank of Jamaica, the Financial Services Commission, and other regulators.

POLICIES IMPLEMENTED DURING THE YEAR

Some of the key policies implemented this year include:

- Capital Management and Dividend Policy
- Enterprise Anti-Money Laundering/Anti-Terrorist Financing & Sanctions Policy
- Liquidity Risk and Collateral Management
- Environmental Risk Policy
- Liquidity Stress Testing Operating Framework
- Liquidity Monitoring and Contingency Plan
- SGJ Risk Management Framework
- Cyber Security Policy
- Information Security Governance Framework

CUSTOMER EXPERIENCE COUNCIL

As part of Scotia Group's Customer First Strategy the Board approved the establishment of a Customer Experience Council (the "Council"). The Council is appointed to assist management in monitoring and ensuring the consistency and reliability of service quality delivery; and to provide strategic direction in devising and executing customer experience strategies and programmes. The Council has oversight for internal and external service delivery within the Scotia Group. The Council is overseen by a Steering Committee which includes two Independent Directors.

WHISTLEBLOWER POLICY

The Group has established channels through which employees can 'Raise a Concern' to ensure that matters are reported and addressed. The Whistleblower Policy (the "Policy"), as part of the larger 'Raise a Concern' framework, enables employees to raise concerns through a confidential and anonymous channel and provides the framework for how the independent and objective Whistleblower Programme within the Audit Department will receive, assess, investigate and resolve concerns, particularly when those concerns constitute wrongdoing. The Whistleblower Programme is designed as a control to safeguard the integrity of Scotia Group, and its subsidiaries, financial reporting, its business dealings and to support adherence to the Scotiabank Code of Conduct and its regulatory obligations.

The Policy governs the operations of Scotia Group's Whistleblower Programme that enables individuals to raise anonymous and confidential concerns and wrongdoing that may otherwise not be known to management and ensure appropriate investigation is undertaken. The Policy applies to all individuals within Scotia Group to whom the Scotiabank Code of Conduct applies, inclusive of employees, officers, directors, and contingent workers.

Our Leadership

1

Board Of Directors

1. Anya Schnor

Anya Schnoor serves as the Executive Vice President for Global Insurance at Scotiabank. In this capacity, she unites insurance product, underwriting, and distribution experts across the bank to craft a strategy that fosters diversified earnings growth and enhances client focus in the Canadian, International, and Wealth Management business lines.

Since joining Scotiabank in Jamaica in 2006, Anya has held increasingly senior positions within the organisation. Most recently, she served as the Executive Vice President for the Caribbean and Central America (CCA), where she guided the strategic direction of retail, commercial, corporate, and wealth operations in the region. Under her leadership, CCA achieved new benchmarks in performance, risk management, and client-centricity. Anya's exemplary business acumen in the Caribbean was recognised with the Caribbean Luminary Award in 2019 by the American Foundation for The University of the West Indies.

From 2017 to 2020, Anya held the position of Executive Vice President, Retail Products in Canadian Banking, overseeing Retail Deposits, Credit Cards, Unsecured Lending, and Insurance. She currently holds directorship and chair positions on various Scotiabank subsidiary boards and is an active member of the International Women's Forum (IWF), an organisation committed to nurturing emerging women leaders.

Anya Schnoor holds a Master of Business Administration from Barry University and a Bachelor of Business Administration in Finance and International Business from Florida International University.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since December 10, 2022.
- Director: Scotia Group Jamaica Limited (SGJ) since November 1, 2020. The Bank of Nova Scotia Jamaica Limited (BNSJ) since November 1, 2020
- Member: BNSJ & SGJ Human Resources & Governance Committee


2


3


4


5


6


7

2. Aileen Corrigan

Aileen Corrigan is a highly experienced transformational director with over 25 years of international experience in the Caribbean, Pacific, North America and European regions. She specializes in digital, media, and telecommunications sectors focusing on major strategic programmes including strategy and development, business change, organisational design and digital transformation.

During her career, Aileen has held various senior roles including CEO of Trend Media and NewComLive, Business Development with Motorola and O2 Ireland and most recently Chief Digital Officer and Transformation Director for Digicel Group.

Aileen studied Industrial Relations at McGill University, Canada, holds a Graduateship from The Marketing Institute Ireland and Masters in Digital Marketing from the Digital Marketing Institute.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited & The Bank of Nova Scotia Jamaica Limited, Human Resources & Governance Committee since March 7, 2024; Scotia Investments Jamaica Limited, Human Resources & Governance Committee since March 10, 2023
- Director: Scotia Group Jamaica Limited (SGJ) since December 14, 2022; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 14, 2022; Scotia Investments Jamaica Limited (SIJL) since January 1, 2023; Scotia General Insurance Agency Limited (SGIA) since March 3, 2023
- Member: BNSJ & SGJ Risk Committee

3. Eric Crawford

Eric Crawford concluded a thirty-five-year career with PricewaterhouseCoopers (PwC) Jamaica in June of 2015, twenty-six of which he had partner responsibility for the delivery of Taxation services to the firm's clientele.

His professional career with PricewaterhouseCoopers included a tour of duty with the Toronto office, leadership of the Caribbean Region Taxation practice, and a one-year secondment to act as Chief Financial Officer of Jamaica National Investment Company Limited (now Development Bank of Jamaica). Before joining PricewaterhouseCoopers, he served as Chief Internal Auditor of the National Housing Trust (NHT). He was also a Director and Chairman of the Finance Committee of the Trust between 1996 and 2000.

He is presently a Commissioner, and chairs the Audit, Finance and Technology Committee, of the Integrity Commission.

Eric is a Life Fellow of the Institute of Chartered Accountants of Jamaica (ICAJ), of which he served as President between 1995 and 1997, as well as a member of the UK Chartered Association of Certified Accountants where he was Jamaica's Representative on its International Assembly in 1997/98.

Scotiabank Board Details:

- Chair: Scotia Investments Jamaica Limited (SIJL) Audit & Conduct Review Committee since January 1, 2023
- Director: Scotia Group Jamaica Limited (SGJ) since June 8, 2017; The Bank of Nova Scotia Jamaica Limited (BNSJ) since June 8, 2017; Scotia Investments Jamaica Limited (SIJL) since January 1, 2023

4. Roxane De Freitas

Roxane De Freitas is the Senior Vice President Strategic Business Development, Massy Integrated Retail, a position she was appointed to in October 2023. Prior to that she held the position of Chief Executive Officer of Massy Stores Trinidad for four years, the leading supermarket chain in the Caribbean with direct responsibility for its Trinidad and Tobago operations with 23 stores and over 2000 plus employees. She also holds Directorship on the Integrated Retail Portfolio, a subsidiary of Massy Holdings that oversees the retail and distribution businesses across the Caribbean and US.

Prior to Massy Stores, Roxane had an extensive and successful career as a Leadership Executive with Unilever. At Unilever Caribbean, she held the position of Marketing Director Caribbean, Regional North Exports Director and was a member of the Unilever Greater Caribbean Board. Roxane was the first female Managing Director of Unilever Caribbean Limited (formerly Lever Brothers) where she served for five years up to August 2012 when she was expatriated to the Head Office in Puerto Rico.

Roxane was appointed to Scotiabank Trinidad and Tobago Board of Directors in February 2009 and retired in 2023 after 13 years of service. In December 2017 she assumed the role of Chairperson of the Scotiabank Trinidad and Tobago Foundation, a registered charitable organisation that manages Scotiabank's philanthropic activities in Trinidad and Tobago. She is also a board member of the Trinidad and Tobago Chamber of Commerce.

Roxane is a graduate of the University of Western Ontario, Canada, with a Bachelor's degree in Business Administration.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited & The Bank of Nova Scotia Jamaica Limited since June 6, 2024; Scotia Jamaica Life Insurance Company Limited (SJLIC) since September 3, 2024
- Member: SGJ & BNSJ Audit & Conduct Review Committee; SJLIC Audit & Conduct Review Committee and Investment, Loan and Risk Committee

5. Vernon Douglas

Vernon Douglas is a purpose-driven leader and trusted business partner, who is passionate about transformation at the individual, community and national levels. He has over 20 years of experience in financial leadership, business development, process implementation and improvement in several countries across the Caribbean, Central America, and Europe.

Skilled in tackling a diverse array of business opportunities, Vernon has worked in Telecoms, Energy, Retail and Fast-Moving Consumer Goods (FMCGs) sectors. In his current role as CFO at JPS, Jamaica's leading energy company, he has immediate responsibility for Corporate Finance, Corporate Accounting, Logistics & Inventory Management, and Regulatory & Strategy Administration. His career has spanned roles with; the Digicel Group as CFO- Mergers and Acquisitions (Caribbean and Central America). He also held executive, senior positions with Celebration Brands Ltd, Red Stripe Diageo (Jamaica), and Richer Sounds PLC (UK).

Vernon has a consistent record of delivering results in financial control, operational performance excellence and profitability improvement, having helped companies to deliver corporate and operational growth via both organic and inorganic means. His areas of expertise include: Competitive Strategy, Business Optimization & Transformation, M&A evaluations, Risk Management, and Investor Relations.

He is a chartered accountant (FCCA) with Executive Education from Wharton Business School, and MIT Sloan Institute of Management.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited (BNSJ) Audit & Conduct Review Committee since March 7, 2024; Scotia Jamaica Life Insurance Company Limited Audit & Conduct Review Committee since February 28, 2024; Scotia Jamaica Building Society, Audit & Conduct Review Committee since February 27, 2023;
- Director: Scotia Group Jamaica Limited (SGJ) since December 14, 2022; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 14, 2022; Scotia Jamaica Life Insurance Company Limited since March 3, 2023
- Member: SJLIC, Investment, Loan & Risk Committee

6. Angela Fowler

Angela Fowler is a practicing Attorney-at-Law since 1975 and formerly the Senior Partner of the law firm, Livingston, Alexander & Levy est. 1911. She practices in the areas of commercial law, estate and corporate tax planning, pensions and employee benefits schemes.

Mrs. Fowler is a graduate of the University of the West Indies. She is a member of the Jamaican Bar Association and the International Pension and Employee Benefits Lawyers' Association.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited (SGJ) and The Bank of Nova Scotia Jamaica Limited (BNSJ) since May 4, 2018
- Member: BNSJ & SGJ, Audit & Conduct Review Committee

7. Antony Mark Hart

Mark Hart is the founder of Caribbean Producers (Jamaica) Limited and served in the role of Chief Executive Officer and Executive Chairman before relinquishing his role in 2024 and now serves as a Director on the Board. He is Chairman of Airports Authority of Jamaica, Cargo Handlers Limited and the Montego Bay Freezone Company Limited. Mark serves as a Director on the We Care for Cornwall Regional Hospital's Board.

He holds a Bachelor of Science degree in History and Motion Picture Film Production, from the University of Miami and participated in Executive Education at Columbia University, USA. Amongst his accomplishments is the documentary film, Rise Up.

8

9

10

11

12

Scotiabank Board Details:

- Director, Scotia Group Jamaica Limited (SGJ) since August 5, 2016; The Bank of Nova Scotia Jamaica Limited (BNSJ) since August 5, 2016
- Member: BNSJ & SGJ, Human Resources and Governance Committee

8. William David McConnell

David McConnell is co-managing Director and co-founder of Select Brands Limited a leading Wines and Spirits Company in Jamaica. Prior to the establishment of his business, he held the position of Managing Director of Sales and Marketing for J. Wray and Nephew Limited with key responsibility for increasing profitability and developing brand positioning for the company's products both locally and internationally. Mr. McConnell sits on the Board of the Supreme Ventures Limited, a member of the Jamaica Stock Exchange and Ironrock Insurance Company, a member of the Junior Market of the Jamaica Stock Exchange. He is also a Governor on the Board of Directors of Hillel Academy.

He holds an M.B.A. in Marketing and Finance from the University of Miami and a B.A. in Marketing and International Business from Florida International University.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since May 4, 2018; Scotia Investments Jamaica Limited since August 2, 2016;
- Member: BNSJ & SGJ Audit & Conduct Review Committee; SIJL Human Resources & Governance Committee and SIJL Audit & Conduct Review Committee

9. James McPhedran

James McPhedran is a senior executive with a wide range of experience spanning over 30 years in financial services. He is a Supervisory Board Director, Maduro & Curiel's Bank (Dutch Caribbean) where he is Chair of the Risk and Compliance Committee and also sits on the Board of Governors for CI Financial in Toronto. As well, James is Chair of the Board of Directors for UNICEF Canada and serves on the Board of St. Michael's Hospital Foundation in Toronto.

James is a Senior Advisor to McKinsey and Company where he consults on Customer Experience, Retail Banking and Wealth Management engagements in North America, Europe and Australia.

He holds a Bachelors Degree in Economics and Political Studies from Queen's University in Kingston, Ontario and has completed the Institute of Corporate Directors Programme at the University of Toronto. James has also completed the Senior Executive Programme at the London Business School in London UK.

Scotiabank Board Details:

- Chair: BNSJ & SGJ Risk Committee since June 8, 2022
- Director: Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since June 8, 2022

10. Audrey Richards

Audrey Richards is a Consultant with the Development Bank of Jamaica, overseeing the bank's pivotal roles as anchor investor in private capital funds and ecosystem development catalyst, aimed at expanding access to private equity, venture capital, and other alternative finance, from local, regional, and global funders, for Jamaican businesses.

She has held executive leadership positions in the Jamaican capital markets and has consulted for both private and public sector institutions, including the Inter-American Development Bank, Bank of Jamaica, Jamaica Stock Exchange, and the Financial Services Commission. Mrs. Richards sits on the Boards of Caribbean Alternative Investment Association, British Caribbean Insurance Company Limited, St. Andrew High School Foundation, and the Board of Governors of the St. Andrew High School.

She holds an MBA (Finance) from the De Groote Graduate School of Business, McMaster University, Canada, and a BSc. (Special Chemistry) from the University of the West Indies, Mona, and is a Certified Project Manager.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited (SGJ) & The Bank of Nova Scotia Jamaica Limited (BNSJ), Human Resources & Governance Committee since March 10, 2023; Scotia Investments Jamaica Limited (SIJL) since December 9, 2022; Scotia Jamaica Life Insurance Company Limited (SJLIC) since August 16, 2018; SJLIC, Investment, Loan & Risk Committee since May 9, 2018
- Director: Scotia Group Jamaica Limited since May 4, 2018; The Bank of Nova Scotia Jamaica Limited since May 4, 2018; Scotia Jamaica Life Insurance Company Limited since May 9, 2018
- Member: BNSJ & SGJ Risk Committee; SJLIC, Audit & Conduct Review Committee; SIJL Risk Committee and Audit & Conduct Review Committee

11. Evelyn Smith

Evelyn Smith manages the Tensing Pen Hotel in Negril, one of Jamaica's leading character hotels. She served on the Board of the Caribbean Hotel and Tourist Association (CHTA), Jamaica Tourist Board (JTB), Jamaica Vacations (Jamvac), Tourism Enhancement Fund (TEF), Advisory Council of the Passport Immigration and Citizen Agency (PICA), and Negril Chamber of Commerce.

Evelyn has been actively involved in the tourism industry since the late 1980's, and is Past President of Jamaica Hotel and Tourist Association (JHTA). She was the recipient of the JHTA Hotelier of the Year Award in 2008 and awarded the Prime Minister's Medal of Appreciation for Service to Tourism in 2013.

A graduate of the prestigious Wellesley College in Massachusetts, Evelyn holds a Bachelor's degree with majors in French and Spanish, and an MBA with Honours from Nova Southeastern University, USA.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited since December 2, 2015; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 2, 2015; Scotia Jamaica Building Society (SJBS) since February 27, 2023
- Member: SGJ & BNSJ Audit & Conduct Review Committee; SJBS Audit & Conduct Review Committee

12. Audrey Tugwell Henry

Audrey Tugwell Henry is the President & CEO, Scotia Group Jamaica Limited since January 1, 2021. She has been employed to Scotiabank for a collective period of 14 years in executive positions. Audrey joined Scotiabank in May 2000 to May 2008 and again in September 2017 as the Executive Vice President, Retail and Small Business Banking, Caribbean North & Central.

Audrey has a combined 37 years of experience in banking with 22 years at the executive level and a proven track record leading businesses within the Financial Services Industry. She received the JSE recognition for Leadership and sterling contribution to the development of the business and financial sector in 2024.

She is passionate about women empowerment, diversity and inclusion. Audrey spearheaded the launch of the Scotiabank Women Initiative in Jamaica, a programme supporting women-led and women-owned businesses. She is a member of the Scotiabank International Banking Inclusion Council and under her leadership, the Caribbean Inclusion Council was established with representatives from across the Caribbean. Additionally, she places much of her focus on the development of talent and provides guidance and coaching through the Scotiabank Caribbean Network's Mentorship Programme, as well as direct coaching. She is also a member of the International Women's Forum (IWF), an organisation dedicated to supporting the next generation of women leaders.

Outside of the Scotia Group, Audrey is the President of the Jamaica Bankers' Association, appointed in October 2023. She serves on the board of the Mona School of Business and Management and in 2023 received the Mona School of Business and Management Distinguished Alumnus Award.

She has a Diploma in Education from Church Teachers' College, Mandeville, a Bachelor of Science degree in Management Studies from the University of the West Indies and a Master of Business Administration degree from the Mona School of Business.

Scotiabank Board Details:

- Chair: Scotiabank Jamaica Foundation, appointed Director since November 16, 2017
- Director: Scotia Group Jamaica Limited (SGJ) since December 9, 2020, The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 9, 2020; Scotia Investments Jamaica Limited (SIJL) since December 7, 2020; Scotia Jamaica Life Insurance Company Limited (SJLIC) since December 31, 2020; The Scotia Jamaica Building Society since June 25, 2018; Scotia General Insurance Agency Limited (SGIA) since December 30, 2021
- Member: BNSJ &SGJ Risk Committee; SGJ & BNSJ Human Resources & Governance Committee; SJLIC Investment, Loan & Risk Committee; SIJL Human Resources & Governance Committee and Risk Committee; SGIA Conduct Review Committee

Executive/Senior Management Team


1


2


3


4


9


10


11


12


5


6


7


8


13


14


15

1. Audrey Tugwell Henry
President and
Chief Executive Officer

2. Sabrina Cooper
Chief Executive Officer,
Scotia Investments
Jamaica Limited

3. Tricia Davies
Vice President,
Business Support

4. Yanique Forbes-Patrick
Vice President,
Public Affairs and
Communications

5. Debra Lopez-Spence
President, Scotia Jamaica
Life Insurance Company

6. Marcette McLeggon
Chief Risk Officer

7. Morris Nelson
Senior Vice President,
Corporate and
Commercial Banking

8. Gabrielle O'Connor
Chief Financial Officer

9. Adrian Reynolds
Vice President, Treasury

10. Tonya Russell
Head of Marketing

11. Sheila Segree-White
Vice President,
Human Resources

12. Gary-Vaughn White
Senior Vice President,
Collateral Protection

13. Naadia White
Vice President, Compliance

14. Shelee Wilkie-Channer
Chief Auditor

15. Maia Wilson
Vice President
General Counsel &
Company Secretary

Management Discussion and Analysis

Introduction

Scotia Group Jamaica Limited (Scotia Group), a diversified financial services institution, established in 1889 and headquartered in Kingston is one of the largest banking and financial service organisations in Jamaica, with assets in excess of $705 billion. We offer a wide range of tailored financial solutions through our subsidiaries to a wide base of corporations, governments, institutions, and individual clients across all sectors within the Jamaican economy, supported by a network of 28 branches, 292 ATMs, 1,533 team members and a best-in-class digital banking platform.

Subsidiaries	Services
The Bank of Nova Scotia Jamaica Limited	Deposits, Lending, Foreign Exchange and Payments
Scotia Jamaica Life Insurance Company Limited	Credit and Life Insurance, Retirement Accumulation and Payout
Scotia General Insurance Agency	General Insurance Services
Scotia Investments Jamaica Limited	Investments, Structured Financing
The Scotia Jamaica Building Society	Mortgage Lending, Deposits

This year we celebrated our 135th anniversary of unwavering commitment to Jamaica. We are proud of our unbroken years of service to our nation and we continue to leverage our strength, experience, and resilience as we execute on our strategic plans to make a difference for our clients, support their financial well-being and help them plan for the future.

Our Operating Environment

MACROECONOMIC ENVIRONMENT

For the 2024 financial year, Scotia Group navigated economic uncertainties due to elevated interest rates, changes in the regulatory environment, as well as flaring and geopolitical tensions impacting global economies. Scotia Group with its diversified business model continued to demonstrate resilience and delivered exceptional performance. Inflation was largely contained throughout the year and approached target rates in some global economies resulting in central banks synchronizing their easing of policy rates to support economic activities. Point-to-point (P-T-P) inflation trended downward throughout the financial year and was 4.9% as at October 2024, and was within the Bank of Jamaica's (BOJ's) target range of 4.0% to 6.0%. The performance was mainly influenced by the divisions; 'Food and Non-Alcoholic Beverages' (5.3%), 'Transport' (9.1%) and 'Housing, Water, Electricity, Gas and Other Fuels' (3.5%). BOJ indicated that inflation has been moderating and is projected to remain in the Bank's target range over the next two years due in large part to lower transport-related and processed food price inflation. In September 2024, Standard & Poor's (S&P) affirmed the Government of Jamaica's (GOJ) Long-Term Foreign and Local Currency Issuer Default Rating (IDR) to 'BB-' with a Positive outlook from Stable on Institutional strengthening. The agency cited that the positive outlook reflects the possibility of an upgrade if continued strengthening of the policy framework raises the likelihood of more sustainable public finances and balanced economic growth over the long term. The agency also stated that continuity of cautious public sector management, combined with macroeconomic policy that enhances economic resilience could strengthen Jamaica's institutional framework. Gross Domestic Product (GDP) for the quarter ended September 2024 contracted by 3.5% compared to a growth of 2.1% recorded for the same period last year. This movement was largely attributed to declines in the Services and Goods Producing Industries of 2.2% and 7.2% respectively. In the Good's Producing industry, Agriculture, Forestry, & Fishing fell by 12.5%, Mining & Quarrying by 17.4%, Manufacturing by 4.0%, and Construction by 3.3%. In the Services industry, all industries declined except Finance & Insurance Services, which grew by 0.8% and Transport, Storage & Communication, which increased by 2.5%. The outlook for real GDP is projected to fall within the range of -1.0% to 0.5% for FY2024/25. The projection for FY2024/25 largely reflects the anticipated adverse impact of Hurricane Beryl on the economy underpinned by contractions for Agriculture, Forestry & Fishing and Construction. The country's unemployment rate fell to a new historic low of 3.6% as at July 2024 based on the revised survey model which incorporates the recommendations from the International Conferences of Labour Statisticians.

FINANCIAL SECTOR PERFORMANCE

Throughout the year the financial sector benefited from a more favorable interest rate environment which supported loan growth in the sector. However, with inflation on the decline, the Bank of Jamaica (BOJ) reduced its policy rate by 25 bps to 6.5% effective October 2024 and was the second rate reduction since November 2022. The BOJ cited that inflation was more anchored in its target range and reflects its assessment that the prevailing economic environment is conducive to further cautious easing of its monetary policy stance.

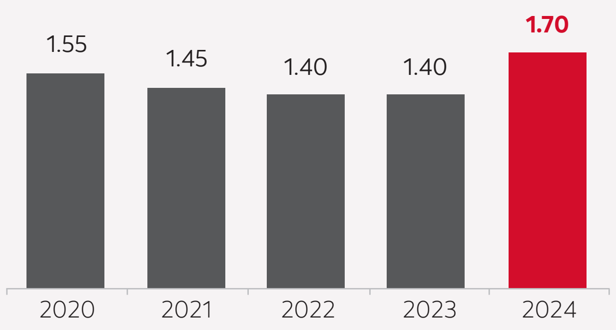
As at September 2024, the overall growth in loans in the Financial Sector slowed, and was 8.1% compared to 12.6% for the comparative period in 2023. Deposits growth declined to 7.0% from 11.6% in 2023. Total asset growth was lower but expanded by 5.7% compared to 9.5% last year. Additionally, as at September 2024, commercial banking sector loans to the private sector increased by 9.1% or $100.7 billion (2023: 13.4% or $130.6 billion), due mainly to growth in the Entertainment, Professional & Other Services, Agriculture, Individuals & Households, Manufacturing and Distribution sectors. Credit quality for the sector improved marginally, with non-performing loans representing 2.4% of total gross loans as at September 2024, relative to 2.5% for the comparative period in 2023. Looking forward, lenders expect the overall demand for credit to increase driven by individuals and businesses resulting from increased promotional activities and more attractive loan products designed to meet the needs of clients. The Collective Investment Scheme industry (unit trusts and mutual funds) increased by 7.9% to US$2.5 billion for the year ended October 31, 2024, due to favourable market conditions as well as market competition as some brokers lowered their minimum opening balances. Of note, gross life insurance premiums sold in the industry as at August 2024, were higher by $2.1 billion or 6% year over year.

Overview of Financial Results

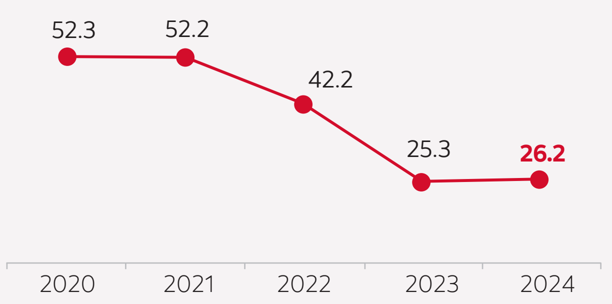
TOTAL REVENUE

As at October 31, 2024, Scotia Group delivered a very robust performance with net profit attributable to common shareholders of $20.2 billion, representing an increase of $2.9 billion or 17% year over year. The solid performance translated to earnings per share of $6.48, an increase of 17% over the prior year amount of $5.54 and return on equity of 15.55% up by 28 basis points from 15.27% in 2023. The dividend per share was $1.70, representing a dividend payout ratio of 26.24%.

Dividends per Share ($)



Dividend Payout Ratio (%)



MANAGEMENT'S DISCUSSION AND ANALYSIS

Scotia Group has key competitive advantages from which to build on, and our diversified business model continued to demonstrate resilience in challenging times enabling us to seize opportunities as they became available during the year, whilst exercising prudent risk management which allowed us to effectively execute on our strategy. Our strong balance sheet positions us well to make strategic investments in key growth opportunities and we continue to invest in technology, assets, and our people, which allow us to bring the whole Group to our clients as we elevate their experience. Our core business remains strong and continues to perform well. Our loan portfolio reflected strong growth of 16% over last year, driven by outstanding increases of 27% growth in our mortgage portfolio and 13% growth in our flagship product, Scotia Plan Loans. Our commercial banking unit continues to stand out in the market with our commercial loan portfolio increasing by 12% over the previous year. Additionally, our insurance business line continues to provide our clients with adequate protection solutions. Our life insurance business reported a solid increase of 40% in net insurance business revenues year over year driven by a combination of favorable factors including higher contractual service margin (CSM) releases from our strong inforce book of business and increases in premium revenue from our creditor life product. Our newest subsidiary, Scotia General Insurance Agency (ScotiaProtect) recorded a 130% increase in the number of policies sold when compared to the previous year.

Financial Highlights	31-Oct-24 $millions	31-Oct-23 $millions
Total Assets	**705,017**	664,737
Investments	**185,428**	161,927
Loans (net of expected credit losses)	**312,755**	268,830
Deposits by the Public	**476,060**	444,876
Insurance Contract Liabilities	**50,167**	49,450
Shareholders' Equity	**138,470**	126,548
Profit after Tax	**20,158**	17,229
Total Comprehensive Income	**17,056**	24,386
Return on Average Equity	**15.55%**	15.27%
Productivity Ratio	**46.5%**	49.8%
Operating Leverage	**7.6%**	16.8%
Earnings per share (cents)	**648**	554
Dividend per share (cents)	**170**	140

Scotia Group is one of the largest banking and financial services organisations in Jamaica, with assets of $705 billion, and client deposits of $476.1 billion as at October 31, 2024. The growth in our asset base was achieved through the alignment and effective execution of our strategy across all business lines throughout the year. The Bank's solid risk management framework supports our high-quality loan portfolio with non-accrual loans representing 1.6% of gross loans (2023: 1.6%) which continues to be below the industry average of 2.4% as at September 2024.

We continue to assist clients to choose the best investment solution for their unique financial needs through our evolving product offerings from Scotia Investments. The total value of Funds under Management amounted to $215.2 billion up $27.1 billion or 14.4% over prior year.

The Group continues to maintain a strong capital base and is well capitalized to support the risks associated with its diversified businesses and its strategic growth plans to maximize shareholder returns. We continue to exceed regulatory capital requirements in all our business lines. Our strong capital position enables us to effectively manage future increased capital adequacy requirements and take advantage of growth opportunities as they emerge in the market. This solidifies the resilience of our proven operating model, our ability to withstand market volatility, and further provide our valued clients and shareholders with confidence, that we are well positioned for the future.

Our Strategy

Last year we introduced our new enterprise strategy and we have demonstrated solid momentum in delivering on our commitments. We are confident in our path forward and remain committed to delivering the best for our clients and remain our clients' most trusted financial partner while driving sustainable, profitable growth to maximize shareholder value. Our strategic priorities have been the roadmap for our continued success, which consists of three pillars, deeply focused on our clients, valued team members, and built on a strong risk culture. These priorities have shaped the direction of the organisation by balancing key growth opportunities and structural transformation while delivering best-in-class service to our clients. We continue to execute well on our strategic priorities, as these are the mainstays, we believe will have the greatest impact in driving long-term value creation for all stakeholders.

2024 STRATEGIC FOCUS

Win as one Team: We are committed to bringing the whole Group to our clients, while strengthening our culture and creating an environment where all employees can thrive and deliver their very best. We continue to foster a culture of collaboration, trust and belonging as well as maintain an inclusive environment through shared purposes and values, demonstrated through our people and our practices that allow us to become the best place to work for the diverse communities we serve.

Our strategy requires cultivating a culture of high performance, and building on our strong foundation, we introduced a new framework during the year; ScotiaBond. Comprised of our core values and new behaviours, ScotiaBond is our commitment to each other, to create safe spaces to learn and grow, to promote accountability and inclusivity, and to recognise that we only win when we win together as one team. ScotiaBond is being embedded in all aspects of our organisation, from how we set performance and development goals, ongoing recognition programmes, and the way we reward our team at the end of the year. We are confident these behaviours will help us create a workplace that enables us to deliver a strong future for each other, our clients, and our Bank. Our employees' well-being is a critical component of a productive and healthy work environment, as such, we remain committed to providing our valued employees with the necessary support and care for their physical and mental health. We continue to invest in our people and their skills while actively planning for the future and putting programmes in place to build a world-class high-performing, and inclusive team that is focused on prioritizing clients and improving sustainable business performance, further strengthening team-focused engagement. Our robust recruitment practices are designed to attract a diverse pool of high potential team members who are tuned in with the needs of our clients and who have the required knowledge and skills which are honed through our strong onboarding programmes. We remain committed to strengthening our leadership capability by grooming and growing talent from within to ensure the Group has the right people to drive superior performance. We are increasing our focus on performance management by enhancing our learning and development, coaching and performance measurement processes so that employees can reach their full potential, ensuring the Bank continues to be a Great Place to Work.

Make it easy to do business with us: We will continue to streamline and simplify our operations, improving access to our products and services and building an organisation that is more efficient and effective.

We are building scale and leveraging common platforms to enhance the client experience, drive greater client primacy, and work more effectively through our regionalization efforts. We continue to invest in our core technology and our award-winning digital and analytical capabilities to build stronger relationships with clients, increase engagement, client primacy and loyalty to further enhance both our client and employee experience, strengthen the security of the Bank, and move faster on technologies that are shaping the future of business and the society. We remain committed to delivering a seamless best-in-class client experience through our modernized platforms, which are specifically geared towards serving all our client segments while meeting and exceeding their evolving needs. The Pulse, our client feedback system, continues to yield positive results and has indicated our clients' growing preference for the convenience of our digital channels which offer a simple and more cost-effective way of conducting transactions. Scotia Group remains focused on being the most trusted financial partner wherever we operate and as such, maintaining the trust and confidence of our clients is paramount in everything we do.

Earn primary client relationships: We will continue to increase our focus on driving value over volume when it comes to our client relationships. We have placed greater emphasis on deeper, multi-product client relationships, rather than mono-product lending only ones, while enhancing the value proposition for clients across all our channels to drive sustainable profitable growth.

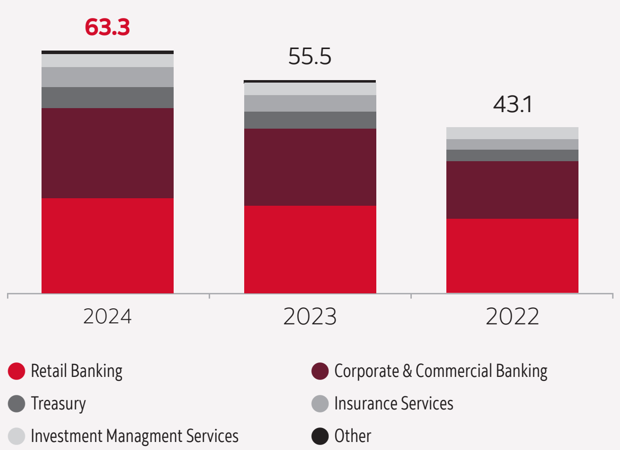
We will continue to focus our resources on the acceleration of new business origination through a segment driven client-centric approach across all our business lines. We will grow our primary clients across the Group through the ongoing delivery of products and services to suit all their financial needs including everyday banking, investment and insurance protection.

Group Financial Performance

TOTAL REVENUE

Total revenue excluding expected credit losses was $63.3 billion in 2024, up $7.8 billion or 14.1% compared to $55.5 billion for 2023. All business lines in the Group contributed to the solid growth in our revenue for the financial year.

Revenues by Business Line
(excluding expected credit losses) $ Billions



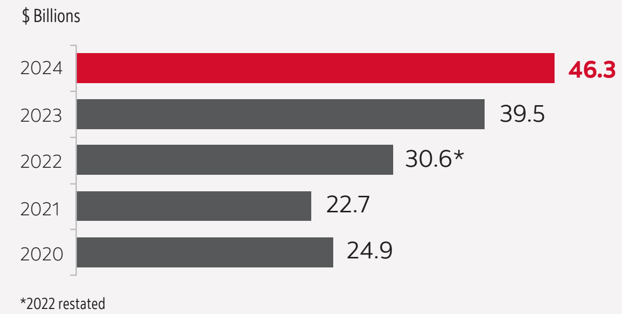
- **Investment Management (+8%):** Revenues from our investment management portfolio increased year over year driven by higher fee and commission income and higher gains from foreign exchange trading. We continued our strategic agenda to grow our Asset Management portfolio and reduce exposure to the inherent risks in an on-balance sheet business model. Consequently, Assets Under Management increased by 14.4% year over year, while our Mutual and Unit Trust funds continued to deliver good returns to unitholders.
- **Commercial (+17%):** Loan balances grew significantly by $12.6 billion or 12% over the previous year as we continued to provide best-in-class solutions for the growth and development of our corporate and commercial clients. We believe our commercial solutions are the best in the industry and we look forward to continuing to help local businesses accomplish their goals, grow and achieve financial success. Our merchant services business is a significant component of our business and will remain a key area in our strategic focus in the coming year.
- **Retail (+8%):** Loan growth was led by residential mortgages which grew $20.7 billion or 27% over prior year, and personal and credit cards which were up $11.7 billion or 13%. Overall, retail loans amounted to $202.8 billion reflecting solid growth of $32.4 billion or 19% over last year. The increase in revenues was fueled by higher interest income earned on the expanded loan portfolio due to our competitive rates as well as excellent product and service delivery.
- **Treasury (+32%):** The strong performance was due to increased collaboration among our business lines, increased trading activities coupled with our prudent management strategy which resulted in higher net interest income and FX revenue year over year.
- **Insurance Services (+19%):** Growth in revenues for this business line was mainly due to higher contractual service margin releases underpinned by our strong inforce book of business, increases in premium revenue from our creditor life product as well as an increase in the number of policies sold. Our newest subsidiary, Scotia Protect has been on a continued growth trajectory since it was launched. Our clients are very satisfied with our product offerings, and in particular, the interest-free payment options for insurance premiums.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NET INTEREST INCOME

Loan volumes increased across our business lines year over year. We recorded net interest income before expected credit losses of $46.3 billion, an increase of $6.8 billion or 17.4% when compared to prior year. The Group's average earning assets increased by 9.5%, while net interest margin (net interest income as a percentage of average earning assets) increased relative to the previous year by 55 basis points. Average yields on earning assets were higher by 64 basis points due to the higher interest rate environment throughout the year. The year over year growth in volumes contributed a positive $3.8 billion to net interest income for the year and a positive impact from increasing asset yields of $3.1 billion.

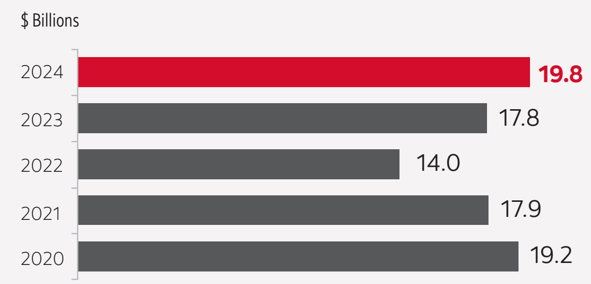
Net Interest Income



OTHER REVENUE

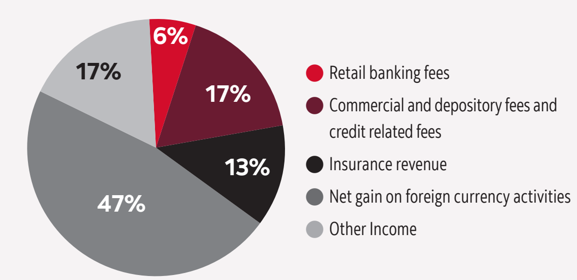
Other revenue, defined as all income other than net interest income, was $19.8 billion for fiscal year 2024, up $1.9 billion or 11% from prior year.

Other Revenue



- **Net fees and commissions** totaled $7.2 billion up $0.5 billion or 7% compared to last year. The increase in net fees noted was primarily due to an increase in transaction volumes, business activities and deepening of client relationships. Throughout the year the Group continued its strategic push to educate clients on alternative and convenient digital channels as we continue to elevate our client experience.
- **Net insurance revenue** was higher by 40% and amounted to $2.5 billion compared to $1.8 billion for 2023, due to improved performance of the portfolio and higher contractual service margin releases, as well as higher revenue generated from our Premium Allocation Approach portfolio.
- **Foreign exchange revenue** amounted to $9.3 billion compared to $8.8 billion for 2023. The increase of $0.6 billion or 6% noted was primarily driven by higher trading volumes.
- **Net gains on financial assets** amounted to $417 million, a year over year increase of $104.5 million or 33% due to higher unrealized fair value gains on securities carried at fair value through the profit and loss.
- **Other income** amounted to $245 million compared to $215 million for the prior year. The increase of $30 million or 14% was driven by higher gains realized on the sale of property.

Sources of Other Revenue (%)

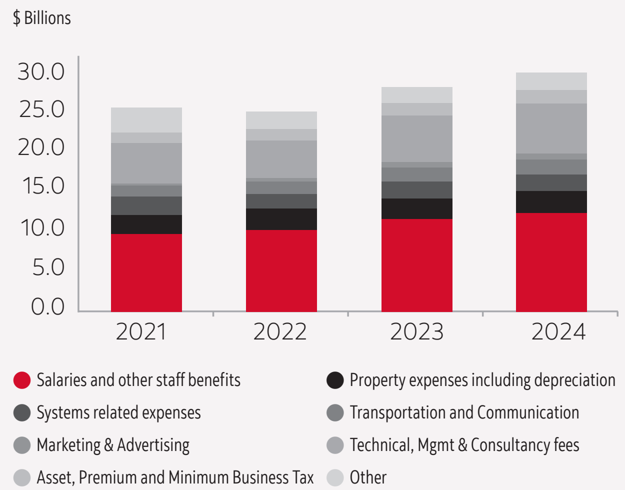


NON-INTEREST EXPENSES

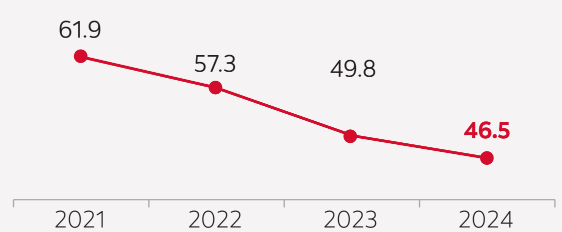
Non-Interest expenses for the year totaled $29.4 billion, up $1.8 billion or 6.5% year over year. The increase noted in expenses was mainly due to investment in personnel; reflected in higher salaries and staff benefits, up $697 million or 6% due to annual salary increases and higher incentives based on improved business performance; higher technical support fees up $521 million or 9% given higher transaction volumes and higher charges associated with our digital initiatives as we continue to streamline our processes and make it easier for clients to do business with us, and higher property expenses, including depreciation, up $331.4 million or 13.5%.

The Group continues to execute on its prudent expense management and efficiency initiatives. Our productivity ratio, which is calculated as total expenses as a percentage of total revenue (excluding expected credit losses), improved to 46.5% from 49.8% in 2023, due to an increase in our revenues coupled with our expense management initiatives.

Non-Interest Expenses



Productivity Ratio (%)



TAXES

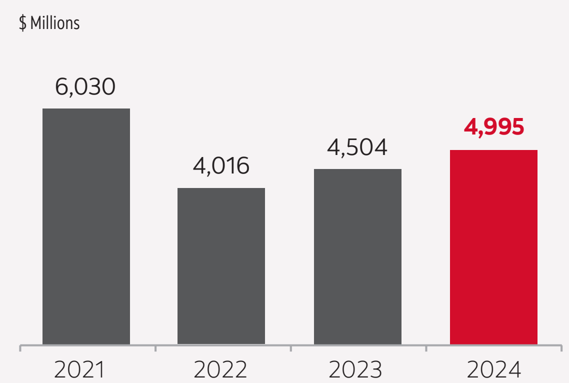
Our Income tax expense was $9.5 billion, up $1.3 billion or 16% from last year as our pre-tax profit grew by $4.3 billion or 17%. Our effective tax rate was 32.1% and was marginally lower than prior year by 20 basis points. When asset tax of $1.6 billion is added, the tax expense for the year amounted to 35.5% of our pre-tax income.

Taxation Charge ($'000)	2024	2023	2022
Profit Before Taxes	**29,703,702**	**25,440,171**	**15,365,747**
Current Income Tax:			
Income tax calculated at 33⅓%	8,043,209	6,157,776	4,126,879
Income tax calculated at 30%	333,067	437,153	433,008
Income tax calculated at 25%	1,170,353	1,000,673	1,003,126
Other tax rates 1% to 5%	17,776	7,048	7,983
Adjustment for under/(over) provision of prior year's charge	551	30,055	(8,487)
	9,564,956	**7,632,705**	**5,562,509**
Deferred Income Tax [Note 38 (a)]*	(19,045)	578,837	(516,528)
Taxation Charge	**9,545,911**	**8,211,542**	**5,045,981**
Effective Tax Rate	**32.1%**	**32.3%**	**32.8%**

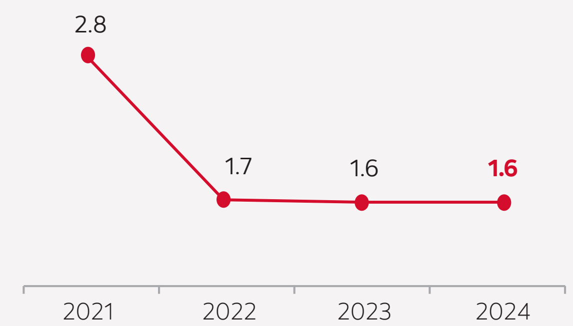
CREDIT QUALITY

Expected credit losses on loans amounted to $4.2 billion and were up $1.9 billion or 83% year over year attributable to higher provisions due to the growth of the loan portfolio, higher write-offs partly offset by an increase in recoveries. Nonaccrual loans (NALs) as at October 31, 2024, was $5.0 billion, up $491 million or 11% when compared to prior year. NALs currently represent 1.6% of gross loans and 0.7% of total assets as at year end October 31, 2024. The Group's NALs as a percentage of gross loans remains below the industry average of 2.4% reported as at September 2024.

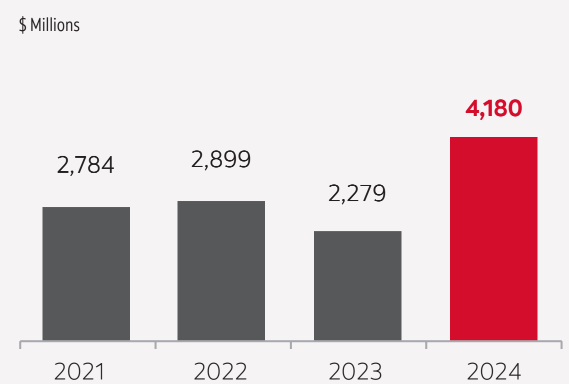
Non-Accrual Loans



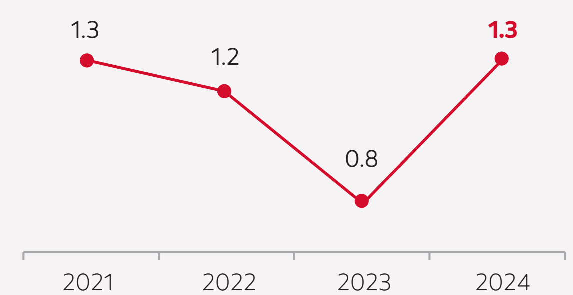
Non-Accrual Loans to Gross Loans (%)



Expected Credit Losses



Expected Credit Losses (Profit & Loss) to Gross Loans (%)



The total expected credit losses reflect higher levels of IFRS provisions. Provisions which meet the regulatory requirements but exceed the IFRS standards are credited to a non-distributable loan loss reserve. The table below shows the IFRS and regulatory provisions for the last three financial years.

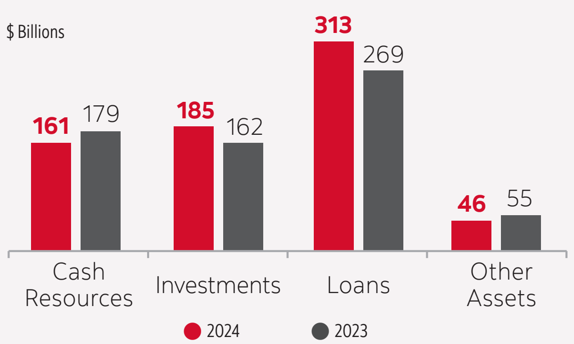
Loan Loss Provision Analysis ($'000)	2024	2023	2022
Gross Loans	**322,729,859**	277,311,025	242,942,126
Non Accrual Loans	**4,995,054**	4,504,480	4,016,110
Expected Credit Losses (IFRS 9)	**6,564,480**	5,626,436	5,898,116
Loan Loss Reserve	**314,649**	269,386	361,367
Total Regulatory Expected Credit Losses	**6,879,129**	5,895,822	6,259,483
IFRS Expected Credit Losses as a % of Gross Loans	**2.0%**	2.0%	2.4%
IFRS Expected Credit Losses as a % of Non Accrual Loans	**131.4%**	124.9%	146.9%
Total Regulatory Expected Credit Losses as a % of Gross Loans	**2.1%**	2.1%	2.6%
Total Regulatory Expected Credit Losses as a % of Non Accrual Loans	**137.7%**	130.9%	155.9%
Total Assets	**705,016,705**	664,736,962	594,416,156
Net Loans (after expected credit losses)	**312,755,204**	268,829,718	234,657,542
NAL : Gross Loans	**1.6%**	1.6%	1.7%
NAL : Net Loans	**1.6%**	1.7%	1.7%
NAL : Total Assets	**0.7%**	0.7%	0.7%

Group Financial Condition

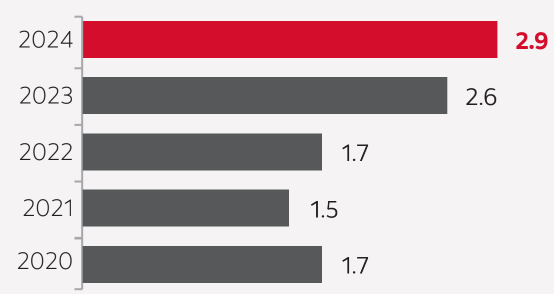
ASSETS

Total assets amounted to $705 billion an increase of $40.3 billion or 6% as at October 31, 2024. The increase noted in our asset base was driven by the significant growth in our loan portfolio of $43.9 billion or 16% and higher investment securities of $23.5 billion or 15%. These increases were partly offset by lower cash resources of $17.9 billion or 10% and the lower carrying value of the retirement benefit asset of $10.9 billion or 35%.

Asset Mix



Return on Assets (%)



CASH RESOURCES

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $160.8 billion as at October 31, 2024 down $17.9 billion or 10% from $178.6 billion last year. Cash resources held were used to fund our growing loan portfolio and reinvested in securities. We continue to maintain a strong liquidity position which enables us to respond effectively to changes in our cash flow requirements.

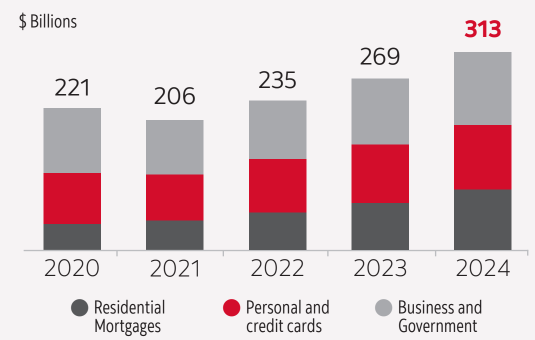
INVESTMENTS

Total investment securities amounted to $185.4 billion, up $23.5 billion or 15% year over year. The increase noted resulted from the purchase of additional investment securities with inflows from incoming deposits, as well as proceeds from sales and maturities.

LOANS

Our loan portfolio increased by $43.9 billion or 16% as at October 31, 2024. After allowance for expected credit losses the loan portfolio stood at $312.8 billion. Our loan book performed extremely well, with residential mortgages increasing by $20.7 billion or 27% over last year, Personal and credit cards up $11.7 billion or 13% and Business and Government up $12.6 billion or 12%.

Loan Portfolio (net of expected credit losses)



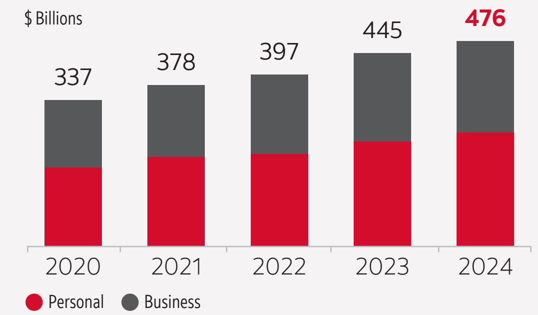
LIABILITIES

Total liabilities as at October 31, 2024, were $566.5 billion, an increase of $28.4 billion or 5%. The increase noted was driven mainly by the growth in client deposits which was partly offset by lower deferred tax liabilities and amounts due to clients and clients.

DEPOSITS

Deposits by the public increased to $476.1 billion, up from $444.9 billion in the prior year. This represents an increase of $31.2 billion or 7% growth in core deposits which was reflected in higher inflows from our retail and commercial client portfolios, signaling our clients' continued confidence in the strength and safety of the Group.

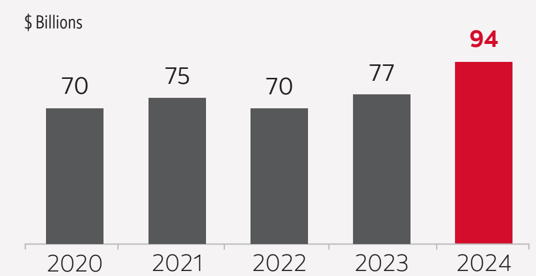
Deposit Portfolio



FUNDS UNDER MANAGEMENT

Our strategic focus continues to be geared towards growing our off-balance sheet business, namely, mutual funds and unit trusts. As at October 31, 2024, our unit trusts and mutual funds net asset value reflected a year over year increase of $17.0 billion or 22%. Of note, our Assets Under Management showed an increase of $27.1 billion or 14% attributed to the growth in the net asset value of the Pension Funds, Scotia Premium Short Term Income Funds (JMD & USD), the Scotia Premium Money Market Fund, the Scotia Premium Fixed Income Fund and the Caribbean Income Fund.

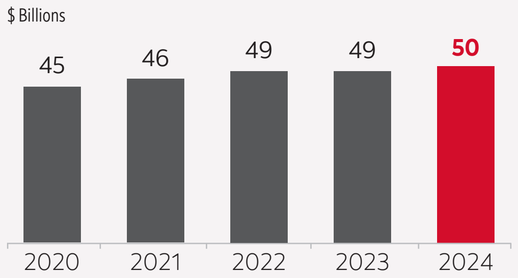
Funds Under Management
Unit Trusts & Mutual Funds



INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities primarily relates to our flagship product ScotiaMint. As at October 31, 2024 Insurance contract liabilities reflected a balance of $50.2 billion, up $716.2 million or 1% year over year.

Insurance Contract Liabilities



* 2021-2022 restated based on IFRS 17

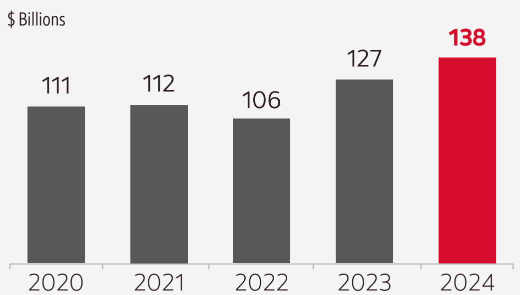
SEGREGATED FUNDS

Our segregated fund balance primarily relates to our Scotia Affirm product which continues to perform well, growing by $477.6 million or 37% year over year. The increase noted was attributable to improved market performance. We continue to encourage our clients to secure adequate insurance protection as part of their overall financial plan.

SHAREHOLDERS' EQUITY

Shareholders' equity totaled $138.5 billion and reflected an increase of $11.9 billion or 9% year over year driven mainly by internally generated profits, higher fair value gains on the investment portfolio and movement in the insurance finance reserve, partly offset by the re-measurement of the defined benefit pension plan assets and dividends paid.

Shareholders' Equity

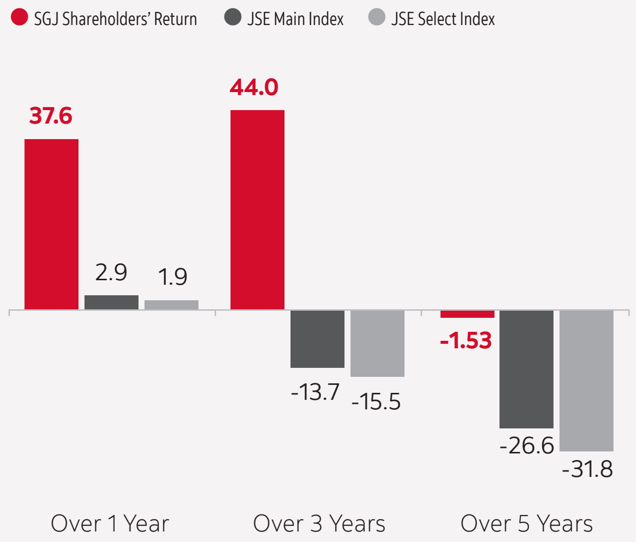


*2021 and 2022 restated

SHAREHOLDERS' RETURN

We continue to focus on achieving sustainable long-term earnings growth and providing a high return on equity to our shareholders. Shareholders continue to benefit from consistent quarterly dividends, which totaled $1.70 per share for the year and resulted in a strong yield of 3.92%. Scotia Group's closing share price increased by 33.7% to close the year at $45.48 per share. The downturn in economic activities coupled with declines in the JSE indices adversely impacted shareholders' return in the over 3 and 5-year horizons. Our consistent dividend policy continues to be a key component of shareholders' return.

Shareholders' Returns (%)



Shareholders' Returns – For the years ended	**2024**	2023	2022
Closing Market Price ($)	**45.48**	34.03	36.75
Dividends Paid ($)	**1.70**	1.40	1.40
Dividend Yield	**3.92%**	4.06%	3.89%
Change in Share Price	**33.65%**	(7.41%)	3.58%
Total Annual Shareholder Return	**37.57%**	(3.35%)	7.47%

Capital Adequacy	2024 Capital Adequacy Ratio	2023 Capital Adequacy Ratio	Regulatory Requirement	Excess over Regulatory Requirement
Banking and Building Society	13.7%	14.6%	10.0%	3.7%
Investment Management	81.3%	67.8%	10.0%	71.3%
Life Insurance	419.0%	294.0%	*100.0%	319.0%

* Effective January 1, 2023, the Financial Services Commission ("FSC") established a new capital adequacy regulatory framework for life insurance companies, the Life Insurance Capital Adequacy Test ("LICAT") ratio requirement 100%.

CAPITAL

The entities in the Group continue to exceed regulatory capital requirements, and our strong capital position also enables us to manage increased capital adequacy requirements that may arise in the future and take advantage of growth opportunities. Our regulatory and capital adequacy levels versus the minimum requirement is shown above.

CAPITAL MANAGEMENT

Scotia Group is committed to maintaining a strong capital base to support the risks associated with its business lines, ensuring the safety of clients' funds, and fostering investor confidence. This policy also allows the Group to take advantage of growth opportunities as they arise and invest further in our core businesses to enhance shareholders' return.

The Group's capital management framework includes a capital adequacy assessment process to ensure that the Group is able to meet current and future risks, and also achieve its strategic objectives.

REGULATORY CAPITAL

Capital ratios are means to monitor the capital adequacy and the financial strength of financial institutions. Capital adequacy standards for Jamaican financial institutions are regulated by the Bank of Jamaica for Deposit-Taking Institutions and the Financial Services Commission for Securities Dealers and Insurance Companies. These standards are largely guided by international criteria set by the Basel Committee on Banking Supervision (BCBS). We continue to exceed regulatory capital requirements in all our business lines.

Risk Management Framework

Risk Management Overview

Effective risk management is fundamental to the success and resilience of the Bank and is recognised as key in the Bank's overall approach to strategy management. Scotiabank has a strong, disciplined risk culture where managing risk is a responsibility shared by all the Bank's employees.

The Group's risk management activities are designed to safeguard the balance between risk and reward and ensuring that the results of risk-taking activities are consistent with the Group's strategies and risk appetite.

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward to maximize shareholder value. Scotiabank's Enterprise-Wide Risk Management Framework articulates the foundation for achieving these goals.

Risk Management Framework

This Framework is subject to constant evaluation in order for it to meet the challenges and requirements of the market in which the Group operates, including regulatory standards and industry best practices. The risk management programme is designed to identify, assess, and mitigate threats and vulnerabilities to which the Group is exposed and serve to enhance its overall resilience.

The Group's risk management framework is applied on an enterprise-wide basis and consists of five key elements:

RISK GOVERNANCE

The Group has a well-established risk governance structure, with an active and engaged Board of Directors, supported by an experienced senior management team and a centralized risk management group that is independent of the business lines. Decision-making is highly centralized through several senior and executive level risk management committees.

RISK APPETITE

The Group's Risk Appetite Framework (RAF) expresses the amounts and types of risk the Group is willing to take to meet its strategic objectives. The RAF consists of the identification of risk capacity, a risk appetite statement and risk appetite measures. Together, these components help to ensure the Group stays within its risk boundaries, finds an optimal balance between risk and return and assists in nurturing a healthy risk culture.

RISK MANAGEMENT TOOLS

Effective risk management includes tools that are guided by the Group's Risk Appetite Framework, which is integrated within the Group's strategies and business planning processes. Risk management tools are revised regularly and refreshed to ensure consistency with risk-taking activities and relevance to the business and financial strategies of the Group.

RISK IDENTIFICATION & ASSESSMENT

Effective risk management requires a comprehensive process to identify risks and assess their materiality. The Group's principal risk types are reviewed regularly to ensure they adequately reflect the Group's risk profile.

RISK CULTURE

The Group's risk culture is influenced by several factors including the interdependent relationship amongst the Group's risk governance structure, risk management frameworks, policies and organisational culture. Risks are managed as per the frameworks, policies and limits approved by the Board of Directors.

The Board receives quarterly reports on risk exposures and performances against approved limits. Senior management committees meet regularly and provide oversight of various risks; while the Group's Risk Management Unit provide independent oversight of the significant risks.

Risk Management Principles

Risk-taking and risk management activities across the enterprise are guided by the following principles:

- **Balancing Risk and Reward** – business and risk decisions are consistent with strategies and risk appetite.
- **Understand the Risks** – all material risks to which the Group is exposed, including both financial and non-financial, are identified and managed.
- **Forward Thinking** – emerging risks and potential vulnerabilities are proactively identified and managed.
- **Shared Accountability** – every employee is responsible for managing risk.
- **Client Focus** – understanding our clients and their needs is essential to all business and risk decision-making.
- **Protect our Brand** – all risk-taking activities must be in line with the Group's risk appetite, Scotiabank Code of Conduct, values and policy principles.
- **Controls** – maintaining a robust and resilient control environment to protect our stakeholders.
- **Resilience** – being prepared operationally and financially to respond to adverse events.
- **Compensation** – performance and compensation structures reinforce the Group 's values and promote sound risk-taking behaviour considering the compensation-related regulatory environment.

Financial and Operational Resilience

Financial resilience reflects the Bank's ability to withstand financial stress. Capital and liquidity management are fundamental to financial resilience as they ensure the Bank can absorb shocks and meet its obligations during periods of stress.

The Bank defines operational resilience as the ability to effectively prepare for, respond to, and recover from operational disruptions to the provision of services that have the potential to cause intolerable harm to clients, or threaten the viability of the Bank, or cause instability to the financial system. This could in turn impact the Bank's financial resilience and its ability to meet obligations during periods of stress. Effective enterprise risk management requires an understanding of how risk types are interconnected which in turn supports financial and operational resilience.

Identifying and prioritizing critical operations, assessing the potential impact of disruptions, and developing plans and capabilities to prevent, respond, and recover from them is a key aspect of operational resilience. Criticality refers to the level of importance an asset, such as processes, technology, third parties, people, data, and facilities, holds for the Bank's operations, financial stability, and reputation. Critical assets are those that, if compromised, disrupted, or destroyed, would significantly harm client and employees, jeopardize the Bank's viability, cause instability to the financial system, or materially impair the Bank's strategy, performance, or its continuing compliance obligations.

Risk Governance

Effective risk management begins with effective risk governance.

The Group has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team. Decision-making is highly centralized through several executive and senior risk management committees.

THREE LINES OF DEFENCE MODEL

The Group's risk management framework is predicated on the three lines of defence model. Within this model:

- **The First Line of Defence** (typically comprised of the business lines and most corporate functions)
  - Incurs and owns the risks
  - Designs and executes internal controls
  - Ensures that the risks generated are identified, assessed, managed, monitored, reported on, within risk appetite, and are in compliance with relevant policies, guidelines and limits
- **The Second Line of Defence** (typically comprised of control functions such as Risk Management, Compliance and Finance)
  - Provides independent oversight and effective challenge of the First Line of Defence
  - Establishes risk appetite, risk limits, policies, and frameworks, in accordance with best practice and regulatory requirements
  - Measures, monitors, controls and reports on risks taken in relation to risk appetite, and on emerging risks
- **The Third Line of Defence** (Audit Department) provides enterprise-wide independent, objective assurance over the design and operation of the Bank's internal control, risk management and governance processes

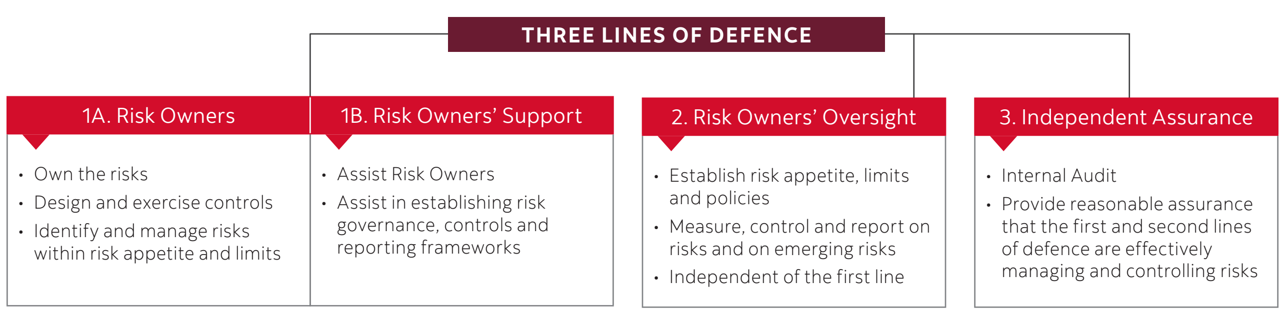
All employees are, for some of their activities, risk owners, as all employees are capable of generating reputational and operational risks in their day-to-day activities and are held accountable for owning and managing these risks.

GOVERNANCE STRUCTURE

The Group's Board of Directors and its Committees provide oversight and governance over the Bank's Risk Management programme which is supported by the President and Chief Executive Officer and Chief Risk Officer.

The Board of Directors: as the top of the Group's risk management governance structure, provides oversight, either directly or through its committees, to satisfy itself that decision making is aligned with the Group's strategies and risk appetite. The Board receives regular updates on the key risks of the Group– including a quarterly comprehensive summary of the Group's risk profile and performance of the portfolio against defined limits – and approves key risk policies, frameworks, and limits.

Risk Committee of the Board (RC): assists the Board in fulfilling its responsibilities for identifying and monitoring key financial and non-financial risks. The Committee assists the Board by providing oversight to the risk management and anti-money laundering/anti-terrorist finance functions of the Group. This includes periodically reviewing and approving the Group's key risk management policies, frameworks and limits and satisfying itself that management is operating within the Group's Enterprise Risk Appetite Framework. The Committee also oversees the independence of each of these control functions, including the effectiveness of the heads of these functions, as well as the functions themselves.



Audit and Conduct Review Committee of the Board: assists the Board by providing oversight on the effectiveness of the Group's system of internal controls. The Committee oversees the integrity of the Group's consolidated financial statements and related quarterly results. This includes oversight of the Group's financial reporting as well as the external auditor's qualifications, independence and performance. This Committee assists the Board in fulfilling its oversight responsibilities for setting standards of conduct and ethical behaviour, and the oversight of conduct and conduct risk management. The Committee also oversees the Group's compliance with legal and regulatory requirements, and oversees the Finance, Compliance and Audit functions at the Bank. The Committee also oversees the independence of each of these control functions, including the effectiveness of the heads of these functions, as well as the functions themselves.

Human Resources and Pension Committee of the Board: in conjunction with the Risk Committee of the Board, satisfies itself that adequate procedures are in place to identify, assess and manage the risks (including conduct risk) associated with the Group's material compensation programmes and that such procedures are consistent with the Group's risk management programmes. The Committee has further responsibilities relating to leadership, succession planning and total rewards.

President and Chief Executive Officer (CEO): reports directly to the Board and is responsible for defining, communicating and implementing the strategic direction, goals and core values for Group that maximize long term shareholder value. The CEO oversees the establishment of the Group's risk appetite, in collaboration with the Chief Risk Officer and Chief Financial Officer, which is consistent with the Group's short- and long-term strategy, business and capital plans, as well as compensation programmes.

Chief Risk Officer (CRO): is responsible for the overall management of Risk Management and works closely with key stakeholders who are responsible for Compliance and AML Risk. The CRO and the Director of Audit and Director of Compliance and AML Risk also have unfettered access to certain Committees of the Board to ensure their independence. As a senior member of the Group's executive management team, the CRO participates in strategic decisions related to where and how the Group will deploy its various sources of capital to meet the performance targets of the business lines.

Risk Appetite

Effective risk management requires clear articulation of the Bank's risk appetite and how the Bank's risk profile will be managed in relation to that appetite.

RISK APPETITE STATEMENT

The Group's Risk Appetite Statement articulates the aggregate level and types of risk the Group is willing to accept, or to avoid, to achieve its business objectives. It includes qualitative statements as well as quantitative measures and considers all the Group's Principal Risks.

RISK MANAGEMENT

The Group's Risk Appetite Statement can be summarized as follows:

- The Group has no appetite for breaches of our Code of Conduct and consequences applied are commensurate with the severity of the breach. Bank officers and employees are expected to conduct business and interact with others in a legal, compliant, and ethical manner while upholding the Bank's values.
- The Group favours businesses that generate sustainable, consistent, and predictable earnings over the business cycle.
- The Group limits its risk-taking activities to those that are well understood and can be managed in line with its risk appetite, risk culture, values, and strategic objectives.
- The Group strives to maintain a robust and resilient control environment to protect its stakeholders and be prepared operationally and financially to respond to adverse events.
- The Group has no appetite for reputational, legal, or regulatory risk that would undermine the trust of our stakeholders.
- The Group has no appetite for its products and services to be used to facilitate money laundering, terrorist financing, or sanctions evasion. The Bank takes appropriate action to prevent, detect, and report such activities to regulators in line with applicable laws and regulations.
- The Group aims to maintain a strong capital and liquidity position to maintain its reputation as a safe and secure bank.
- The Group will use a disciplined, enterprise-wide approach to capital allocation to drive sustainable, profitable growth and maximize shareholder returns.

RISK APPETITE METRICS

Risk appetite metrics provide clear risk limits, which are critical in implementing an effective risk management framework. Risk appetite metrics are supported by management level limit structures and controls, as applicable.

Other components of Scotiabank's risk appetite metrics:

- Set risk capacity and appetite in relation to regulatory constraints
- Use stress testing to provide forward-looking metrics, as applicable
- Minimize earnings volatility
- Limit exposure to operational events that can have an impact on earnings, including regulatory fines
- Ensure reputational risk is top of mind and strategy is being executed within operating parameters

RISK MANAGEMENT TOOLS

Effective risk management includes tools that are guided by the Group's Enterprise Risk Appetite Framework and integrated with the Group's strategies and business planning processes.

The framework is supported by a variety of risk management tools that are used individually and/or jointly to manage enterprise-wide risks. Risk management tools are regularly reviewed and updated to ensure consistency with risk-taking activities, and relevance to the business and financial strategies of the Group. Enterprise risk management processes should provide a view of the Bank's risks in a comprehensive and integrated manner and need to consider the relationships and interconnectivity of risks across the Bank.

Frameworks, Policies and Limits

FRAMEWORKS AND POLICIES

The Group develops and implements its key risk frameworks and policies in consultation with the Board. Such frameworks and policies are also subject to the requirements and guidelines of the Bank of Jamaica (BOJ), the Banking Services Act and in consideration of industry best practices. Frameworks and policies apply to specific types of risk or to the activities that are used to measure and control risk exposure. They are developed in consultation with various stakeholders across risk management and other control and corporate functions, business lines and the Audit Department. Their development and implementation are guided by the Group's risk appetite, governance standards and set the limits and controls within which the Group and its subsidiaries can operate.

Key risk frameworks and policies may be supported by standards, procedures, guidelines and manuals.

LIMITS

Limits govern and control risk-taking activities within the appetite and tolerances established by the Board and executive management. Limits also establish accountability for key tasks in the risk-taking process and establish the level or conditions under which transactions may be approved or executed.

Risk Measurement

The Group's measurement of risk is a key component of its risk management framework. The measurement methodologies may apply to a group of risks or a single risk type and are supported by an assessment of qualitative risk factors to ensure the level of risks are within the Group's risk appetite. The Group utilizes various risk techniques such as: modelling; stress testing; scenario and sensitivity analysis; and back testing using data with forward-looking projections based on plausible and worst case economic and financial market events; to support its risk measurement activities.

MODELS

The use of quantitative risk methodologies and models is subject to effective oversight and a strong governance framework which includes the application of sound and experienced judgment. The development, design, independent review and testing, and approval of models are subject to the Model Risk Management Policy. The Group employs models for a number of important risk measurement and management processes including: regulatory and internal capital, internal risk management, valuation/pricing and financial reporting, meeting initial margin requirements, business decision-making for risk management, and stress testing.

FORWARD-LOOKING EXERCISES

Stress testing programmes at both the enterprise-wide level and individual risk level allow the Group to estimate the potential impact on its performance resulting from significant changes in market conditions, credit environment, liquidity demands, or other risk factors. Enterprise-wide stress testing is also integrated with both the strategic and financial planning processes. The development, approval and on-going review of the Group's stress testing programmes are subject to policy. Stress testing programme is developed with input from a broad base of stakeholders, and results are integrated into management decision making processes for capital adequacy and/or allocation, funding requirements and strategy, risk appetite setting and limit determinations. The stress testing programmes are designed to capture a number of stress scenarios with differing severities and time horizons/crisis conditions.

MONITORING AND REPORTING

The Group continuously monitors its risk exposures to ensure business activities are operating within approved risk appetite limits, thresholds or guidelines. Risk owners are responsible for identifying and reporting breaches of early warning thresholds and risk appetite limits or any other deteriorating trends in risk profile, as well as highlighting evolving external risk factors, to senior management and/or the Board, as appropriate.

Regular ongoing risk reporting to senior management and the Board of Directors aggregate measures of risk for all products and business lines and are used to ensure compliance with risk appetite, policies, limits, and guidelines. They also provide a clear statement on the types, amounts, and sensitivities of the various risks in the portfolio. Senior management and the Board use this information to understand the Group's risk profile and the performance of the portfolios. A comprehensive summary of the Bank's risk profile and performance of the portfolios are presented to the Board of Directors on a quarterly basis.

RISK IDENTIFICATION AND ASSESSMENT

Effective risk management requires a comprehensive process to identify risks and assess their materiality.

On an annual basis, the Bank undergoes a Bank-wide risk assessment that identifies the material risks faced by the Bank for the Internal Capital Adequacy Assessment Process (ICAAP) and the determination of internal capital. This process evaluates the risks and determines the pervasiveness of the risk across business lines, the significance of the risk to a specific business line, the likelihood and potential impact of the risk and whether the risk may cause unexpected losses in income and therefore would be mitigated by internal capital. The process also reviews other evolving and emerging risks and includes qualitative considerations such as strategic, economic and Environmental Social Governance risk factors.

We define Risk as the potential impact of deviations from expected outcomes on the Bank's earnings, capital, liquidity, reputation and resilience caused by internal and external vulnerabilities.

Risk identification and assessment is performed on an ongoing basis through the following:

- **Transactions** – risks, including credit and market exposures, are assessed by the business lines as risk owners with Risk Management providing review and effective challenge, as applicable
- **Monitoring** – risks are identified by constantly monitoring and reporting current trends and analysis, top and emerging risks and internal and external significant adverse events impacting the Bank
- **New Products and Services** – new or significant change to products, services and/or supporting technology are assessed for potential risks through the New Initiatives Risk Assessment Programme
- **Self Assessments** – operational risks through people, processes and systems are periodically self-assessed by the risk owners with the responsible second line of defense providing effective challenge

PRINCIPAL RISK TYPES

The Group's Principal Risk types are reviewed annually as part of the Assessment of Risks process to determine that they adequately reflect the Group's risk profile. Principal Risks are defined as:

Those risks which management considers of primary importance: i) having a significant impact or influence on the Group's primary business and revenue generating activities (Financial Risks) or ii) inherent in the Bank's business and can have significant negative strategic, business, financial and/or reputational consequences (Non-Financial Risks).

Principal Risks are assessed on an annual basis considering, amongst other things, the following factors:

- Potential impact (direct or indirect) on the Group's financial results, operations, and strategy
- Effect on the Group's long-term prospects and ongoing viability
- Regulatory focus and/or social concern
- Short to mid-term macroeconomic and market environment
- Financial and human resources required to manage and monitor the risk
- Establishment of key risk indicators, performance indicators or management limits to monitor and control the risk
- Peer identification and global best practices
- Regular monitoring and reporting to the Board on the risk is warranted

Once a Principal Risk has been identified, governance structures and mechanisms must be in place for that risk:

- Committee governance structures have been established to manage the risk
- Dedicated 2nd line resources are in place providing effective challenge
- Frameworks and supporting policies, procedures and guidelines have been developed and implemented to manage the risk as appropriate
- Risk appetite limits have been established supported by management limits, early warning thresholds and key risk indicators as appropriate for the risk
- Adequate and effective monitoring and reporting has been established to the Board, executive and senior management, including from subsidiaries
- Board and executive management have clear roles and responsibilities in relation to risk identification, assessment, measurement, monitoring and reporting to support effective governance and oversight

Principal Risks are categorized into two main groups:

FINANCIAL RISKS

Credit, Liquidity, Market

These are risks that are directly associated with the Group's primary business and revenue generating activities. The Group understands these risks well and takes them on to generate sustainable, consistent and predictable earnings. Financial risks are generally quantifiable and are relatively predictable. The Group has a higher risk appetite for financial risks which are a fundamental part of doing business; but only when they are well understood, within established limits, and meet the desired risk and return profile.

NON-FINANCIAL RISKS

Compliance, Cyber Security & Information Technology (IT), Data, Environmental, Social & Governance (ESG), Model, Money Laundering /Terrorist Financing and Sanctions, Operational, Reputational, Strategic

These are risks that are inherent in our business and can have significant negative strategic, business, financial and/or reputational consequences if not managed properly. In comparison to financial risks, non-financial risks are less predictable and more difficult to define and measure. The Group has low risk appetite for non-financial risks and mitigates these accordingly.

SIGNIFICANT ADVERSE EVENTS

The Bank defines a Significant Adverse Event (SAE) as an internally or externally occurring event that has resulted, or may result in a significant impact on the Bank's financial performance, strategy, reputation, risk appetite, regulatory compliance, or operations. Significant is defined as the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact.

Principal Risk Types

CREDIT RISK

Credit risk is the possibility of a loss resulting from a counterparty's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Credit risk arises in the Group's direct lending operations and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Group. The Group's Risk Management Units develop the credit risk management Programme and credit risk policies that detail among other things; the credit risk rating systems and associated parameters, the delegation of authority for granting credit, the calculation of the allowance for credit losses, and the authorization of write-offs. The Board reviews and approves the Group's Credit Risk Policy and key credit risk related documents and limits. The Group's counterparty credit risk-taking activities include Securities Financing Transactions (SFTs), such as repurchase/reverse repurchase transactions for Treasury's liquidity management purposes and securities borrowing/lending. These types of risk-taking activities give rise to counterparty credit risk. The Counterparty Credit Risk Management Framework and Credit Risk Policy describe the approach taken to manage counterparty credit risk.

MARKET RISK

Market risk is the risk of loss from changes in market prices and rates (including interest rates, credit spreads, equity prices, and foreign exchange rates), the correlations among them and their levels of volatility. Market risk exposures primarily come from the Group's investment and funding activities with exposures managed through the Group's asset-liability management processes. This is also supplemented by the Group's stress testing programme designed and managed in accordance with the Bank's Stress Testing Framework; and Stress Testing Policy.

Exposures also come from the Group's trading activities; however, there are policies, processes and controls designed to achieve a balance between pursuing profitable trading opportunities and managing earnings volatility. These activities are primarily client-focused but include a proprietary component. In its trading activities, the Group primarily buys and sells currencies, equities and bonds for its clients.

The key exposures arising from these activities are:

INTEREST RATE RISK

The risk of loss due to changes in the level and/or the volatility of interest rates. This risk affects instruments such as, but not limited to, debt securities, loans, mortgages, deposits and derivatives. The Group actively manages its interest rate exposures, the objective being to enhance net interest income within established risk tolerances. Interest rate risks are managed through sensitivity analysis (including economic value of equity and net interest income), VaR limits, stress testing and mitigated through portfolio diversification and other strategies. Interest rate exposures in individual currencies are also controlled by gap limits. Interest rate risk exposure is generally based on the earlier of contractual re-pricing or maturity of the Group's assets and liabilities. Further details on the interest rate risk exposure for the Group are summarized in Note 50 (c) (i) of the Financial Statements.

FOREIGN CURRENCY RISK

The risk of loss resulting from changes in currency exchange rates and exchange rate volatility. Foreign currency denominated debt and other securities as well as future cash flows in foreign currencies are exposed to this type of risk. This arises from foreign currency operations and is typically mitigated by financing foreign currency assets with borrowings in the same currencies. Risk is managed through maximum net trading position, sensitivity, stress testing and VaR limits and mitigated through hedges using foreign exchange positions. The foreign currency risk exposure for the Group is summarized in Note 50 (c) (ii) of the Financial Statements.

CREDIT SPREAD RISK

The risk of loss due to changes in the market price and volatility of credit, or the creditworthiness of issuers. This risk is mainly concentrated in loan and debt securities portfolios. This emerges from investment portfolios that the Group holds to meet liquidity and statutory reserve requirements and investment purposes. Debt investments primarily consist of government and corporate bonds. Most of these securities are fair valued using prices/yields obtained from external observable sources. Risk is managed through sensitivity and stress testings.

EQUITY PRICE RISK

Equity price risk arises out of price fluctuations in equity prices. This risk affects instruments such as, but not limited to, equities, mutual funds, and other equity linked products. The risk arises from holding positions in either individual exposures (idiosyncratic risk) or in the market (systemic risk). The goal is to earn dividend income and realize capital gains to offset the interest foregone in holding such long-term positions. The risk is managed through sensitivity analysis, stress testing and VaR limits. The equity price risk exposure for the Group is summarized in Note 50 (c) (iv) of the Financial Statements.

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, settlement of securities borrowing, repurchase transactions, lending and investment commitments. Liquidity risk also arises due to mismatches in the amount and maturity of the Bank's financial assets and liabilities.

The ability of the bank to meet its financial obligations is managed under both normal and stressed conditions. Effective liquidity risk management is essential to maintain the confidence of depositors and counterparties, and to enable the core businesses to continue to generate revenue, even under adverse circumstances. The key elements of the liquidity risk framework are:

- **Measurement and modeling** – the Group measures and forecasts cash inflows and outflows, including off-balance sheet cash flows by currency daily; and runs regular stress tests to assess the sufficiency of their stock of liquid asset resources under stressed conditions.
- **Contingency planning** – the Group maintains a Liquidity Monitoring and Contingency Plan that specifies an approach for analyzing and responding to actual and potential liquidity events. The plan outlines the governance structure for the management and monitoring of liquidity events, processes for effective internal and external communication and identifies potential counter measures to be considered at various stages of an event.
- **Funding diversification** – the Group actively manages the diversification of its deposit liabilities by source, type of depositor, instrument and term. Funding source concentrations are regularly monitored and analyzed against established limits. The principal sources of funding are capital, core deposits from retail and commercial clients through the branch network and wholesale funding.
- **Core liquidity** – the Group maintains a pool of highly liquid, unencumbered assets that can be readily sold, or pledged to secure borrowings under stressed market conditions or due to company specific events.

NON-FINANCIAL RISK

Non-financial risks directly or indirectly affect the Group's primary business and revenue- generating activities. They are inherent to the Group's businesses and if not managed properly, could have significant operational, strategic, business and/or reputational consequences. Unlike financial risks, these core risks are unpredictable and difficult to define and measure. The Bank mitigates these core risks through robust internal controls and processes, while ensuring alignment with its low risk.

OPERATIONAL RISK

The risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations. Operational risk exists in some form within each of the Group's business and support activities and can result in financial loss, regulatory sanctions and damage to the Group's reputation. These losses can be catastrophic and as such require close monitoring. To this end, the Group has frameworks, policies, processes and assessment methodologies to ensure that operational risks are identified, managed and supported by robust controls. The Operational Risk function within the Group's risk management unit oversees the identification, assessment, monitoring and analysis of operational risks and reports loss events. Oversight of the Group's non- financial risks is reinforced by a Non-Financial Risk and Internal Controls Committee chaired by the Group's Chief Risk Officer.

TECHNOLOGY, INFORMATION AND CYBER SECURITY RISK

Information Technology (IT) risk is the likelihood of failures or deficiencies related to the IT environment that may result in loss or other negative impact to the Group. Cybersecurity refers to the protection of information assets by addressing threats to information processed, stored and transported by internet-worked information systems. The continued increase in Technology, Information and Cyber Security Risks impacts financial institutions and other businesses in Jamaica and globally. The continuous evolution of, and access to various technologies have facilitated the increase in volumes and the sophistication level of the ever-lurking threats. The era of digitization has led to the development and deployment of mobile and internet banking platforms. These changes simplify transactions for the Group's clients and facilitate the receipt of leading applications, processes and services from third parties. However, they can be sources of attacks, breaches or points of compromise. Incidences like these can result in disruption to operations, misappropriation or unauthorized release of personally identifiable information (PII), fines, sanctions and reputational damage. In order to protect key systems and critical assets, the Group proactively monitors and manages these potential risks and constantly reviews and refines Programmes as new threats emerge. The

Group also trains and sensitizes employees and clients about the increasing levels of security threats faced daily. Our employees complete mandatory annual training around cyber security. These trainings are facilitated through various channels such as internal and external workshops, online lectures and presentations. Awareness Programmes for our clients are delivered through bulletins, print media and appropriate digital channels. These Programmes are geared towards educating our clients about best practices, DOs and DON'Ts. The Bank continues to advance our efforts to reduce cyber security risks. The necessary measures have been taken to have protection guidelines for our ABMs and vestibules.

DATA RISK

Data risk is the risk of exposure to the adverse financial and non-financial consequences (e.g., revenue loss, reputational risk, regulatory risk, sub-optimal management decisions) caused by mismanagement, misunderstanding or misuse of the Bank's data assets. This risk may arise from poor data quality; inadequate data management or data architecture; and/or unethical data usage.

The Data Risk Management Framework (DRMF) outlines the overarching guiding principles for data risk management and defines the governance structure of the enterprise data risk management programme, recognizing the collaborative nature of data risk management and oversight. The Data Risk Management Policy (DRMP) categorizes and explains risks associated with data, and outlines the interaction model and roles and responsibilities for key stakeholders involved in managing data risk across the organisation

ENVIRONMENTAL RISK

Refers to the possibility that environmental concerns involving Scotiabank, or its stakeholders (including clients) could negatively impact the performance or reputation of the Group. Concerns that tend to be captured under Environmental Risk include, but are not limited to, the loss of, or damage to the natural environment and biodiversity, such as land, water, the atmosphere, plants, animals, natural resources, habitats, and ecosystems. The Group's Environmental Risk Management Framework outlines key principles that the Group uses when managing matters relating to potential or emerging environmental risks and considerations. The Environmental Risk framework instructs lending practices, supplier agreements, the management of real estate holdings and external reporting practices. Environmental risks associated with the business operations of each borrower and any real property offered as security are considered in the Group's credit evaluation procedures. This includes an environmental risk assessment where applicable, as well an assessment of the potential impact of climate change (including physical and transition risks) on the borrower. In the area of project finance, the Equator Principles have been integrated into the Group's internal processes and procedures since 2006. The Equator Principles help financial institutions determine, assess, manage and report environmental and social risk for projects where capital costs exceed US$10 million.

INSURANCE RISK

Insurance Risk is the risk of potential financial loss due to actual experience being different from that assumed in the pricing process of insurance products. Scotia Jamaica Life Insurance Company (SJLIC), the Group's insurance subsidiary, engages in insurance underwriting activity. These activities are guided by an Insurance Risk Policy and Insurance Risk Management Framework, which influences and guides SJLIC in its governance and risk management practices. SJLIC's Board of Directors provide oversight and approval of the SJLIC's insurance risk policies and risk appetite statement.

REPUTATIONAL RISK

The risk that negative publicity regarding the Group's conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations or client base, or require costly litigation or other defensive measures. The Group's Reputational Risk Policy, and applicable procedures are used to manage suitability risk, reputational and legal risk specific to structured finance transactions. Throughout the enterprise, reputational risks are managed and controlled using codes of conduct, governance practices, risk management Programmes, policies, procedures and training. All directors, officers and employees have a responsibility to conduct their activities in accordance with the Group's Code of Conduct and in a manner, which minimizes reputational risk. The activities of the Legal, Corporate Secretary, Public, Corporate Affairs and Compliance departments are geared towards the management of reputational risk.

MODEL RISK

The risk of adverse financial (e.g., capital, losses, revenue) and reputational consequences arising from the design, development, implementation and/or use of a model. It can originate from, among other things, inappropriate specifications; incorrect parameter estimates; flawed hypotheses and/or assumptions; mathematical computation errors; inaccurate, inappropriate or incomplete data; inappropriate, improper or unintended usage; and inadequate monitoring and/or controls. The Model Risk Management Framework outlines the Bank's approach for effective governance and oversight of model risk consistent with the policies and processes outlined in the Bank's Model Risk Management Policy (MRMP). The MRMP describes the overarching principles, policies, and procedures that provide the framework for managing model risk. All models, whether developed by the Bank or vendor-supplied, that meet the Bank's model definition are covered by this Policy. The MRMP also clearly defines roles and responsibilities for key stakeholders involved in the model risk management cycle.

STRATEGIC RISK

The risk that the enterprise, business lines or corporate functions will make strategic choices that are poorly executed and/or ineffective, or insufficiently resilient to changes in the business environment. The ultimate responsibility for the oversight of strategic risks lies with the Board of Directors. Annually, the Group engages in its robust strategic planning and approval process to formulate its strategic objectives. On an ongoing basis, Heads of Business Lines and Control Functions identify, manage and assess the internal and external risks which could impede the achievement or progress of strategic imperatives. The executive management team meets regularly to evaluate the effectiveness of the Group's strategic plan and where necessary, make amendments.

Risk Culture

Effective risk management requires a strong, robust, and pervasive risk management culture where every Group employee is a risk manager and is responsible for managing risks.

The Group's risk culture is influenced by numerous factors including the interdependent relationship amongst the Group's risk governance structure, risk appetite, strategy, organisational culture, and risk management tools.

A strong Risk Culture is fostered by an environment that encourages open communication, where employees feel secure to voice concerns, and we build trust by actively listening and seeking to understand diverse perspectives.

HOW ARE CULTURE, RISK CULTURE AND CONDUCT RISK CONNECTED?

KEEPING THE BANK SAFE

Culture refers to how an **organisation operates, communicates**, and does business.

- **Scotiabond** - the Group's culture ambition, reflects our Group's Values and Behaviours:
  - Our **Values** (client-centric, integrity, inclusion, accountability) guide our day-to-day interactions and decisions.
  - Our **Behaviours** (results-driven, shaping the future, striving for better, inclusive) articulate how we win together as one team.

Risk Culture is the underlying **norms, attitudes and beliefs** of individuals and groups that drive their risk management behaviour.

- Group's Risk Culture programme is based on four indicators (elements) of a strong risk culture: **Tone from the Top, Accountability, Risk Management and People Management**. A strong Risk Culture is fostered by an environment that **encourages open communication**, where employees feel secure to voice concerns, and such issues are properly managed.

Conduct Risk is the behavioural manifestation of our Culture and Risk Culture.

- By the way of example, Conduct Risk includes, but not limited to, **sales conduct, bribery and corruption, conflicts of interest, insider trading, and market manipulation.**

A strong risk culture is a key driver of conduct it promotes behaviours that align to the Group's Culture, values and desired behaviours and enables employees to identify risk taking activities that are beyond the established risk appetite.

The Group's Risk Culture Programme is based on four indicators of a strong risk culture:

- **Tone from the Top** – Leading by example including clear and consistent communication on risk behavior expectations, the importance of the Group's values, and fostering an environment where everyone has ownership and responsibility for "doing the right thing."
- **Accountability** – All employees are accountable for risk management. There is an environment of open communication where employees feel safe to speak-up and raise concerns without fear of retaliation and consequences for not adhering to the desired behaviours.
- **Risk Management** – Risk taking activities are consistent with the Group's strategies and risk appetite. Risk appetite considerations are embedded in key decision making processes.
- **People Management** – Performance and compensation structures encourage desired behaviors and reinforce the Group's risk culture.

Other elements that influence and support the Group's risk culture:

- **Scotiabank Code of Conduct (our "Code"):** describes standards of conduct required of Employees, Contingent Workers, Directors and officers of the Group. All Scotiabankers are required to receive, read and comply with our Code, and any other applicable Scotiabank policies and affirm their compliance within the required timeline on an annual basis.
- **Values:** Value Every Voice; Integrity – Act With Honour; Accountability – Make It Happen; Passion – Be Your Best
- **Communication:** the Group actively communicates risk appetite, and how it relates to Scotiabankers, to promote a sound risk culture
- **Compensation:** programmes are structured to comply with compensation-related principles and regulations and discourage behaviours that are not aligned with the Group's values and Scotiabank Code of Conduct and ensure that such behaviours are not rewarded
- **Training:** risk culture is continually reinforced by providing effective and informative, mandatory and non-mandatory training modules for all employees on a variety of risk management topics
- **Decision-making on risk issues is highly centralized:** The flow of information and transactions to senior and executive committees keeps management well informed of the risks the Bank faces and ensures that transactions and risks are aligned with the Group's risk appetite.
- **Executive Mandates:** all Executives across the Group have risk management responsibilities within their mandates

Top and Emerging Risks

The Bank is exposed to a variety of top and emerging risks. These risks can potentially affect the Bank's business strategies, financial performance, and reputation. As part of our risk management approach, we monitor our operating environment to identify, assess, review, and manage a broad range of top and emerging risks to undertake appropriate risk mitigation strategies. Risks are identified using a risk identification system whereby information is gathered and consolidated from a variety of internal and external sources including industry research and peer analysis, Senior Management expertise, and risk reporting from our international operations. The results of this research, in conjunction with internal impact assessments across the Enterprise's principal risks and other stakeholders, help identify top and emerging risks, which, along with mitigation activities, are summarized and reported to Executives and the Board of Directors on a quarterly basis.

The external risk environment is characterized by an unprecedented rate of change and interconnectivity on a global scale. Emerging risks are becoming less predictable and require a more agile approach to respond quickly to mitigate their impacts. While emerging risks continue to be concentrated in non-financial risks, they have the potential to interact and amplify other risks, including financial ones, in ways that can be difficult to predict.

The Bank's top and emerging risks are as follows:

EVOLVING CYBER SECURITY THREATS

As technology advances, cyber threats continue to evolve in sophistication and scope posing as a top risk to the Group and/or its third-party service providers. This continues to be a top concern. These threats manifest as attacks on critical functions or infrastructure, including but not limited to, client facing systems and may result in financial loss, data theft, regulatory consequences, reputational damage or operational disruption to the Group. The inherent risk of cyber security threats continues to increase as attack surfaces grow with the adoption of new technologies and cloud services. Geopolitical conflicts have increased the severity and frequency of cyber threats and state-sanctioned cyber attacks on critical infrastructure, public facing services and emerging technologies. Advancements in Generative AI and Large Language Models (LLM) create additional attack vectors that enable new forms of fraud or are used to exfiltrate sensitive data and personal identifiable information.

The Group's overall cyber security and IT programme continues to adapt to the evolving and complex cyber threat landscape, and investments in cyber defences, including proactive and adaptive security measures, and IT infrastructure to strengthen its operational resilience. As threat actors look to exploit the weakest link in a system, frequent monitoring of critical suppliers and effective contingency planning helps mitigate the vulnerability to cyber attacks on third parties and safeguards critical assets to ensure business continuity. Cyber insurance coverage is maintained at the Enterprise level to help mitigate potential losses linked to cyber incidents. The insurance coverage limit is regularly reviewed and evaluated to ensure it meets our needs.

ECONOMIC UNCERTAINTY

After a period of elevated interest rates, most central banks have started easing their policy rates, which should support economic activity. However, the lag effects of higher interest rates may increase portfolio impacts, including provisions and delinquencies as clients continue to face higher refinancing costs. Liquidity and market risk uncertainty may result in stricter credit conditions, which can impact business growth, delinquencies, and collateral valuations. The Group's strategic shift places focus on allocating capital to lower risk segments, with an emphasis on core deposits and client primacy that helps reduce credit risk. Frequent monitoring of liquidity, deposit levels, and credit quality will keep the Group adept in responding to a changing environment and protect against potential impacts of macroeconomic uncertainty. Portfolios are monitored for delinquency trends, and collections measures are being deployed to mitigate potential impacts to the Bank's most vulnerable borrowers.

IMPACTS FROM CLIMATE CHANGE

Adaptation and Mitigation Rising costs of climate change and new climate guidelines, pending regulatory oversight and stakeholder expectations to demonstrate strong governance in managing climate risks. The increased intensity and frequency of severe weather events highlights the potential impacts of diverse physical risks due to climate change, which include damage to properties and disruptions to operations that can negatively impact profitability. Changing government priorities could result in steps-back from environmental commitments and slow net-zero investments and client support to mitigate climate risks. The Group continues to support clients as they transition to lower carbon emissions and our parent level, we have set emissions reduction targets by 2030 in Oil and Gas, Power and Utilities, and Automotive Manufacturing sectors as outlined in the BNS Canada 2024 Climate Report.

ECONOMIC IMPACTS OF GEOPOLITICAL TENSIONS

The potential for political miscalculations and conflict escalations remains a key concern.

Geopolitical uncertainty and a fracturing global economy, including a new U.S. administration, growing U.S.-China tensions, the continuing war in Ukraine, and ongoing conflicts in the Middle East, could add complexity to the geopolitical environment and pose fresh threats to the global economy by disrupting supply chains and increasing commodity prices.

Trade disputes challenge the globalized economy, prompting some governments to promote manufacturing diversification among 'allies' for resource, technology, and product security. Though such measures seek to mitigate the economic impacts of geopolitical risk, such policies may raise costs and inefficiencies in capital deployment and allocation. The Group monitors geopolitical developments through various pillars and threat intelligence coordination, and monitors regions with geopolitical conflicts to ensure sanctions related controls continue to be fully compliant with evolving laws. The Group has a strong and varied client base, robust liquidity levels and diversified funding programmes help manage disruptions or market dislocations.

INCREASED REGULATORY OBLIGATIONS AND GOVERNMENT POLICY UNCERTAINTY

The increasing volume, complexity, and pace of regulatory obligations, combined with changing government policies is competing for limited resources and is a challenge when balancing compliance with innovation amidst growing competition.

The Group strives to monitor and evaluate the emerging regulatory developments and to implement the necessary changes to ensure compliance. However, any inadvertent non-compliance may expose the Group to fines, penalties, litigation, regulatory sanctions, enforcement actions and restrictions or prohibitions on its business activities. These consequences may adversely affect the Group's financial performance, its business strategy execution and its reputation.

To meet increasing regulatory obligations the Group will continue to invest in infrastructure to addresses immediate challenges while building resilience for the years ahead, supported by a robust funding model and risk culture with the appropriate regulatory talent.

RESILIENCE TO THIRD PARTY RISKS

The Group continues to rely on third parties for the delivery of some critical services. The growing concentration of dominant third and nth parties for the delivery of these critical services, combined with attempts to keep up with technological advancements in a volatile macroeconomic and geopolitical environment, requires oversight and monitoring of complex third- party arrangements, and increases regulatory, operational, data and cyber risk for service providers. Using third-party service providers increases the risk of attacks, breaches, or disruptions due to the Group's reduced oversight and control over their technology and security. This can interrupt critical functions or infrastructure, including but not limited to, client facing systems and may result in financial loss, data theft, regulatory consequences, reputational damage or operational disruption to the Group. Resiliency and preparedness for third party disruptions, including contingency planning and identification of alternative vendors, is an area of increasing focus for the Group.

INCREASED FRAUD THREATS

Fraud risk arises from numerous sources, both internal and external, including service providers to the Group and its clients. The Group and industry as a whole, continues to be exposed to the threat of increasing fraud given the uncertain economic climate, rapid digitization, and the adoption of new technologies. Despite the Group's investments in fraud prevention and detection programmes, capabilities, measures and defences, it may not successfully mitigate against all fraudulent activity which could result in financial loss, reputational damage or operational disruptions in the Bank's businesses. The Group is continuously enhancing its fraud oversight functions and governance structures to ensure a coordinated response to fraud attacks and to support future business growth in line with its strategy.

RELIANCE ON DATA AND MODELS IN DECISION MAKING

The increasing role of models and data in decision making processes and operations, potential for bias, and increasing sensitivities and concerns on appropriate use of data in the decision-making process, can all result in reputational risk. Models leveraging data with poor quality can increase the likelihood of incorrect conclusions and inaccurate insights hindering the Bank's assessment and disclosure of key data needed to meet regulatory disclosure requirements, which could raise the Bank's compliance and operational costs. The Group has policies that outline guiding principles on how to manage the risks of using models and data, while incorporating data ethics into its code of conduct and training. The Bank continues to modernize its model development and validation platforms following a risk-based approach, which includes cloud adoption, investing in better modeling tools and increasing automation to shorten model lifecycles and manage increasing regulatory oversight of models.

FAILURE TO ADAPT TO TECHNOLOGICAL CHANGE AND COMPETITIVE RISKS

Risks and impacts emanating from digital innovations such as cloud computing, Generative AI, machine learning and process automation, require continued investments by the Group to adapt to these new technologies in order to respond to changing client needs, regulatory expectations, and cyber threats, while staying competitive with peers and new entrants. Rapid digitalization has created greater dependency on technology to carry out critical business processes and as digital service usage continues to increase, stakeholder tolerance for downtime has reduced. Technology is a focus for the Group and is a key enabler for the Group's clients to do business easily, for automating processes, and for driving innovation, including better risk analytics. Managing legacy IT platforms and complex change management processes is an increasing risk focus as adoption of new technologies requires increasing speed to keep pace with a rapidly changing digital landscape. The Group is strategically increasing its technology investments to address legacy platforms, which should reduce system vulnerabilities and increase flexibility to adopt new technologies cost-effectively. Focus remains on ensuring sufficient resourcing for software updates and to accelerating the remediation of expired software, while cloud investments should support software modernization and application rationalization.

The Group is addressing the risks of adopting Generative AI, including malicious use, data vulnerabilities, and regulatory scrutiny, by establishing AI Risk Guidelines and leveraging existing data and model governance frameworks for ethical and sound adoption across business lines.

FAILURE TO ADAPT TO EXECUTE ON STRATEGIC OBJECTIVES

Execution of strategic objectives is contingent upon navigating an external environment driven by changing market realities, government priorities, increasing geopolitical tensions and the accelerating pace of regulatory scrutiny and obligations that could require strategic adjustments. The Group has aligned its operations to core strategic objectives while remaining agile to adapt to the evolving external environment to help ensure strategic goals are met, while continuing to communicate transparently with investors and other stakeholders.

Shareholdings

Scotia Group Jamaica Limited – As at October 31, 2024

Top Ten Largest Shareholders*

Rank	SHAREHOLDER	Holdings as at October 31, 2024
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	61,381,902
3	NATIONAL INSURANCE FUND	60,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION LIMITED (R.I.M)	38,389,031
6	SIJL A/C 560-02	33,836,221
7	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT109	23,391,176
8	GRACEKENNEDY PENSION FUND CUSTODIAN LTD FOR GRACE KENNEDY PENSION SCHEME	21,397,463
9	SAGICOR SELECT FUNDS LIMITED - (CLASS B' SHARES) FINANCIAL	12,578,986
10	PAM-POOLED EQUITY FUNDS	11,455,938

Shareholdings of Directors, Senior Managers and Connected Parties*

DIRECTORS	Key Members Holdings	Connected Party Holdings	Combined Holdings
ANYA SCHNOOR	264,213	0	264,213
AILEEN CORRIGAN	0	0	0
ERIC CRAWFORD	53,638	162,780	216,418
ROXANE DE FREITAS	0	0	0
VERNON DOUGLAS	59,879	0	59,879
ANGELA FOWLER	0	47,760	47,760
ANTONY MARK HART	0	100,000	100,000
JAMES MCPHEDRAN	0	0	0
WILLIAM DAVID MCCONNELL	1,885	2,061,368	2,061,368
AUDREY RICHARDS	30,000	663,287	693,287
EVELYN SMITH	0	0	0
AUDREY TUGWELL HENRY	29,996	0	29,996

SENIOR MANAGERS	Key Members Holdings	Connected Party Holdings	Combined Holdings
ANDERSON, YVETT	19,236	0	19,236
BROWN, DANIEL	3,343	0	3,343
BROWN, KEISHA	15,081	0	15,081
BUCKNOR, DAYNE	22,386	0	22,386
COOPER, SABRINA	53,000	0	53,000
CUMMING, SARAH	0	0	0
DAVIES, TRICIA	12,763	0	12,763
FORBES-PATRICK, YANIQUE	4,500	0	4,500
GAYLE, PERRIN	78,118	0	78,118
HEYWOOD, NADINE	88,009	5,200	93,209
LEONCE, AVRIL	50,618	0	50,618
LOUNGES, DENISE	2,079	0	2,079
MAIR, HORACE	151,277	2,000	153,277
MCLEGGON, MARCETTE	370,896	0	370,896
NELSON, MORRIS	84,017	0	84,017
O'CONNOR, GABRIELLE	0	0	0
REYNOLDS, ADRIAN	97,345	49.860	147,205
RUSSELL, TONYA	0	0	0
SAMUELS, CHRISTOPHER	0	0	0
SEGREE WHITE, SHEILA	52,897	0	52,897
SPENCE, DEBRA	6,000	0	6,000
WALTERS, KEVIN	12,998	0	12,998
WHITE, GARY-VAUGHN	248,543	0	248,543
WHITE, NAADIA	9,814	0	9,814
WILKIE-CHANNER, SHELEE	275,426	0	275,426
WILSON, MAIA	10,000	0	10,000
WRIGHT, MICHELLE	168,223	0	168,223

COMBINED HOLDINGS	Holdings*
Issued Shares	3,111,592,984
Combined Director's Holdings	1,836,506
Combined Connected Party Holdings	57,060
Combined Holdings	1,893,566

*This information is provided directly from Jamaica Central Securities Depository Limited, Registrar.

Social Impact Report

Environmental, Social and Governance


These youngsters had several reasons to smile after receiving vouchers, notebooks and other supplies during Scotiabank's Back to School treat

Scotiabank's approach to Environmental, Social, and Governance (ESG) focuses on four pillars — Environmental Action, Economic Resilience, Inclusive Society and Leadership & Governance. We develop, implement and invest in initiatives across these pillars in order to maximize our positive impact on the world.

Our impact in these areas is greatest when we take action at three different levels — In our Operations, With our Customers, and in the World Around Us.

We have the most robust controls and ability to drive positive change in our operations. We also support and enable positive ESG outcomes with our clients through our core business: delivering important financial products, services and advice that help them achieve their goals and we affect progress in the world around us by using our partnerships and influence to address global concerns that affect everyone.

Our diversified geographic footprint, varied business lines, and large client and employee base give us a responsibility and an opportunity: we can help address important social, environmental, and economic challenges while positioning Scotia Group for success. By working with stakeholders at all levels across our entire value chain, we are best positioned to build a better future.

Our parent bank produces an annual ESG Report which highlights all the initiatives of the global bank and our climate goals include:

1. Financing Climate Solutions: Provide $350 billion in climate related finance[1] by 2030, of which we have provided $172 billion since November 1, 2018.
2. Advancing to Net-Zero: Achieve net-zero financed emissions by 2050; in furtherance of this goal we will work with clients to support their environmental strategies and are setting 2030 sectoral emissions intensity reduction targets. Our climate-related client engagement framework and net-zero preparedness ratings help to facilitate client conversations about supporting their climate-related strategies.
3. Reducing Our Own Emissions: Introduce solutions to minimize the Bank's operational emissions, such as securing 100% emissionfree electricity[2] in Canada by 2025.

SAFEGUARDING OUR ENVIRONMENT

In Jamaica we have rolled out the Environmental Risk Management Framework which forms part of a client's risk rating as well as undertaken various Diversity & Inclusion initiatives with all staff and Directors. We also provided practical opportunities for our staff and wider communities to join in our mission to preserve the environment, with a keen emphasis on our coastlines.

We partnered with the GraceKennedy Foundation for the Earth Day 2024 Beach and Mangrove Clean-Up at Sirgany Beach in April. This initiative brought together over 200 volunteers, including Scotiabank employees and their families, to remove approximately 3,250 pounds of garbage. This effort not only reduced pollution in the wider Kingston Harbour but also reinforced our commitment to protecting Jamaica's coastal ecosystems.

SOCIAL IMPACT

Empowering youth remains a cornerstone of our community efforts. In November 2023, Scotiabank contributed $700,000 to the National Child Month Committee to support the National Youth Forum. This annual event, which encourages secondary school students to voice their concerns and propose solutions for societal challenges, also helps participants refine their public speaking skills.

In December 2023, Scotiabank donated $3 million to the Salvation Army to support 80 children living in its homes and ensure they had access to necessities. A portion of this donation was allocated to the purchase of braille machines for the Salvation Army School for the Blind, enhancing the school's capacity to produce educational materials for visually impaired students.

Scotiabank's community outreach extended to providing relief and fostering joy during both challenging and celebratory moments. In December 2023, Scotia Foundation volunteers distributed Christmas hampers to 300 families in downtown Kingston, ensuring they had the necessary grocery supplies for the holiday season.

That same month, our annual "Christmas in the Park" event at Emancipation Park brought together over 3,000 patrons for an evening of festive entertainment, featuring performances by students and professional acts.

Our commitment to inclusion drives us to create opportunities for vulnerable groups and empower individuals to achieve their full potential. In March 2024, Scotiabank hosted a breakfast seminar at our corporate headquarters for 50 high school girls from the Corporate Area. Among them was 14-year-old Jada Wright, the youngest student ever accepted to the University of Technology. The event featured a distinguished panel, including Scotia Group President & CEO Audrey Tugwell Henry, Permanent Secretary in the Ministry of Education, Youth and Information Dr. Kasan Troupe, and Charmaine Lewis, Founder of Dress for Success Jamaica. The discussions inspired attendees to embrace opportunities and challenge limitations, leaving a lasting impression on the young women.


Scotia Group's excited volunteers coming together on Earth day.


Scotiabankers pose proudly along with the bags of waste and recyclables removed from the coastline on International Coastal Clean Up Day.


Maia Wilson (left), Vice President General Counsel, Company Secretary, spends time with students in attendance at the National Youth Forum hosted in November 2023.


A scene from the annual Christmas hamper distribution event hosted for over 300 families by the Salvation Army in Downtown Kingston.

Audrey Tugwell Henry, President & CEO, Scotia Group, shares a happy moment with patrons in attendance at the annual Christmas in the Park event hosted in December 2023.

Participants of the Scotiabank International Women's Day Empower Her forum mimic the symbol for IWD 2024 celebration.

Yanique Forbes-Patrick, VP of Public Affairs and Communications engages children at the Holy Family Infant School during Read Across Jamaica Day.

Volunteers help to move gravel at the Busy Bee Early Childhood Institute in St Thomas during Scotia Foundation's Labour Day Project.

This youngster from Ocho Rios Primary School is all smiles after receiving a back to school boost from Scotiabank.

Scotiabankers Euranique Bailey (left) and Robert Douglas (right) are joined by students of Bull Savannah Primary school at the Scotia back to school treat and fun day hosted at the institution.

In May, the Scotiabank Jamaica Foundation participated in Read Across Jamaica Day, where 91 volunteers visited 21 schools across the island to promote literacy and the love of reading.

Later that month, our Labour Day efforts focused on improving facilities at Busy Bee Early Childhood Institute in St. Thomas and Young Achievers Pre-School in St. James. Through painting, repairs, and general beautification, we aimed to create better learning environments for these young students.

In response to the devastation caused by Hurricane Beryl, which impacted Jamaica just weeks before the start of the 2024/2025 academic year, Scotia Foundation provided essential support to 28 schools in the hardest-hit communities.

Nearly 3,000 students received book vouchers, water bottles, pencil cases, and notebooks to assist with back-to-school preparations.

Additionally, we hosted a back-to-school treat at Bull Savannah Primary School in St. Elizabeth, offering hope and support to affected families along the South Coast.

GOVERNANCE

For us good governance = trust. We view trust as foundational to the relationships we have built with our clients, our shareholders, our fellow Scotiabankers and the communities which we have operated in for more than 135 years. Trust means acting with integrity and championing a culture where every employee takes ownership of their actions and understands that transparency and accountability are vital to Scotiabank's success. We seek to act pursuant to best governance practices, embed a robust risk culture and encourage the highest ethical standards and conduct.

Scotiabank volunteers after another successful beach cleanup.

LOOKING AHEAD

We are proud of the meaningful contributions we made in 2024 and are inspired to achieve even greater impact in 2025. With the continued support of our volunteers, partners, and communities, we remain committed to empowering lives and fostering positive change throughout Jamaica.

2024 Win As One Team Report

Through meaningful programmes in alignment with our thrust to 'win as one team', we continued to build an open and collaborative culture among our Scotiabankers.

From sports and road races to disaster recovery, our internal initiatives catered to the overall wellbeing of our team members.

We recognise that being Jamaica's preferred financial institution starts with a highly motivated team. By consistently curating experiences that focus on empowering, engaging and celebrating employees throughout the fiscal year, we ensured our team members were not only supported but inspired to reach their full potential.

SCOTIA GAMES | SPORTS DAY 2024!

The Scotia Games | Sports Day 2024 was held on May 18 at the National Stadium. Scotiabankers participated in several sporting events including netball, basketball, football, track and field and cheerleading. More than 1000 staff members came out to the exciting games along with family and friends making the total number of patrons approximately 4000. It was a great day of promoting wellbeing, fitness, team building and camaraderie.

BEST OF THE BEST CELEBRATION & BROADCAST

Over 140 employees were selected as Best of the Best Awardees in 2024. Winners were feted in a heartwarming celebration event in December 2023 and highlights were broadcast on Television to showcase and recognise our awardees nationally.

HURRICANE STAFF RECOVERY FUND

Scotia Group took several steps to prepare for the impact of Hurricane Beryl in July 2024. Our Business Continuity Plan was activated to manage the process. Following the hurricane, several initiatives were undertaken to support staff members who were impacted by the storm. Notably a special Hurricane Staff Recovery Fund was created providing grants to staff who applied. Loan waivers, care packages and counselling sessions were also provided to staff in need.

HR CONNECT

HR Connect is a new series developed by the HR team to directly connect with staff members across the island to understand their preferences, needs and concerns in their own environment while fostering a speak up/listen up employee listening culture. Some 6 locations were visited and approximately 300 staff members engaged. The locations included: Fairview, Scotiacentre Branch, Spanish Town Branch, New Kingston Branch, Jamaica Operations/Contact Centre, and the Head Office.

EMPLOYEE APPRECIATION WEEK & SCOTIA 135 ANNIVERSARY

Scotia Group Jamaica observed Employee Appreciation Week during the period August 19 to 23 and celebrated its 135th Anniversary on August 24. As part of the activities, the Group partnered with the Andrews Memorial Seventh Day Adventist Church to mark the occasion by attending a Thanksgiving Service with the community as well as participating in the church's Good Samaritan 5K Run with proceeds going towards the Good Samaritan Inn. The Inn's mandate is to take care of the homeless. Some 175 team members participated in the 5k.

QUARTERLY LEADERSHIP SUMMITS & TOWNHALLS

Each quarter staff members and people managers participate in summits and townhalls to discuss Scotia Group's business performance and review steps towards achieving the vision to be our clients' most trusted financial partner. Initiatives to reward and recognise staff members are also undertaken during these sessions.

Making It Easy For Our Clients

Scotiabank's unwavering commitment to exceeding the expectations of our clients is an integral strand in our DNA. It is the building block that ensures that our clients remain at the heart of all the decisions that we make. In 2024, we amplified our efforts on fostering and embedding a client-centric environment anchored by strong emphasis on making it easy for our clients to do business with us.

In today's competitive landscape, the ease of doing business is a critical driver of client satisfaction and loyalty. Therefore, in 2024 we continued to position ourselves to deliver optimised processes and digital client experiences at each touchpoint. We listened to our clients, analysed their feedback and embraced new trends in technology that supported shifts in clients' preferences and behaviour. Significant emphasis was also placed on strengthening the delivery of an exceptional service culture that empowers our teams to provide delightful experiences to our internal and external clients.

OPTIMIZED DIGITAL EXPERIENCES

As we listened and adapted to the changing needs of our market, we extended our digital/online bank account opening feature to "new to bank" clients in September 2024. This allowed our new and existing clients to enjoy unmatched convenience, security and financial empowerment when opening a bank account online.

We also automated the process for the renewal of expired motor and home insurance policies. This enabled our clients to enjoy a seamless experience as their policies were automatically renewed at expiry and the certificates electronically dispatched to them.

We continued to listen and respond to the ongoing feedback of our corporate clients. During 2024 much emphasis was placed on developing and enhancing our corporate service experience to make it easier for our clients to do business with us while helping them to grow their businesses. During the year, we enhanced our platforms for payments and FX trading which enabled our clients to realize improved efficiencies and cost savings in their businesses. The strong growth in primary corporate clients, is one indicator of the calibre of service delivered by our team and the level of satisfaction of our corporate clients.

Clients continued to benefit from ongoing enhancements made to our online and mobile banking platforms. They now enjoy user flow enhancements that allow them to easily access frequently used features, make faster interbank transfers and enjoy transactional functionalities.

ENHANCED FRAUD MANAGEMENT EXPERIENCES

We continued to engender the trust of our clients by strengthening our fraud detection and prevention programme. We capitalised on digital innovations to strengthen our internal fraud process. Commensurately, we empowered our clients to identify potential fraud by educating them on how to protect themselves when conducting business digitally. Fraud prevention strategies were also disseminated via social media, print, radio and our online platforms. Our complaints and claims management process was expanded to facilitate the provision of more timely updates on open issues and reduced resolution times.

OPTIMIZED SUPPORT EXPERIENCES

In line with our quest to deliver streamlined and efficient support services to our clients, we introduced a centralized operation support framework and automated several routine transactional processes across our investment and insurance business lines. This created capacity for our team to place greater emphasis on deepening the relationship with our clients and spend more time on advisory services.

ENHANCED CLIENT INTERACTION EXPERIENCES

We strengthened the way in which we interact with our clients as we sought to create positive and memorable experiences at each touchpoint. The capabilities of existing communication channels were expanded, and new options were introduced. This allowed our clients to enjoy faster response and resolution times, greater access to financial information and guidance and the option to provide feedback at their convenience.

EMPOWERED TEAM

At Scotiabank we believe it is essential that members of our teams are empowered and highly skilled to provide exceptional client experiences.

We made significant investments in the training of frontline and support teams and executed several supporting initiatives geared towards strengthening our service culture and reinforcing our commitment to all-round service excellence. One major initiative executed in 2024 was the successful hosting of a group wide client service debate to strengthen our client-centric environment.

Our Contact Centre was empowered to generate more than 30 categories of letters within 24 hours after a request is made. This simplified process enabled our clients to submit requests for letters at their convenience by calling our Contact Centre. The letters are received by email within 24 hours.

We proudly reflect on 2024 and we laud the contributions of our teams. The continued upward trajectory of several key client performance indicators such as our Net Promoter Score is reflective of the high standards of our service delivery and the positive experiences of our clients.

As we look ahead with renewed resolve to further deepen relationships with our clients and make it easy for them to do business with us, we will continue to place them at the forefront of all that we do. We will maintain our focus on delivering delightful, efficient and seamless client-centric experiences through our products, services and initiatives across all our touchpoints.

FY2024 Digital Enhancements

ONLINE BANKING

As we continue our thrust towards making it easier for our clients to do business with us. In March, we completed the migration of clients from the old online web digital platform to our newly upgraded native online banking digital platform. This upgrade allows clients to more seamlessly conduct their online banking transactions as well as to share their feedback with us directly.

Additionally in August, we launched our RTGS interbank online transfer feature, which allows clients to make faster interbank transfers (within minutes depending on recipient bank).

We have also made several user flow enhancements on the platforms such as adjustments to the quick action buttons on the mobile app, allowing clients to access frequently used features with one click.

As at October 31, 2024 there are 542K clients enrolled and utilizing our digital platforms.

ATM

We are proud to advise that we have made significant improvements to our ATM service following the completion of remediation initiatives throughout the year. We continue to improve on the delivery of services through our network of ATMs and expect to complete the replacement of old machines in our fleet by the end of Q1 2025.

Consolidated Financial Statements

of Scotia Group Jamaica Limited

Contents

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Scotia Group Jamaica Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 82 to 195, which comprise the Group's and Company's statements of financial position as at October 31, 2024, the Group's and the Company's statements of revenue and expenses, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at October 31, 2024, and of the Group's and the Company's financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of insurance contract liabilities

The key audit matter	*How the matter was addressed in our audit*
The Group's insurance contract liabilities as at October 31, 2024, were $50 billion. The Group determines the insurance contract liabilities by applying International Financial Reporting Standard 17, *Insurance Contracts* (IFRS 17), which incorporates economic and non-economic assumptions. The determination of the present value of future cash flows for the liability for remaining coverage (LRC) requires the use of appropriate assumptions to determine the discount rate applied to future cash flows. The application of the methods/models, assumptions and data may not be appropriately applied due to its complexity. The amount estimated and recorded for the Contractual Service Margin (CSM) requires the appropriate application of methods/models, assumptions and data. The methods/models, assumptions and data may not be appropriately applied due to its complexity.	Our procedures in this area included the following: • With the assistance of actuarial specialists, evaluated the appropriateness of methods/models and assumptions to estimate the amount, timing, uncertainty of future cash flows; to determine ultimate expected claims and estimate discount rate curves; as well as to determine risk adjustments and CSM. • Evaluated methods/model and assumption changes in the period. • With the assistance of IT specialists, evaluated the completeness, accuracy and relevance of data including reconciliation between source administration systems, data warehouse and cash flow/discount rate models and CSM calculations. • With the assistance of actuarial specialists, evaluated the appropriateness and tested the mathematical accuracy of models/methods, assumptions and data applied as well as recalculated CSM.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Valuation of insurance contract liabilities (continued)

The key audit matter (continued)	*How the matter was addressed in our audit (continued)*
The required disclosures under IFRS 17 may be incomplete, inaccurate or not fairly presented. Significant auditor judgment is required because there was a high degree of measurement uncertainty in the significant financial and non-financial assumptions. Significant and complex auditor judgment was required to evaluate the results of audit procedures. [see notes 2(g), 3 (ii), 39 and 49(e), of the financial statements]	Our procedures in this area included the following (continued): • Performed independent reprojection of estimated cash flows and estimation of discount rate curves, ultimate estimate claims and estimation of risk adjustment • Identified and tested the relevant controls. Evaluated the design and implementation and tested the operating effectiveness (where required) of the new controls. • Involved IT specialists to test new or revised IT systems and relevant controls. • Involved actuarial specialists to assist in auditing the methods and significant assumptions/ judgements relating to the valuation of insurance contract liabilities. • Evaluated management's analysis of change to verify that the movement in the estimates of future cash flows, risk adjustments, CSM and total insurance contract liabilities period to period are in-line with our business understanding. • Evaluated the completeness, accuracy and relevance of disclosures required by IFRS 17, including disclosures about assumptions about the future, and other major sources of estimation uncertainty.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Expected credit losses

The key audit matter	*How the matter was addressed in our audit*
Loans, net of allowance for expected credit losses, represent 44% or $313 billion of the Group's total assets. Allowance for credit losses on loans of $7 billion and a charge of $4 billion have been recognised by the Group. The Group applies a three-stage approach to measure the allowance for credit losses, using an Expected Credit Loss (ECL) approach as required under IFRS 9 *Financial Instruments*. The Group's allowance for credit losses are outputs of complex models and there is a high degree of measurement uncertainty due to significant judgements inherent in the Group's methodology such as judgements about forward-looking information. These judgements impact certain inputs, assumptions, qualitative adjustments or overlays, and the determination of when there has been a significant increase in credit risk. *[see notes 2(k), 3(i) and 25 of the financial statements]*	Our procedures in this area included the following: • Evaluated the appropriateness of the accounting policies based on IFRS 9's requirements, our business understanding and industry practice. • Updated our understanding of management's processes, systems and controls implemented – e.g. controls over model development. • Identified and tested the relevant controls with the assistance of IT specialists. • Involved KPMG FRM/economic specialists to challenge significant assumptions and judgements relating to the ECL Methodology. • Evaluated the completeness, accuracy and relevance of data. • Evaluated the appropriateness and tested the mathematical accuracy of models applied. • Evaluated the reasonableness of and tested the post-model adjustment. • Evaluated the completeness, accuracy and relevance of disclosures required by IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 80-81, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

KPMG

Chartered Accountants
Kingston, Jamaica

December 19, 2024

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Appendix to the Independent Auditors' Report (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Revenue and Expenses
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
Net financial result and other revenue			
Net interest income calculated using the effective interest method			
Interest from loans and deposits with banks		38,081,174	32,596,740
Interest from securities		10,059,988	7,991,204
	6	48,141,162	40,587,944
Interest income on securities at fair value through profit and loss	6	203,368	248,770
Total interest income	6	48,344,530	40,836,714
Interest expense	6	(2,040,235)	(1,379,907)
Net interest income	6	46,304,295	39,456,807
Expected credit losses	25	(4,157,392)	(2,395,789)
Net interest income after expected credit losses		42,146,903	37,061,018
Net gains on financial assets	7	417,033	312,510
		42,563,936	37,373,528
Net finance expenses from insurance contracts	8	(2,784,381)	(1,828,708)
Net finance income/expenses from reinsurance held contracts	8	78	(131)
Total insurance/reinsurance held finance expenses		(2,784,303)	(1,828,839)
Net financial results	8	39,779,633	35,544,689
Other revenue			
Insurance revenue	9	3,509,830	2,788,585
Insurance service expenses	14	(962,074)	(971,419)
Net expenses from reinsurance held contracts		(829)	(198)
Insurance service results		2,546,927	1,816,968
Fee and commission income	10	23,418,227	21,314,590
Fee and commission expense	10	(16,189,428)	(14,576,916)
Net fee and commission income	10	7,228,799	6,737,674
Net gains on foreign currency activities	11	9,318,933	8,754,339
Other income	12	244,423	214,706
		19,339,082	17,523,687
Total operating income		59,118,715	53,068,376
Expenses			
Salaries, pensions and other staff benefits	13	11,807,236	11,109,963
Property expenses, including depreciation		2,790,594	2,459,221
Amortisation of intangible assets	31	20,954	24,874
Asset tax		1,552,687	1,375,620
Other operating expenses		13,243,542	12,658,527
	14	29,415,013	27,628,205
Profit before taxation	15	29,703,702	25,440,171
Taxation	16	(9,545,911)	(8,211,542)
Profit for the year attributable to stockholders of the Company		20,157,791	17,228,629
EARNINGS PER STOCK UNIT (expressed in $) **attributable to stockholders of the Company**	17	6.48	5.54

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Comprehensive Income
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
Profit for the year		20,157,791	17,228,629
Other comprehensive (loss)/ income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefits plan asset and obligations	32(c)	(10,174,985)	5,739,720
Unrealised gains on equity investments		403,245	-
Taxation	38(a)	3,257,247	(1,913,240)
		(6,514,493)	3,826,480
Items that are or will be reclassified subsequently to profit or loss:			
Unrealised gains on investment securities		4,584,012	3,530,941
Realised losses on investment securities		17,449	112,505
Foreign operations – foreign currency translation		2,161	3,322
Finance income from insurance contracts		371,310	870,016
Expected credit losses on investment securities		(9,418)	178,110
		4,965,514	4,694,894
Taxation	38(a)	(1,553,193)	(1,364,090)
		3,412,321	3,330,804
Other comprehensive (loss)/income, net of tax		(3,102,172)	7,157,284
Total comprehensive income attributable to stockholders of the Company		17,055,619	24,385,913

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Financial Position
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
ASSETS			
Cash resources			
Cash and balances at Bank of Jamaica	18	78,416,024	110,399,971
Government and bank notes other than Jamaican	21	1,727,579	2,117,289
Due from other banks	19	17,219,836	21,836,385
Accounts with parent and fellow subsidiaries	20	63,388,442	44,260,551
	21	160,751,881	178,614,196
Financial assets at fair value through profit or loss	22	954,838	2,841,833
Pledged assets	23	3,399,080	3,521,127
Loans, net of allowance for credit losses	24	312,755,204	268,829,718
Investment securities	26	184,472,698	158,755,546
Government securities purchased under resale agreements	27	-	330,075
Segregated fund assets	28	1,768,210	1,290,656
Insurance contract assets	39	20,488	14,469
Reinsurance held contract assets	39	701	1,356
Other assets			
Taxation recoverable		4,697,196	3,098,152
Other assets	29	4,186,358	4,396,788
Property and equipment	30	9,798,485	9,527,847
Goodwill and intangible assets	31	509,711	530,665
Retirement benefits asset	32(a)	20,190,737	31,094,511
Deferred tax assets	38(b)	1,511,118	1,890,023
		40,893,605	50,537,986
		705,016,705	664,736,962

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Financial Position (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
LIABILITIES			
Deposits by the public	33	476,060,200	444,875,527
Due to other banks and financial institutions	34	2,453,839	3,914,779
Due to ultimate parent company	35	16,020	6,342
Due to fellow subsidiaries	36	609,622	565,890
		479,139,681	449,362,538
Other liabilities			
Cheques and other instruments in transit	21	3,470,303	3,392,616
Other liabilities	37	11,334,735	10,010,600
Provision for taxation		3,670,286	2,400,061
Deferred tax liabilities	38(b)	4,735,286	6,839,089
Retirement benefits obligations	32(b)(i)	4,024,363	4,879,478
Due to customers and clients		8,236,504	10,561,400
		35,471,477	38,083,244
Insurance contract liabilities	39	50,166,509	49,450,309
Reinsurance held contract liabilities	39	1,251	2,128
Segregated fund investment contract liabilities	28	1,768,210	1,290,656
EQUITY			
Share capital	40	6,569,810	6,569,810
Reserve fund	41	3,249,976	3,249,976
Retained earnings reserve	42	51,891,770	49,891,770
Capital reserve	43	11,340	11,340
Cumulative remeasurement result from investment securities	44	643,808	(2,756,700)
Loan loss reserve	45	314,649	269,386
Other reserves	46	9,964	9,964
Insurance and reinsurance held finance reserve	47	(269,708)	(548,190)
Translation reserve		40,418	38,257
Unappropriated profits		76,007,550	69,812,474
Total equity		138,469,577	126,548,087
Total liabilities and equity		705,016,705	664,736,962

The financial statements on pages 82 to 195 were approved for issue by the Board of Directors and signed on its behalf on December 19, 2024 by:

Director
Anya Schnoor

Director
Audrey Tugwell Henry

Director
Vernon Douglas

Secretary
Maia Wilson

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Changes in Stockholders' Equity
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

		Attributable to equity holders of the Company										
	Notes	Share capital	Reserve fund	Retained earnings reserve	Capital reserve	Cumulative Remeasurement result from investment securities	Loan loss reserve	Other reserves	Insurance/ reinsurance held finance reserve	Translation reserve	Unappropriated profits	Total
Balances at October 31, 2022, as restated		6,569,810	3,249,976	45,891,770	11,340	(5,431,669)	361,367	9,964	(1,200,703)	34,935	56,866,035	106,362,825
Profit for the year		-	-	-	-	-	-	-	-	-	17,228,629	17,228,629
Other comprehensive income:												
Remeasurement of retirement benefit plan/obligations		-	-	-	-	-	-	-	-	-	3,826,480	3,826,480
Foreign currency translation		-	-	-	-	-	-	-	-	3,322	-	3,322
Unrealised gains on investment securities, net of taxes and provisions		-	-	-	-	2,592,041	-	-	-	-	-	2,592,041
Realised losses on investment securities, net of taxes		-	-	-	-	82,928	-	-	-	-	-	82,928
Finance income on insurance contracts		-	-	-	-	-	-	-	652,513	-	-	652,513
Total other comprehensive income		-	-	-	-	2,674,969	-	-	652,513	3,322	3,826,480	7,157,284
Total comprehensive income		-	-	-	-	2,674,969	-	-	652,513	3,322	21,055,109	24,385,913
Transfer between reserves:												
Transfer to retained earnings reserve		-	-	4,000,000	-	-	-	-	-	-	(4,000,000)	-
Transfer from loan loss reserve		-	-	-	-	-	(91,981)	-	-	-	91,981	-
Transaction with owners of the Company:												
Dividends paid	55	-	-	-	-	-	-	-	-	-	(4,200,651)	(4,200,651)
Net movement for the year		-	-	4,000,000	-	-	(91,981)	-	-	-	(8,108,670)	(4,200,651)
Balances at October 31, 2023		6,569,810	3,249,976	49,891,770	11,340	(2,756,700)	269,386	9,964	(548,190)	38,257	69,812,474	126,548,087
Profit for the year		-	-	-	-	-	-	-	-	-	20,157,791	20,157,791
Other comprehensive income:												
Remeasurement of retirement benefit plan/obligations		-	-	-	-	-	-	-	-	-	(6,783,323)	(6,783,323)
Foreign currency translation		-	-	-	-	-	-	-	-	2,161	-	2,161
Unrealised gains on investment securities, net of taxes and provisions		-	-	-	-	3,388,875	-	-	-	-	-	3,388,875
Realised losses on investment securities, net of taxes		-	-	-	-	11,633	-	-	-	-	-	11,633
Finance income on insurance contracts		-	-	-	-	-	-	-	278,482	-	-	278,482
Total other comprehensive (loss)/income		-	-	-	-	3,400,508	-	-	278,482	2,161	(6,783,323)	(3,102,172)
Total comprehensive income		-	-	-	-	3,400,508	-	-	278,482	2,161	13,374,468	17,055,619
Transfer between reserves:												
Transfer to retained earnings reserve		-	-	2,000,000	-	-	-	-	-	-	(2,000,000)	-
Transfer to loan loss reserve		-	-	-	-	-	45,263	-	-	-	(45,263)	-
Transaction with owners of the Company:												
Dividends paid	55	-	-	-	-	-	-	-	-	-	(5,134,129)	(5,134,129)
Net movement for the year		-	-	2,000,000	-	-	45,263	-	-	-	(7,179,392)	(5,134,129)
Balances at October 31, 2024		6,569,810	3,249,976	51,891,770	11,340	643,808	314,649	9,964	(269,708)	40,418	76,007,550	138,469,577

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Cash Flows
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
Cash flows from operating activities			
Profit for the year		20,157,791	17,228,629
Adjustments for:			
Taxation	16	9,545,911	8,211,542
Depreciation	30	964,764	845,898
Amortisation of right of use assets	30	162,770	165,090
Amortisation of intangible assets	31	20,954	24,874
Expected credit losses		5,087,938	3,311,567
Gain on sale of property and equipment	12	(216,475)	(159,953)
Increase in retirement benefits asset/obligations, net		(1,981,826)	(1,317,140)
		33,741,827	28,310,507
Interest income	6	(48,344,530)	(40,836,714)
Interest expense	6	2,040,235	1,379,907
		(12,562,468)	(11,146,300)
Changes in operating assets and liabilities:			
Loans		(48,606,724)	(36,607,451)
Deposits by the public		31,159,607	33,561,010
Insurance contract liabilities		1,081,269	1,031,319
Statutory reserves at Bank of Jamaica		(2,473,913)	(8,092,742)
Other liabilities, net		1,182,924	(11,772)
Due to parent company		53,410	58,239
Accounts with fellow subsidiaries and related parties		(44,218,014)	(1,682,289)
Financial assets at fair value through profit or loss		1,852,887	185,345
Amounts due to other banks and financial institutions		(1,460,940)	2,867,640
Other assets, net		210,428	(1,393,384)
Due to customers and clients		(2,324,896)	9,610,794
Taxation recoverable		(1,599,045)	(506,810)
Retirement benefits		1,855,500	(154,914)
		(75,849,975)	(12,281,315)
Interest received		46,515,044	39,944,236
Interest paid		(1,979,888)	(1,338,880)
Taxation paid		(8,294,731)	(7,368,358)
Net cash (used in)/provided by operating activities (carried forward to page 88)		(39,609,550)	18,955,683

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Cash Flows (Continued)
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
Cash flows from operating activities			
(brought forward from page 87)		(39,609,550)	18,955,683
Cash flows from investing activities			
Purchase of investment securities		(90,255,537)	(66,028,793)
Proceeds from maturity/disposal of investment securities		70,021,954	72,191,827
Proceeds from disposal of property and equipment		323,326	203,391
Purchase of intangible assets, net		-	(3,503)
Purchase of property and equipment	30	(1,199,582)	(1,105,424)
Net cash (used in)/ provided by investing activities		(21,109,839)	5,257,498
Cash flows from financing activities			
Dividends paid to stockholders	55	(5,134,129)	(4,200,651)
Lease payments right of use assets	37(ii)(d)	(188,489)	(181,861)
Net cash used in financing activities		(5,322,618)	(4,382,512)
Effect of exchange rate changes on cash and cash equivalents		1,327,277	1,146,996
Net (decrease)/increase in cash and cash equivalents		(64,714,730)	20,977,665
Cash and cash equivalents at beginning of year		123,838,823	102,861,158
Cash and cash equivalents at end of year	21	59,124,093	123,838,823

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Comprehensive Income
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
Net interest income calculated using the effective interest method			
Interest from deposit with banks	6	499,952	423,503
Net gains on foreign currency activities		178,526	124,463
Dividend income	12,48	5,197,785	4,121,922
		5,376,311	4,246,385
Total operating income		5,876,263	4,669,888
Expenses			
Other operating expenses	14	92,373	71,786
Profit before taxation	15	5,783,890	4,598,102
Taxation	16	(129,598)	(89,783)
Profit for the year		5,654,292	4,508,319

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Financial Position
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
ASSETS			
Cash resources			
Accounts with subsidiaries	21	10,120,435	9,522,931
Investment in subsidiaries, at cost		13,029,908	13,029,908
Other assets			
Taxation recoverable		101,042	101,042
		23,251,385	22,653,881
LIABILITES			
Accrued expenses and other liabilities		22,204	14,788
Taxation payable		158,374	90,116
Deferred tax liabilities	38(b)	8,230	6,563
		188,808	111,467
EQUITY			
Share capital	40	6,569,810	6,569,810
Unappropriated profits		16,492,767	15,972,604
Total stockholders' equity		23,062,577	22,542,414
Total liabilities and equity		23,251,385	22,653,881

The financial statements on pages 82 to 195 were approved for issue by the Board of Directors and signed on its behalf on December 19, 2024 by:

Director
Anya Schnoor

Director
Audrey Tugwell Henry

Director
Vernon Douglas

Secretary
Maia Wilson

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Changes in Stockholders' Equity
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	Share capital	Unappropriated profits	Total
Balances at October 31, 2022		6,569,810	15,664,936	22,234,746
Profit for the year, being total comprehensive income		-	4,508,319	4,508,319
Transaction with owners:				
Dividends paid	55	-	(4,200,651)	(4,200,651)
Balances at October 31, 2023		6,569,810	15,972,604	22,542,414
Profit for the year, being total comprehensive income		-	5,654,292	5,654,292
Transaction with owners:				
Dividends paid	55	-	(5,134,129)	(5,134,129)
Balances at October 31, 2024		6,569,810	16,492,767	23,062,577

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Cash Flows
Year ended October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2024	2023
Cash flows from operating activities			
Profit for the year		5,654,292	4,508,319
Adjustments for:			
Interest income	6	(499,952)	(423,503)
Dividend Income	12,48	(5,197,785)	(4,121,922)
Taxation	16	129,598	89,783
		86,153	52,677
Changes in operating assets and liabilities			
Other assets, net		-	5,320
Accounts with fellow subsidiaries		(673,686)	(535,292)
Other liabilities		7,416	(2,651)
		(580,117)	(479,946)
Interest received		501,517	416,024
Taxation paid		(59,673)	(5,319)
Net cash used in operating activities		(138,273)	(69,241)
Cash flows from investing activity			
Dividend received, being cash provided by investing activity	12	5,197,785	4,121,922
Cash flows from financing activity			
Dividends paid, being cash used in financing activity	55	(5,134,129)	(4,200,651)
Net decrease in cash and cash equivalents		(74,617)	(147,970)
Cash and cash equivalents at beginning of year		484,551	632,521
Cash and cash equivalents at end of year	21	409,934	484,551

The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

1. Identification, Regulation and Licence

Scotia Group Jamaica Limited ("the Company") is incorporated and domiciled in Jamaica. It 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 Company's ultimate parent. The registered office of the Company is located at Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston, Jamaica. The Company is listed on the Jamaica Stock Exchange.

The Company is the parent of The Bank of Nova Scotia Jamaica Limited, ("the Bank") which is licensed under the Banking Services Act, 2014 and Scotia Investments Jamaica Limited ("SIJL"), which is licensed under the Securities Act.

The Company's subsidiaries, which together with the Company are referred to as "the Group", are as follows:

		Holding by		
Subsidiaries	**Principal Activities**	**Company**	**Subsidiary**	**Financial Year-End**
The Bank of Nova Scotia Jamaica Limited its subsidiaries:	Banking	100%		October 31
The Scotia Jamaica Building Society	Mortgage Financing		100%	October 31
Scotia Jamaica Life Insurance Company Limited	Life Insurance		100%	December 31*
Scotia General Insurance Agency	General Insurance		100%	October 31
Scotia Investments Jamaica Limited and its subsidiaries:	Investment Banking	100%		October 31
Scotia Asset Management (Barbados) Inc.	Fund Management		100%	October 31
Scotia Jamaica Investment Management Limited	Non-trading		100%	October 31

All subsidiaries are incorporated in Jamaica, except Scotia Asset Management (Barbados) Inc. which is incorporated in Barbados.

*The statements included in the consolidation are financial statements as at and for the year ended October 31, 2024.

2. Summary of material accounting policies

(a) Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board, and comply with the Jamaican Companies Act ("the Act").

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain investments measured at fair value.

2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

(i) Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023. The amendments help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policy information rather than their significant accounting policies;
- clarifying that accounting policy information related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policy information that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The Group *adopted Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)* from 1 November 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

(ii) Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

This amendment did not have a significant impact on the Group's financial statements.

2. Summary of material accounting policies (continued)

(a) **Basis of preparation (continued)**

New and amended standards that became effective during the year (continued):

(iii) Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

This amendment did not have any impact on the Group's financial statements.

New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year. The Group has assessed them with respect to its operations and has determined that the following are relevant:

(i) Amendments to IAS 1 *Presentation of Financial Statements,* will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments promote consistency in application and clarify the requirements in determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

This amendment is not expected to have a significant impact on the Group's 2025 financial statements.

2. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards and interpretations that are not yet effective (continued):

(ii) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, is effective for annual reporting periods beginning on or after January 1, 2024 (with early application permitted as long as IFRS S2 *Climate-related Disclosures* is also applied).

IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures and sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee sustainability-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

The Group is assessing the impact that the amendment will have on its 2025 financial statements.

(iii) IFRS S2 *Climate-related Disclosures*, is effective for annual reporting periods beginning on or after January 1, 2024 (with early application permitted as long as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* is also applied).

IFRS S2 requires entities to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). IFRS S2 applies to climate-related physical risks; climate-related transition risks; and climate-related opportunities available to an entity.

IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee climate-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

The Group is assessing the impact that the amendment will have on its 2025 financial statements.

2. Summary of material accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements include the assets, liabilities, financial performance and cash flows of the Company and its subsidiaries presented as a single economic entity. The Company and its subsidiaries are collectively referred to as "the Group".

Subsidiaries are those entities controlled by the Company. The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The Group considers the date on which control is obtained and legally transfers the consideration for the acquired assets and assumed liabilities to be the date of acquisition. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of revenue and expenses.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to, and assesses the performance of, the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision maker. Income and expenses directly associated with each segment are included in determining business segment performance. The Group's internal measures used in reporting segment information are consistent with IFRS. Reconciling items are limited to items that are not allocated to reportable segments, as opposed to a difference in the basis of preparation of the information.

(d) Translation of foreign currencies

Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. Foreign currency non-monetary items that are measured at historical cost are translated at historical rates. Foreign currency items measured at fair value are translated into the functional currency using the rate of exchange at the date the fair value was determined.

2. Summary of material accounting policies (continued)

(d) Translation of foreign currencies (continued)

Foreign currency gains and losses resulting from the settlement of foreign currency transactions and from the translation at the reporting date of foreign currency monetary assets and liabilities are recognised in the statement of revenue and expenses.

The assets and liabilities of foreign operations and fair value adjustments arising on acquisition are translated into Jamaican dollars using the exchange rate at the reporting date. The income and expenses of foreign operations are translated into Jamaican dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the translation reserve. When a foreign operation is disposed of partially or in its entirety, the cumulative amount or portion thereof in the translation reserve is reclassified to the profit or loss as part of the gain or loss on disposal.

(e) Revenue recognition

Interest income

Interest income is recognised in the statement of revenue and expenses using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or financial liability.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECL).

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the transaction. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) and is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset, net of ECL allowance. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

2. Summary of material accounting policies (continued)

(e) Revenue recognition (continued)

Fee and commission income

Fee and commission income from contracts with customers is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control over a service to a customer.

Fee and commission income which includes account service, portfolio management and management advisory fees are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Banking services	The Group provides banking related services, including execution of customers' transactions and maintenance of customers' investment records. Fees are charged when the transactions take place and are based on fixed rates or a fixed percentage of the assets value.	Revenue from banking related services is recognised over time, as the service is provided.
Portfolio and asset management services	The Group provides portfolio and asset management services to customers. Fees are calculated based on a fixed percentage of the value of the assets and are charged at various time intervals based on the investment agreement but at no time period exceeding twelve months.	Revenue from portfolio and asset management services is recognised over time as the service is provided.

Insurance revenue

Contracts not measured under the premium allocation approach

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. This amount represents the total change in the liability for the remaining coverage that relate to services for which the Group expects to receive consideration and is comprised of the contractual service margin, changes in the risk adjustment for non-financial risk as well as experience adjustments.

2. Summary of material accounting policies (continued)

(e) Revenue recognition (continued)

Insurance revenue (continued)

Contracts measured under the premium allocation approach

Insurance revenue is the amount of expected premium receipts for providing services in the period.

Dividend income

Dividend income on equity securities is recognised when the Group's right to receive payment is established, which is on the ex-dividend date for listed equity securities.

(f) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

(g) Insurance and reinsurance held contracts

(i) Definitions and classifications

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance held contracts. The Group does not accept insurance risk from other insurers.

Insurance contracts are classified as direct participation contracts or contracts without direct participation features based on specific criteria. Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

All other insurance and reinsurance held contracts are classified as contracts without direct participation features. Some of these contracts are measured under the Premium Allocation Approach (PAA). Refer to the below table for the type of contracts that the Group accounts for in accordance with IFRS 17 *Insurance Contracts*.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(i) Definitions and classifications (continued)

Contracts Issued	Product	Product classification	Portfolio	Measurement Model
Whole life insurance contracts	Life Shelter Lifetime Security Solace	Insurance contracts without direct participation features	Individual Life	GMM
Universal life insurance contracts	ScotiaMint	Insurance contracts without direct participation features	Individual Savings & Wealth	GMM
Universal life insurance contracts	Affirm Elevate	Insurance contracts with direct participation features	Individual Universal Life	VFA
Critical illness insurance contracts	Criticare	Insurance contracts without direct participation features	Individual Health	GMM
Variable annuity	Scotia Retirement Fund (RIF)	Insurance contracts without direct participation features	Individual Annuity	GMM
Group creditor level premium	Creditor Life Non-Revolving level premium	Insurance contracts Measured under the PAA	Group Creditor Combined Level	PAA
Group creditor revolving premium	Creditor Life Revolving premium	Insurance contracts measured under the PAA	Group Creditor Combined Revolving	PAA
Group creditor single premium	Creditor Life Non-Revolving single premium	Insurance contracts without direct participation features	Group Creditor Combined Single	GMM
Universal life - excess of loss	Affirm	Reinsurance held contract	Individual Universal Life	GMM

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(ii) Separating components from insurance and reinsurance held contracts

At inception the Group analyzes whether insurance or reinsurance held contracts contain components that should be separated based on the criteria below:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Group has not identified any embedded derivatives, distinct investment components, distinct goods or distinct non-insurance services in its insurance or reinsurance held contracts that would require separation from the host contract.

(iii) Aggregation and recognition of insurance and reinsurance held contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

The Group uses reasonable and supportable information available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance held contracts

A group of reinsurance held contracts that covers aggregate losses from underlying contracts in excess of a specified amount is recognised at the beginning of the coverage period of that group.

Portfolios of reinsurance held contracts are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance held contracts, the Group aggregates reinsurance held contracts concluded within a calendar year (annual cohorts) into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(iv) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method for products measured under the General Measurement Model (GMM) and Variable Fee Approach (VFA).

When applying IFRS 17, the Group assumes that insurance acquisition costs are incurred at contract recognition and the acquisition cash flows incurred in each reporting period would relate to contracts issued in the period.

As a result, the Group does not recognize an asset for insurance acquisition cash flows.

(v) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services.

A substantive obligation to provide services ends when:

– the Group has the practical ability to reassess the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

– the Group has the practical ability to reassess the risks of a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio and the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Reinsurance held contracts

For groups of reinsurance held contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to it and can reprice or change the level of benefits that fully reflects those reassessed risks; or has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting period to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach (PAA)

On initial recognition, the Group measures a group of insurance contracts as the total of

a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
b) the contractual service margin (CSM).

The fulfilment cash flows of a group of insurance contracts do not reflect the Group's non-performance risk.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

Contractual service margin (CSM)

The CSM of a group of insurance contracts represents the unearned profit that the Group expects to recognize in the future as it provides services under those contracts.

On initial recognition of a group of insurance contracts, if the total of the fulfillment cash flows, any derecognized assets for insurance acquisition cash flows, and any cash flows arising at that date is a net inflow, the group of contracts is non-onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no net income or expenses arising on initial recognition.

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage comprises:

The fulfilment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date.

The liability for incurred claims includes:

The fulfilment cash flows for incurred claims and expenses that have not yet been paid, and claims that have been incurred but not yet reported.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach (PAA) (continued)

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows:

<u>Insurance contracts without direct participation features</u>

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

a) the CSM of any new contracts that are added to the group in the year;

b) interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

c) changes in fulfilment cash flows that relate to future services, except to the extent that:

   i. any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see (viii); or
   ii. any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (viii);

d) the effect of any currency exchange differences on the CSM; and

e) the amount recognised as insurance revenue because of the services provided in the year (see (viii).

The changes in fulfilment cash flows that relate to future services comprise of:

a) experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

b) changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;

c) differences between -

   i. component expected to become payable in the year, determined as the any investment payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and
   ii. the actual amount that becomes payable in the year;

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(vi) Measurement – Contracts not measured under the Premium Allocation Approach (PAA), changes in fulfillment (continued)

d) differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and

e) changes in the risk adjustment for non-financial risk that relate to future services

Insurance contracts with direct participation features

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of:

– the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
– a variable fee for future services provided under the insurance contracts

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

– the CSM of any new contracts that are added to the group in the year;
– the change in the amount of the Group's share of the fair value of the underlying items, and
– changes in fulfilment cash flows that relate to future services, except to the extent that:

i. a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
ii. an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
iii. the effect of any currency exchange differences on the CSM; and
iv. the amount recognised as insurance revenue because of the services provided in the year.

(vii) Measurement Contracts measured under the Premium Allocation Approach (PAA)

The Group uses the PAA to simplify the measurement of groups of contracts at inception when the coverage period of each contract in the group is one year or less.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received. The Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage and liability for incurred claims to reflect the time value of money and the effect of financial risk. The Group has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(viii) Reinsurance held contracts

To measure a group of reinsurance held contracts, the Group applies the same accounting policies as are applied to insurance contracts without direct participation features.

On initial recognition for a group of reinsurance held contracts, requirements remain consistent with the General Measurement Model with respect to the calculation of the CSM and the determination of the coverage units. The CSM of a group of reinsurance held contracts represents a net cost or net gain on purchasing reinsurance.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a) the quantity of benefits provided by contracts in the group;
b) the expected coverage duration of contracts in the group; and
c) the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting period and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

– the CSM on any new contracts that are added to the group in the year;
– interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
– income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
– reversals of a loss-recovery component to the extent that they are no changes in the fulfilment cash flows on the group of reinsurance held contracts;
– changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows on onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust the loss-recovery component;
– the amount recognised in profit or loss because of the services received in the year.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(ix) Derecognition and contract modification

The Group derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished, or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

(x) Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amounts of portfolios of insurance and reinsurance held contracts that are assets and those that are liabilities.

The Group disaggregates amounts recognised in the statement of revenue and expenses and OCI into:

a) Net insurance revenue, comprising insurance revenue and insurance service expenses; and
b) Insurance/reinsurance held finance expenses.

Income and expenses from reinsurance held contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance held contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance held contracts' in insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(x) Presentation (continued)

Contracts not measured under the premium allocation approach

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. This amount represents the total change in the liability for the remaining coverage that relate to services for which the Group expects to receive consideration and is comprised of the contractual service margin, changes in the risk adjustment for non-financial risk as well as experience adjustments.

Contracts measured under the premium allocation approach

Insurance revenue is the amount of expected premium receipts for providing services in the period.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred and include incurred claims, amortisation of acquisition cashflows, losses on onerous contracts and reversals of such losses and adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Net expenses from reinsurance held contracts

Net expenses from reinsurance held contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance held contracts arising from the effects of the time value of money, financial risk and changes therein. The Group has chosen to disaggregate insurance finance income or expenses between the statements of revenue and expenses and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts using the crediting rate approach.

Amounts presented in OCI are accumulated in the insurance finance reserve.

(h) Taxation

Taxation on the profit or loss for the year comprises current and deferred income taxes. Current and deferred income taxes are recognised as tax expense or benefit in the statement of revenue and expenses, except where they relate to items recognised in other comprehensive income.

Current income tax

Current income tax charges are based on the taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The current tax is calculated at tax rates that have been enacted at the reporting date.

2. Summary of material accounting policies (continued)

(h) Taxation (continued)

Deferred income tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realized.

Current and deferred tax assets and liabilities are offset when the legal right of set-off exists, and when they relate to income taxes levied by the same tax authority on either the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

(i) Financial assets and liabilities

Financial assets comprise cash resources, financial assets at fair value through profit or loss, government securities purchased under resale agreements, pledged assets, loans, investment securities and segregated fund assets. Financial liabilities comprise deposits, securities sold under repurchase agreements, assets held in trust on behalf of participants, segregated fund investment contract liabilities and insurance contract liabilities.

Recognition and initial measurement

The Group initially recognises loans and receivables and deposits on the date that they are originated. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and measurement, derecognition, and impairment of financial instruments

Classification and measurement

Classification and measurement of financial assets

Financial assets include both debt and equity instruments and are classified into one of the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL);
- Elected at fair value through other comprehensive income (equities only); or
- Designated at FVTPL.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

2. Summary of material accounting policies (continued)

(i) Financial assets and liabilities (continued)

Debt instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); or
- Designated at FVTPL.

Classification of debt instruments is determined based on:

(i) The business model under which the asset is held; and
(ii) The contractual cash flow characteristics of the instrument.

Business model assessment

Business model assessment involves determining how financial assets are managed to generate cash flows. The Group's business model assessment is based on the following categories:

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- Other business model: The business model is neither held-to-collect nor held-to-collect and for sale. The Group assesses the business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. When assessing the business model, the Group takes into consideration the following factors:
  - How the performance of assets in a portfolio is evaluated and reported to Group heads and other key decision makers within the Group's business lines;
  - How compensation is determined for the Group's business lines' management that manages the assets;
  - Whether the assets are held for trading purposes i.e., assets that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking;
  - The risks that affect the performance of assets held within a business model and how those risks are managed; and
  - The frequency and volume of sales in prior periods and expectations about future sales activity.

Contractual cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), and a profit margin.

If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

2. Summary of material accounting policies (continued)

(i) Financial assets and liabilities (continued)

Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognised in interest income using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the financial transaction.

Impairment on debt instruments measured at amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of allowance for credit losses (ACL) in the statement of financial position.

Debt instruments *measured at FVOCI*

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection the contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealised gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI). Upon derecognition, realised gains and losses are reclassified from OCI and recorded in non-interest income in the consolidated statement of revenue and expenses. Foreign exchange gains and losses that relate to the amortised cost of the debt instrument are recognised in the consolidated statement of revenue and expenses. Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to interest income in the consolidated statement of revenue and expenses using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge for credit losses in the consolidated statement of revenue and expenses. The accumulated allowance recognised in OCI is recycled to the consolidated statement of revenue and expenses upon derecognition of the debt instrument.

Debt *instruments measured at FVTPL*

Debt instruments are measured at FVTPL if assets:

(i) Are held for trading purposes;
(ii) Are held as part of a portfolio managed on a fair value basis; or
(iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the consolidated statement of financial position, with transaction costs recognised immediately as part of non-interest income. Realised and unrealised gains and losses are recognised as part of non-interest income in the consolidated statement of revenue and expenses.

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Group upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained. Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

2. Summary of material accounting policies (continued)

(i) Financial assets and liabilities (continued)

Debt instruments designated at FVTPL (continued)

Financial assets designated at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognised in non-interest income in the consolidated statement of revenue and expenses.

Equity instruments

Equity instruments are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL); or
- Elected at fair value through other comprehensive income (FVOCI).

Equity instruments measured at FVTPL

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognised immediately in the consolidated statement of revenue and expenses as part of non-interest income. Subsequent to initial recognition the changes in fair value are recognised as part of non-interest income in the consolidated statement of revenue and expenses.

Equity instruments measured at FVOCI

At initial recognition, there is an irrevocable option for the Group to classify non-trading equity instruments at FVOCI. This election is used for certain equity investments for strategic or longer-term investment purposes. This election is irrevocable and is made on an instrument-by-instrument basis and is not available for equity instruments that are held for trading purposes.

Gains and losses on these instruments including when derecognised/sold are recorded in OCI and are not subsequently reclassified to the consolidated statement of revenue and expenses. As such, there is no specific impairment requirement. Dividends received are recorded in interest income in the consolidated statement of revenue and expenses. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the consolidated statement of revenue and expenses on sale of the security.

Classification and measurement of financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL)
- Amortised cost; or
- Designated at FVTPL.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are held principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial liabilities are recognised on a trade date basis and are accounted for at fair value, with changes in fair value and any gains or losses recognised in the consolidated statement of revenue and expenses as part of the non-interest income. Transaction costs are expensed as incurred.

Financial liabilities measured at amortised cost

Deposits and securities sold under repurchase agreements are accounted for at amortised cost. Interest on deposits, calculated using the effective interest method, is recognised as interest expense. Interest on securities sold under repurchase agreement , including capitalised transaction costs, is recognised using the effective interest method as interest expense.

2. Summary of material accounting policies (continued)

(i) Financial assets and liabilities (continued)

Determination of fair value

Fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Group has access at the measurement date.

The Group values instruments carried at fair value using quoted market prices, where available. Unadjusted quoted market prices for identical instruments in active markets represent a Level 1 valuation. When quoted market prices are not available, the Group maximises the use of observable inputs within valuation models. When all significant inputs are market observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

Inception gains and losses are only recognised where the valuation is dependent only on observable market data. Otherwise, they are deferred and amortised over the life of the related contract or until the valuation inputs become observable. In determining the fair value for certain instruments or portfolios of instruments, valuation adjustments or reserves may be required to arrive at a more accurate representation of fair value. These adjustments include those made for credit risk, bid-offer spreads, unobservable parameters, constraints on prices in inactive or illiquid markets and when applicable funding costs.

Derecognition of financial assets and liabilities

Derecognition of financial assets

A financial asset is derecognised when the contractual rights to the cash flows from the asset has expired; or the Group transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third-party; or the Group has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risk and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the Group has retained substantially all of the risks and rewards of ownership. The derecognition criteria are applied to the transfer of part of an asset, rather than the asset as a whole, only if such part comprises specifically identified cash flows from the asset, a fully proportionate share of the cash flows from the asset, or a fully proportionate share of specifically identified cash flows from the asset.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Group derecognises the transferred asset only if it has lost control over the asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the Group retains control over the asset, it will continue to recognise the asset to the extent of its continuing involvement. At times, such continuing involvement may be in the form of investment in senior or subordinated tranches of notes issued by non-consolidated structured entities.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income, is recognised in the consolidated statement of revenue and expenses.

Transfers of financial assets that do not qualify for derecognition are reported as secured financings in the consolidated statement of financial position.

2. Summary of material accounting policies (continued)

(i) Financial assets and liabilities (continued)

*Derecognition of financial assets and liabilitie*s (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognised as a gain/loss in the consolidated statement of revenue and expenses.

(j) 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, are used by the Group in the management of its short-term obligations and are subject to insignificant risk of changes in their fair value.

(k) 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, for the following categories of financial instruments that are not measured at fair value through profit or loss:

- Amortised cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

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. Each expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The impairment models measure credit loss allowances using 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 the financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using the probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, the probability of default corresponding to the remaining term to maturity is used.

2. Summary of material accounting policies (continued)

(k) Allowance for expected credit losses (continued)

The impairment models measure credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination (continued):

- Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default. This requires the computation of expected credit losses 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. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of expected credit loss

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognised and is still in the portfolio.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Forward-looking information

The estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events, current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information may require significant judgment.

Macroeconomic factors

In it's models, the Group relies on a broad range of forward-looking economic information as inputs, such as: GDP growth, unemployment rates, central-bank interest rates, and house-price indices. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment.

Multiple forward-looking scenarios

The Group determines its allowance for credit losses using four probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve unbiased projections and forecasts. The Group prepares the scenarios using forecasts generated by Scotiabank Economics (SE). The forecasts are created using internal and external models which are modified by SE as necessary to formulate a 'base case' view of the most probable future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The process involves the development of three additional economic scenarios and consideration of the relative probabilities of each outcome.

The 'base case' represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables, credit risk, and credit losses.

2. Summary of material accounting policies (continued)

(k) Allowance for expected credit losses (continued)

Assessment of significant increase in credit risk (SIR)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The common assessments for SIR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward-looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instrument, the borrower and the geographical region. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and natural disasters impacting certain portfolios. With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Retail portfolio – For retail exposures, a significant increase in credit risk is assessed based on thresholds that exist by product which consider the change in PD. The thresholds used for PD migration are reviewed and assessed at least annually, unless there is a significant change in credit risk management practices, in which case, the review is brought forward.

Non-retail portfolio – The Group uses a risk rating scale (IG codes) for its non-retail exposures. All non-retail exposures have an IG code assigned that reflects the probability of default of the borrower. Both borrower specific and non-borrower specific (i.e. macroeconomic) forward looking information is considered and reflected in the IG rating. Significant increase in credit risk is evaluated based on the migration of the exposures among IG codes.

Expected life

When measuring expected credit losses, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, extension and rollover options. For certain revolving credit facilities, such as credit cards, the expected life is estimated based on the period over which the Group is exposed to credit risk and how the credit losses are mitigated by management actions.

Presentation of allowance for credit losses in the statement of financial position

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: no allowance is recognised in the statement of financial position because the carrying value of these assets is their fair value. However, the allowance determined is presented separately in other comprehensive income;
- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

2. Summary of material accounting policies (continued)

(k) Allowance for expected credit losses (continued)

Modified financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the existing financial asset should be derecognised. Where a modification does not result in derecognition, the date of origination continues to be used to determine SIR. Where a modification results in derecognition, the new financial asset is recognised at its fair value on the modification date. The modification date is also the date of origination for this new asset.

The Group may modify the contractual terms of loans for either commercial or credit reasons. The terms of a loan in good standing may be modified for commercial reasons to provide competitive pricing to borrowers. Loans are also modified for credit reasons where the contractual terms are modified to grant a concession to a borrower that may be experiencing financial difficulty.

For all financial assets, modifications of the contractual terms may result in derecognition of the original asset when the changes to the terms of the loans are considered substantial. These terms include interest rate, authorised amount, term, or type of underlying collateral. The original loan is derecognised and the new loan is recognised at its fair value. The difference between the carrying value of the derecognised asset and the fair value of the new asset is recognised in the consolidated statement of revenue and expenses.

For all loans, performing and credit-impaired, where the modification of terms did not result in the derecognition of the loan, the gross carrying amount of the modified loan is recalculated based on the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss from the modification is recorded in the allowance for expected credit losses line in the statement of revenue and expenses.

Definition of default

The Group considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial re-organisation;
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The Group considers that default has occurred and classifies the financial asset as impaired when it is more than 90 days past due, unless reasonable and supportable information demonstrates that a more lagging default criterion is appropriate.

Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from realisation of the security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. Credit card receivables 90 days past due are written-off. In subsequent periods, any recoveries of amounts previously written off are credited to the allowance for expected credit losses in the consolidated statement of revenue and expenses.

2. Summary of material accounting policies (continued)

(l) Repurchase and reverse repurchase agreements

Securities sold under an agreement to repurchase the asset at a fixed price on a future date (repurchase agreements) and securities purchased under an agreement to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised financing transactions. In the case of reverse repurchase agreements, the underlying asset is not recognised in the Group's financial statements; in the case of repurchase agreements the underlying collateral is not derecognised but is segregated as pledged assets. The difference between the sale/purchase and repurchase/resale price is recognised as interest over the life of the agreements using the effective interest method.

(m) Acceptances and guarantees

A financial guarantee is a contract that contingently requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor failed to make payment when due in accordance with the original or modified terms of a debt instrument. Guarantees include standby letters of credit, letters of guarantee, indemnifications or other similar contracts.

Financial guarantees are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 [note 2(k) and the amount initially recognised, less where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Management has determined that the amount initially recognised is immaterial to the financial statements. The Group's commitments under acceptances, guarantees and letters of credit as at October 31, 2024 total $23,459,446 (2023: $19,344,571). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

(n) Property and equipment

Land is measured at historical cost. All other property and equipment are measured at historical cost less accumulated depreciation and, if any, accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Expenditure subsequent to acquisition is included in the asset's carrying amount or is recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenditure is classified as repairs and renewals and charged as an expense in profit or loss during the financial period in which it is incurred.

Depreciation and amortisation are calculated on the straight-line method over the estimated useful life of the related assets less any residual value as follows:

Buildings	40 Years
Furniture, fixtures and equipment	10 Years
Computer equipment	4 Years
Motor vehicles	5 Years
Leasehold improvements	Period of lease
Right-of-use assets	The shorter of the asset's useful life and the lease term

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

Property and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss for the year.

2. Summary of material accounting policies (continued)

(o) Investment in subsidiaries

Investments by the Group in subsidiaries are measured at cost less impairment losses in the separate financial statements.

(p) Goodwill and intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at each reporting date, with the effect of any changes in estimate being accounted for prospectively.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of intangible assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquired customer relationships

This asset represents the present value of the benefit to the Group from customer lists, contracts, or customer relationships that can be identified separately and measured reliably. Acquired customer relationships include those of SIJL, and stockbroking customer relationships with an estimated useful life of 15 years.

Contract-based intangible assets

Contract-based intangible assets represent the Group's right to benefit from SIJL's unit trust management contracts. This asset has an indefinite useful life and therefore is not amortized but tested for impairment annually and whenever there is an indication that the asset may be impaired.

Licences

The asset represents the value of SIJL's Jamaica Stock Exchange licence to trade shares, which has an indefinite useful life and therefore is not amortised. The asset is tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2. Summary of material accounting policies (continued)

(p) Goodwill and intangible assets (continued)

Computer software

Costs associated with developing or maintaining computer software programs are recognised as incurred. Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. However, such costs are expensed where they are considered to be immaterial.

(q) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions and vacation leave; non-monetary benefits such as medical care; post-employments benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current services are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. Post-employment benefits, termination benefits and equity compensation benefits are accounted for as described below. Other long-term benefits that are not considered material and are expensed when incurred.

Pension obligations

The Group operates both a defined benefit and a defined contribution pension plan. 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 for the Bank and the investment subsidiaries, respectively, taking into account the recommendations of qualified actuaries and based on the rules of the plans. Contributions for the investment subsidiary are charged to the statement of revenue and expenses in the period to which it relates.

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation and the fair value of plan assets at the reporting date. Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged as an expense in such a manner as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year in accordance with IAS 19 *Employee Benefits*. Remeasurements comprising actuarial gains and losses 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 and pensioners, 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.

The Group determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit asset at the beginning of the year to the net defined benefit asset for the year, taking into account any changes in the asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses on post-retirement obligations are recognised in profit or loss.

When the benefits of the plan are changed or if the plan were to be curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2. Summary of material accounting policies (continued)

(q) Employee benefits (continued)

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

Termination benefits

Termination benefits are payable whenever an employee's service is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either, terminate the services of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the financial year end are discounted to present value.

Pension and other post-employment benefits

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using assumptions. The assumptions used in determining the net periodic cost/(income) for pension and other post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost/(income) recorded for pension and post-employment benefits and may affect planned funding of the pension plan.

The Group determines the appropriate discount rate at the end of each year; such rate represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the Bank's obligation.

The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation. Past experience has shown that the actual medical costs have increased on average by the rate of inflation. Other key assumptions for the pension and other post-employment benefit cost and credit are based, in part, on current market conditions.

The Group also provides supplementary health care and life 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.

Equity compensation benefits

The Group has one Employee Share Ownership Plan (ESOP) for eligible employees, through which it provides a fixed benefit to each participant, which is linked to the number of years of service. This benefit is recorded in salaries and staff benefits in the statement of revenue and expenses.

The amount contributed to the ESOP trust (note 56) by the Group for acquiring shares and allocating them to employees is recognised as an employee expense at the time of making the contribution, as the effect of recognising it over the two-year period in which the employees become unconditionally entitled to the shares, is not considered material. Further, the effect of forfeitures is not considered material.

The special purpose entity that operates the Plan has not been consolidated as the effect of doing so is not considered material.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

2. Summary of material accounting policies (continued)

(q) Employee benefits (continued)

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end.

Defined contribution plan

The Group operates a defined contribution pension plan, the assets of which are held in a trustee administered fund. The pension plan is funded by contributions from employees and the subsidiary, made on the basis provided for in the rules. Contributions are charged to the statement of revenue and expenses in the period to which it relates.

(r) Share capital

Classification

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

Share issue costs

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends on ordinary shares are recognised in stockholder's equity in the period in which they are approved by the Board of Directors, thereby becoming irrevocably payable.

(s) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2. Summary of material accounting policies (continued)

(s) Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate, that takes into account the Group's credit risk and economic environment in which the lease is entered.

The Group determines its incremental borrowing rate by obtaining interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in other liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Summary of material accounting policies (continued)

(t) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal . In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets, and income arising thereon, are excluded from these financial statements, as they are not assets or income of the Group.

3. Critical accounting estimates, and judgements made in applying accounting policies

The Group makes estimates, assumptions and judgements that affect the reported amounts of and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes and these differences may be reported in the financial statements of the next financial year. 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.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

3. Critical accounting estimates, and judgements made in applying accounting policies (continued)

Estimates

i. Expected credit losses (ECL)

The measurement of the expected credit loss allowance for certain financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 25 and 49(b), which also set out key sensitivities of the ECL to changes in these elements.

ii. *Insurance contract* cash flows, valuation

(a) ***Fulfilment cash flows***

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date and include:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective is to estimate future cash flows and to determine their expected values considering the full range of possible outcomes. The cash flows are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

3. Critical accounting estimates, and judgements made in applying accounting policies (continued)

ii. *Insurance contract* cash flows, valuation (continued)

(a) ***Fulfilment cash flows (continued)***

Estimates of future cash flows (continued)

Insurance acquisition cash flows arise from the activities of selling, underwriting and establishing a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Group will incur in providing investment services;
- costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Policyholder behaviour is a key assumption in the measurement of insurance contracts. Each type of policyholder behaviour is estimated by product type based on trends in recent experience. The following table sets out the assumptions about surrender rates (expressed as weighted averages) by policy anniversary for all portfolios:

	2024					2023				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Portfolio										
Individual Life Savings and Wealth	11%	9%	6%	5%	4%	11%	9%	6%	5%	4%
Individual Universal Life	14%	8%	4%	4%	4%	15%	9%	6%	6%	6%

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, fulfilment activities and other activities using activity-based costing techniques. Cash flows attributable to acquisition and fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

3. Critical accounting estimates, and judgements made in applying accounting policies (continued)

ii. *Insurance contract* cash flows, valuation (continued)

(b) ***Discount rates***

The IFRS17 discount curve is developed using the bottom-up approach. Inputs from both internal and external resources are used. The market risk-free spot curve is reviewed and updated quarterly to facilitate alignment with the current market environment. The parameters used to develop the final discount rates (e.g. ultimate rate, illiquidity premium and convergence period) represent our long-term expectations and should therefore be less sensitive to market fluctuations. These assumptions are reviewed at least annually but may be updated more frequently if the company's actuaries determine that a material change in circumstances has occurred.

The risk-free spot yield curve is internally developed utilising indicative yields and actual trades of Government of Jamaica (GOJ) bonds. The curve is generated monthly and provides rates up to 30 years. The risk-free spot yield curve used to develop the IFRS17 discount curve is updated quarterly. Although the internally developed risk-free curve generates rates up to 30 years, there are many months in which rates for the longer tenors are unavailable due to a lack of recent trades. As such, the last observable point chosen was 20 years, in line with the longest tenor at which the curve is consistently generated. Most of the market activity is expected to occur at tenors less than or equal to 20 years.

The ultimate risk-free forward rate was developed considering real GDP growth rates (as reported by STATIN) and the Bank of Jamaica's (BOJ's) inflation target rate. This methodology is aligned with the Canadian Institute of Actuaries Educational Note "IFRS17 Discount Rates for Life and Health Insurance Contracts" (CIA Ed Note). In this regard, a real GDP growth rate of 1.6% and a target inflation rate of 5% was used, leading to an ultimate forward rate of 6.60%.

Linear interpolation was used for points between the last observable point (20 years) and the ultimate period (30 years). Given the limited data and market activity, a full reference curve was not developed to determine the illiquidity premium. Instead, historical mortgage rates were used to develop an ultimate reference point. The ultimate reference point was 8.3% as at October 31, 2024, in line with historical mortgage rates observed over the last 10 years. The difference between the ultimate reference point and the ultimate risk-free point was assumed to include both an illiquidity premium and a credit risk premium. Using the considerations above, the ultimate illiquidity premium as at October 31, 2024 was determined to be 0.85% or 13% above the ultimate risk-free rate.

We assumed that the illiquidity premiums are 13% above the risk-free rates for all tenors. The level of illiquidity in each product was assessed using the exit cost, exit value and inherent value.

The products were then put in buckets based on this assessment (0%, 50% or 100% illiquidity premium).

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

	2024					2023				
	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Portfolio										
Individual life	7.8%	8.3%	9.4%	12.8%	13.3%	8.7%	8.9%	9.9%	14.6%	15.5%
Individual Health	7.8%	8.3%	9.4%	12.8%	13.3%	8.7%	8.9%	9.9%	14.6%	15.5%
Group Creditor Combined Single	7.8%	8.3%	9.4%	12.8%	13.3%	8.7%	8.9%	9.9%	14.6%	15.5%
Individual Life Savings and Wealth	7.3%	7.9%	8.9%	12.1%	12.6%	7.8%	8.0%	8.8%	12.5%	13.2%
Individual Universal Life	7.3%	7.9%	8.9%	12.1%	12.6%	7.8%	8.0%	8.8%	12.5%	13.2%

3. Critical accounting estimates, and judgements made in applying accounting policies (continued)

ii. Insurance contract cash flows, valuation (continued)

(c) ***Risk adjustments for non-financial risk***

Risk adjustments for non-financial risk are determined to reflect the compensation that the entity requires for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using a margin approach which assigns a risk margin to individual risks based on the company's experience for each portfolio.

Risk adjustment for non-financial risk for individual life, individual health, individual savings and wealth, individual universal life, group creditor - GMM and Group creditor - PAA portfolios corresponds to the following confidence levels:

	2024	2023
Insurance contracts	89.50%	86.8%

(d) ***Contractual service margin***

Determination of coverage units

The amortization of the CSM of a group of contracts is recognised in the profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of the benefits provided under each contract as follows:

Product	Basis for determining quantity of benefits provided
Group Creditor Combined Single	Outstanding Loan Balance
Individual Universal Life	Level Death Benefit Option: Max (Face Amount, Policy Fund Value) Increasing Death Benefit Option: Face Amount + Policy Fund Value
Individual Health	Face Amount
Individual Life	Face Amount
Individual Life Savings and Wealth	Basic Face Amount + Fund Value - Outstanding Loan Balance
Individual Annuities	Not applicable

An analysis of the expected timing of the allocation of the CSM to profit or loss is disclosed in note 39(d).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

4. Responsibilities of the appointed actuary

The Board of Directors, pursuant to the Insurance Act, appoints the Actuary, who is responsible to carry out an annual valuation of the Group's insurance contract liabilities, in accordance with accepted actuarial practice and regulatory requirements, and reports thereon to the policyholders and shareholders. In performing the valuation, the Appointed Actuary estimates the future cashflows as well as a range of expected values that reflect possible outcomes. These cashflows are discounted and weighted by their probabilities in determining the present value estimate of the Group's liabilities. An actuarial report is prepared annually.

5. Segmental financial information

The Group is organised into six main business segments:

(a) Retail Banking – this incorporates personal banking services, personal deposit accounts, credit and debit cards, consumer loans and mortgages.

(b) Corporate and Commercial Banking – this incorporates non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities;

(c) Treasury – this incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading activities;

(d) Investment Management Services – this incorporates investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts;

(e) Insurance Services – this incorporates the provision of life and medical insurance, individual pension administration and annuities and general insurance agency; and

(f) Other operations of the Group – this comprises the parent company and non-trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, retirement benefits assets and obligations and borrowings. Eliminations comprise intercompany transactions and balances.

5. Segmental financial information (continued)

	The Group 2024							
	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	15,752,381	23,117,910	15,828,579	3,141,234	4,757,524	678,479	-	63,276,107
Revenues from other segments	(10,005,003)	1,640,956	7,434,407	388,815	572,561	-	(31,736)	-
Total revenues	5,747,378	24,758,866	23,262,986	3,530,049	5,330,085	678,479	(31,736)	63,276,107
Expenses	(891,705)	(20,798,084)	(9,546,382)	(1,763,020)	(534,947)	(92,373)	54,106	(33,572,405)
Unallocated expenses								
Profit before tax	4,855,673	3,960,782	13,716,604	1,767,029	4,795,138	586,106	22,370	29,703,702
Taxation								(9,545,911)
Profit for the year								**20,157,791**
Segment assets	259,715,621	223,433,529	119,632,412	23,846,082	75,509,174	23,251,386	(46,855,238)	678,532,966
Unallocated assets								26,483,739
Total assets								**705,016,705**
Segment liabilities	-	264,616,905	247,189,760	11,902,392	52,435,928	188,809	(31,335,797)	544,997,997
Unallocated liabilities								21,549,131
Total liabilities								**566,547,128**
Other Segment items:								
Net interest income	3,416,389	21,257,973	15,224,742	834,210	5,047,219	499,952	23,810	46,304,295
Capital expenditure	-	160,300	1,035,972	1,688	1,622	-	-	1,199,582
Expected credit losses	5,967	3,805,979	377,076	9,482	(41,112)	-	-	4,157,392
Depreciation and amortisation	9,956	736,857	374,651	23,241	3,783	-	-	1,148,488

Capital expenditure comprises additions to property and equipment excluding right-of-use assets (note 30) and intangible assets (note 31).

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

5. Segmental financial information (continued)

	The Group 2023							
	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	12,678,047	20,726,781	14,218,489	3,087,308	4,205,575	547,965	-	55,464,165
Revenues from other segments	(8,332,020)	2,207,619	5,683,005	171,606	289,283	-	(19,493)	-
Total revenues	4,346,027	22,934,400	19,901,494	3,258,914	4,494,858	547,965	(19,493)	55,464,165
Expenses	(773,211)	(18,268,307)	(8,802,981)	(1,528,147)	(624,872)	(71,786)	45,310	(30,023,994)
Profit before tax	3,572,816	4,666,093	11,098,513	1,730,767	3,869,986	476,179	25,817	25,440,171
Taxation								(8,211,542)
Profit for the year								**17,228,629**
Segment assets	257,791,966	191,342,215	107,223,967	25,942,171	69,460,320	22,653,882	(45,534,605)	628,879,916
Unallocated assets								35,857,046
Total assets								**664,736,962**
Segment liabilities	-	244,182,141	235,136,403	15,380,403	50,965,663	111,468	(29,992,794)	515,783,284
Unallocated liabilities								22,405,591
Total liabilities								**538,188,875**
Other segment items:								
Net interest income	2,059,974	19,331,860	12,452,022	888,761	4,270,475	423,503	30,212	39,456,807
Capital expenditure	-	345,167	753,836	8,769	1,155	-	-	1,108,927
Expected credit losses	7,107	2,071,627	208,042	9,635	99,378	-	-	2,395,789
Depreciation and amortisation	7,606	658,588	335,507	27,599	6,562	-	-	1,035,862

Capital expenditure comprises additions to property and equipment excluding right-of-use assets (note 30) and intangible assets (note 31).

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

6. Net interest income

	The Group 2024	The Group 2023	The Company 2024	The Company 2023
Interest income calculated using the effective interest method:				
Deposits with banks and other financial institutions	7,654,326	6,949,771	499,952	423,503
Investment securities	9,912,313	7,988,943	-	-
Reverse repurchase agreements	147,675	35,840	-	-
Loans and advances	30,426,848	25,613,390	-	-
	48,141,162	40,587,944	499,952	423,503
Interest income on financial assets at fair value through profit or loss	203,368	248,770	-	-
Total interest income	48,344,530	40,836,714	499,952	423,503
Interest expense measured using the effective interest method:				
Banks and customers	1,968,718	1,316,104	-	-
Repurchase agreements	-	-	-	-
Paid to annuitants	36,089	32,405	-	-
Other	35,428	31,398	-	-
	2,040,235	1,379,907	-	-
Net interest income	46,304,295	39,456,807	499,952	423,503

7. Net gains on financial assets

	The Group 2024	The Group 2023
Gains on securities held for trading	434,481	425,015
Gains/(losses) on securities at FVOCI	(17,448)	(112,505)
	417,033	312,510

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

8. Net financial result

	2024				
	Contracts without direct participation features	**Contracts with direct participation features**	**Contracts measured under the PAA**	**Other**	**Total**
2024					
Investment securities	3,492,720	22,560	11,873	6,588,528	10,115,681
Deposits with Bank and other financial institutions	862,558	-	-	6,791,768	7,654,326
Government securities purchased under resale agreement	-	-	-	147,675	147,675
Loans and Advances	-	-	-	30,426,848	30,426,848
Total interest income	4,355,278	22,560	11,873	43,954,819	48,344,530
Net gains on financial assets	35,277	183	96	381,477	417,033
Expected credit losses	(24,834)	128,051	-	(4,260,609)	(4,157,392)
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	(100,870)	-	-	(100,870)
Interest accreted	(2,222,735)	-	-	-	(2,222,735)
Effects of changes in interest rates and other financial assumptions	(460,776)	-	-	-	(460,776)
Effects of changes in interest rates and other financial assumptions OCI	(394,306)	22,455	-	-	(371,851)
Other interest expense	(35,984)	-	(105)	(2,004,146)	(2,040,235)
Total net finance expenses from insurance contracts	**(3,113,801)**	**(78,415)**	**(105)**	**(2,004,146)**	**(5,196,467)**
Net finance income from reinsurance contracts					
Interest accreted	-	19	-	-	19
Other	-	59	-	-	59
The effect of financial risk and changes in financial risk- OCI	-	541	-	-	541
	-	619	-	-	619
Total financial result	**1,251,920**	**72,998**	**11,864**	**38,071,541**	**39,408,323**
Represented by:					
Amounts recognized in profit or loss	1,646,226	50,002	11,864	38,071,541	39,779,633
Amounts recognized in OCI	(394,306)	22,996	-	-	(371,310)
	1,251,920	**72,998**	**11,864**	**38,071,541**	**39,408,323**
Insurance finance income and expenses					
Net finance expenses from insurance contracts					
Recognized in profit or loss	(2,683,511)	(100,870)	-	-	(2,784,381)
Recognized in OCI	(394,306)	22,455	-	-	(371,851)
	(3,077,817)	(78,415)	-	-	(3,156,232)
Net finance income from reinsurance held contracts					
Recognized in profit or loss	-	78			78
Recognized in OCI	-	541	-	-	541
	-	619	-	-	619

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

8. Net financial results (continued)

	Group 2023				
	Contracts without direct participation features	**Contracts with direct participation features**	**Contracts measured under the PAA**	**Other**	**Total**
2023					
Investment securities	2,962,440	6,200	681	5,268,392	8,237,713
Deposits with Bank and other financial institutions	577,396	-	-	6,372,375	6,949,771
Government securities purchased under resale agreement	-	-	-	35,840	35,840
Loans and advances	-	-	-	25,613,390	25,613,390
Total interest income	3,539,836	6,200	681	37,289,997	40,836,714
Net gains/(losses) on financial assets	(48,083)	(6,148)	-	366,741	312,510
Expected credit losses	(88,382)	(185)	(20)	(2,307,202)	(2,395,789)
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	46,145	-	-	46,145
Interest accreted	(2,080,810)	(5,307)	-	-	(2,086,117)
Effects of changes in interest rates and other financial assumptions	233,605	(22,341)	-	-	211,264
Effects of changes in interest rates and other financial assumptions OCI	852,383	22,455	(4,822)	-	870,016
Other Interest Expense	(32,405)	-	-	(1,347,502)	(1,379,907)
Total net finance expenses from insurance contracts	**(1,027,227)**	**40,952**	**(4,822)**	**(1,347,502)**	**(2,338,599)**
Net finance income from reinsurance contracts					
Interest accreted	-	(71)	-	-	(71)
Other	-	(60)	-	-	(60)
	-	**(131)**	**-**	**-**	**(131)**
Total financial result	**2,376,144**	**40,688**	**(4,161)**	**34,002,034**	**36,414,705**
Represented by:					
Amounts recognized in profit or loss	1,523,761	18,233	661	34,002,034	35,544,689
Amounts recognized in OCI	852,383	22,455	(4,822)	-	870,016
	2,376,144	**40,688**	**(4,161)**	**34,002,034**	**36,414,705**
Insurance finance income and expenses					
Net finance expenses from insurance contracts					
Recognized in profit or loss	(1,847,205)	18,497	-	-	(1,828,708)
Recognized in OCI	852,383	22,455	(4,822)	-	870,016
	(994,822)	**40,952**	**(4,822)**	**-**	**(958,692)**
Net finance income from reinsurance held contracts					
Recognized in profit or loss	-	(131)	-	-	(131)
	-	**(131)**	**-**	**-**	**(131)**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

9. Insurance revenue

	The Group	
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
- CSM recognised for insurance services provided	1,247,567	651,299
- Change in risk adjustment for non-financial risk for risk expired	210,424	197,077
- Expected incurred claims and other insurance service expenses	871,848	872,146
Recovery of insurance acquisition cash flows	145,874	118,176
	2,475,713	1,838,698
Contracts measured under the PAA	1,034,117	949,887
Total insurance revenue	3,509,830	2,788,585

10. Net fee and commission income

	The Group	
	2024	2023
Fee and commission income:		
Retail banking fees	9,246,830	8,869,485
Credit related fees	1,574,641	1,524,383
Commercial and depository fees	10,012,122	8,800,744
Insurance related fees	416,493	282,478
Trust and other fiduciary fees	67,504	14,742
Asset management and related fees	2,100,637	1,822,758
	23,418,227	21,314,590
Fee and commission expense	(16,189,428)	(14,576,916)
	7,228,799	6,737,674

Total fee and commission income and expenses relate to financial assets and liabilities not measured at FVTPL.

11. Net gains on foreign currency activities

Net gains on foreign currency activities include primarily gains and losses arising from foreign currency trading activities.

12. Other income

	The Group		The Company	
	2024	2023	2024	2023
Gain on sale of property and equipment	216,475	159,953	-	-
Dividend and other income	27,948	54,753	5,197,785	4,121,922
	244,423	214,706	5,197,785	4,121,922

13. Salaries, pensions and other staff benefits

	The Group	
	2024	2023
Wages and salaries	10,527,248	9,535,019
Statutory payroll contributions	1,006,880	872,685
Other staff benefits	2,254,934	2,019,399
	13,789,062	12,427,103
Post-employment benefits:		
Credit on defined benefit plan [note 32(a)(v)]	(2,657,620)	(1,957,737)
Other post-retirement benefits [note 32(b)(ii)]	675,794	640,597
	(1,981,826)	(1,317,140)
Total	11,807,236	11,109,963

14. Expenses by nature

	The Group		The Company	
	2024	2023	2024	2023
Staff benefits	11,992,883	11,301,691	-	-
Property expenses, including depreciation	2,810,107	2,472,498	-	-
Amortisation of intangibles (note 31)	20,954	24,874	-	-
System related expenses	2,117,202	2,149,321	-	-
Insurance claims and benefits	312,139	305,555	-	-
Transportation & communication	1,693,193	1,695,992	96	2,542
Marketing and advertising	686,106	738,783	-	-
Professional, legal and consultancy fees	522,539	396,290	76,961	57,577
Technical and support services	6,371,944	5,850,927	-	-
Asset tax	1,552,687	1,375,620	-	-
Licencing and fees paid to regulators	229,050	192,456	6,770	5,887
Deposit insurance	718,977	647,984	-	-
Stationery	312,896	422,394	7,303	4,930
Other expenses	752,696	682,699	1,243	850
Losses on onerous insurance contracts	137,840	224,363	-	-
Amortization of insurance acquisition cash flows	145,874	118,177	-	-
	30,377,087	28,599,624	92,373	71,786
Represented by:				
Insurance service expenses	962,074	971,419	-	-
Non-insurance operating expenses	29,415,013	27,628,205	92,373	71,786
	30,377,087	28,599,624	92,373	71,786

(Expressed in thousands of Jamaican dollars unless otherwise stated)

15. Profit before taxation

In arriving at the profit before taxation, the following are among the items that have been charged:

	The Group		The Company	
	2024	2023	2024	2023
Auditors' remuneration	136,090	82,860	14,075	9,915
Non-audit fees	10,379	5,247	798	737
Depreciation of property and equipment (note 30)	964,764	845,898	-	-
Amortisation of right-of-use-assets (note 30)	162,770	165,090	-	-
Amortisation of intangible assets (note 31)	20,954	24,874	-	-
Directors' emoluments:				
Fees	63,899	48,328	33,750	25,026
Management remuneration	107,323	87,041	-	-

16. Taxation

(a) Taxation charge

Income tax is computed on the profit for the year as adjusted for tax purposes; other taxes are computed at rates and on items shown below:

	The Group		The Company	
	2024	2023	2024	2023
Current income tax:				
Income tax at 33⅓%	8,043,209	6,157,776	79,271	-
Income tax at 30%	333,067	437,153	-	-
Income tax 25%	1,170,353	1,000,673	48,660	90,116
Other tax rates (1% to 5.5%)	17,776	7,048	-	-
Adjustment for under/(over) provision of prior year's charge	551	30,055	-	(2,202)
Deferred income tax [note 38(c)]	(19,045)	578,837	1,667	1,869
	9,545,911	8,211,542	129,598	89,783

Scotia Group Jamaica Limited was granted approval by the Bank of Jamaica in July 2024 to operate as a Financial Holding Company pursuant to section 7 (1) (a) of the Banking Services Act (2014). Consequently, the income tax rate for the company changed from 25% to 33 1/3%, which is the income tax rate for regulated entities.

(b) Reconciliation of applicable tax charge to effective tax charge:

	The Group		The Company	
	2024	2023	2024	2023
Profit before taxation	29,703,702	25,440,171	5,783,890	4,598,102
Tax calculated at 33⅓%	8,854,109	7,327,860	579,861	-
Tax calculated at 30%	319,446	447,462	-	-
Tax calculated at 25%	2,201,864	2,131,921	1,011,077	1,149,526
Other tax rates (1% to 5.5%)	17,776	7,048	-	-
Income not subject to tax	(2,355,090)	(2,295,072)	(1,470,899)	(1,061,596)
Expenses not deductible for tax purposes	507,255	562,268	9,559	4,055
Prior period under/(over) provision	551	30,055	-	(2,202)
	9,545,911	8,211,542	129,598	89,783
Effective tax rate	32.14%	32.28%	2.24%	1.95%

17. Earnings per stock unit

Earnings per stock unit is calculated by dividing the consolidated profit for the year attributable to stockholders of the Company by the weighted average number of ordinary stock units in issue during the year.

	2024	2023
Consolidated profit for the year attributable to stockholders of the Company	20,157,791	17,228,629
Weighted average number of ordinary stock units in issue ('000)	3,111,573	3,111,573
Earnings per stock unit (expressed in $)	6.48	5.54

18. Cash and balances at Bank of Jamaica

	The Group	
	2024	2023
Statutory reserves – non-interest bearing (note 21)	45,004,128	42,530,215
Cash in hand and other balances at Bank of Jamaica	33,411,896	67,869,756
	78,416,024	110,399,971

At the reporting date, statutory reserves with Bank of Jamaica represent the required primary reserve ratios.

Relevant legislation	Entity	Reserve percentage			
		Jamaican		Foreign currency	
		2024	2023	2024	2023
Banking Services Act, Section 14(i)	BNSJ	6%	6%	14%	14%
Building Society Regulations, Section 31	SJBS	1%	1%	1%	1%

These balances are not available for investment, lending or other use by the Group.

19. Due from other banks

	The Group	
	2024	2023
Items in course of collection from other banks	594,567	715,185
Placements with other banks	16,625,269	21,121,200
	17,219,836	21,836,385

20. Accounts with parent and fellow subsidiaries

These represent accounts held with the parent company and fellow subsidiaries in the normal course of business (Note 48).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

21. Cash and cash equivalents

	The Group 2024	The Group 2023	The Company 2024	The Company 2023
Cash resources	160,751,881	178,614,196	10,120,435	9,522,931
Less amounts not considered cash and cash equivalents:				
Statutory reserves (note 18)	(45,004,128)	(42,530,215)	-	-
Cheques and other instruments in transit	(3,470,303)	(3,392,616)	-	-
Accounts with parent and fellow subsidiaries greater than ninety days	(51,902,854)	(9,012,126)	(9,685,812)	(9,012,126)
Expected credit losses	38,467	41,187	-	-
Accrued interest	(1,288,970)	(211,603)	(24,689)	(26,254)
	59,124,093	123,508,823	409,934	484,551
Add other cash equivalent balances:				
Reverse repurchase agreements less than ninety days (note 27)	-	330,000	-	-
	59,124,093	123,838,823	409,934	484,551
Cash and cash equivalents is comprised of:				
Cash and balances with Bank of Jamaica other than statutory reserves	33,450,363	67,910,943	-	-
Government and bank notes other than Jamaican	1,727,579	2,117,289	-	-
Amounts due from other banks	17,219,836	21,836,385	-	-
Accounts with parent and fellow subsidiaries	11,485,588	35,248,425	434,623	510,805
Reverse repurchase agreements	-	330,000	-	-
Accrued interest	(1,288,970)	(211,603)	(24,689)	(26,254)
	62,594,396	127,231,439	409,934	484,551
Cheques and other instruments in transit	(3,470,303)	(3,392,616)	-	-
	59,124,093	123,838,823	409,934	484,551

22. Financial assets at fair value through profit or loss

	The Group 2024	The Group 2023
Government of Jamaica Securities	520,698	2,125,030
Unit trusts	400,841	675,840
Corporate bonds	21,637	-
Quoted shares	4,807	-
	947,983	2,800,870
Accrued interest	6,855	40,963
	954,838	2,841,833

23. Pledged assets

Assets are pledged to regulators, the clearing house and other financial institutions, and as collateral under repurchase agreements with customers and financial institutions. All repurchase agreements mature within twelve months and are contracted under terms that are customary for these transactions.

	The Group 2024	The Group 2023
Capital management and government securities funds	-	1,058,210
Securities with regulators, clearing houses and other financial institutions	3,399,080	2,462,917
	3,399,080	3,521,127

Included in pledged assets are the following categories of assets:

	The Group 2024	The Group 2023
Government issued securities:		
Fair value through OCI	2,691,235	2,462,917
Loans	911	704,051
Unitised funds:		
Fair value through profit or loss	706,934	354,159
	3,399,080	3,521,127

There are no amounts included in pledged assets which are regarded as cash equivalents for the purposes of the statement of cash flows:

24. Loans, net of allowance for credit losses

	The Group 2024	The Group 2023
Business and Government	118,278,594	105,691,884
Personal and credit cards	104,930,637	93,217,523
Residential mortgages	97,842,468	77,152,963
Interest receivable	1,678,160	1,248,655
	322,729,859	277,311,025
Less: Deferred origination fees	(3,410,175)	(2,854,871)
Allowance for expected credit losses (note 25)	(6,564,480)	(5,626,436)
	312,755,204	268,829,718

(Expressed in thousands of Jamaican dollars unless otherwise stated)

24. Loans, net of allowance for credit losses (continued)

(i) The aging of the loans at the reporting date was:

	The Group 2024	2023
Current	302,682,613	260,429,498
Number of days past due:		
Past due 1-30 days	10,300,530	8,626,593
Past due 31-60 days	2,016,438	1,715,563
Past due 61-90 days	1,057,064	786,236
	13,374,032	11,128,392
Impaired:		
Past due more than 90 days	4,995,054	4,504,480
Interest receivable	1,678,160	1,248,655
Gross loan portfolio	322,729,859	277,311,025
Deferred origination fees	(3,410,175)	(2,854,871)
Less: Allowance for credit losses	(6,564,480)	(5,626,436)
Loans, net of allowance for credit losses	312,755,204	268,829,718

(ii) Repossessed collateral

In the normal course of business, the security documentation which governs the collateral charged to secure loans gives the Group express authority to repossess the collateral in the event of default. Repossessed collateral is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collateral is only recognised on the statement of financial position when all the risks and rewards are transferred to the Group.

25. Expected credit losses on loans

The Group's allowance calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs.

Some of the key drivers include the following:

- Changes in risk ratings of the borrower or instrument reflecting changes in their credit quality;
- Changes in the volumes of transactions;
- Changes in the forward-looking macroeconomic variables used in the models such as GDP growth rates, which are closely related with credit losses in the relevant portfolio;
- Changes in macroeconomic scenarios and the probability weights assigned to each scenario; and
- Borrower migration among the three stages which can result from changes to any of the above inputs and assumptions.

	The Group 2024 Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year	1,833,620	1,401,105	2,391,711	5,626,436
Provided during the year	346,553	278,996	4,485,192	5,110,741
Bad debts written-off	-	-	(4,179,435)	(4,179,435)
Foreign exchange movement	(732,795)	895,013	(155,480)	6,738
Transfer to/(from) stages				
Stage 1	1,008,063	(831,223)	(176,840)	-
Stage 2	(240,821)	717,871	(477,050)	-
Stage 3	(30,804)	(658,231)	689,035	-
Allowance at end of year(note 24)	2,183,816	1,803,531	2,577,133	6,564,480
Provided during the year	346,553	278,996	4,485,192	5,110,741
Recoveries of bad debts	-	-	(930,546)	(930,546)
Expected credit losses reported in profit for the year	346,553	278,996	3,554,646	4,180,195

25. Expected credit losses on loans (continued)

	The Group 2023 Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year	1,770,116	1,764,623	2,363,377	5,898,116
Provided during the year	(3,070)	(442,959)	3,641,035	3,195,006
Bad debts written off	-	-	(3,468,662)	(3,468,662)
Foreign exchange movement	(691,369)	740,948	(47,603)	1,976
Transfer to/(from) stages				
Stage 1	1,262,090	(952,778)	(309,312)	-
Stage 2	(481,099)	916,743	(435,644)	-
Stage 3	(23,047)	(625,472)	648,519	-
Allowance at end of year (note 24)	1,833,621	1,401,105	2,391,710	5,626,436
Provided during the year	(3,070)	(442,959)	3,641,035	3,195,006
Recoveries of bad debts	-	-	(915,778)	(915,778)
Expected credit losses reported in profit for the year	(3,070)	(442,959)	2,725,257	2,279,228

Uncollected interest not accrued on loans in default is estimated at $862,824 (2023: $810,402) for the Group. There were no significant changes in the gross carrying amounts outside the normal course of business.

The allowance for expected credit losses is as follows:

	The Group 2024	2023
Allowance based on IFRS	6,564,480	5,626,436
Additional allowance based on Bank of Jamaica (BOJ) regulations	314,649	269,386
	6,879,129	5,895,822

There were no significant changes in the gross portfolio which impacted the expected credit loss allowance.

Total expected credit losses reported in profit for the year is comprised of:

	The Group 2024	2023
Expected credit losses:		
Loans	4,180,195	2,279,228
Investment securities	(7,274)	180,614
Cash resources	(3,527)	33,718
Acceptance, guarantees & letters of credit	(12,002)	(97,771)
	4,157,392	2,395,789

26. Investment securities

	The Group 2024	2023
Fair value through other comprehensive income:		
Unquoted shares	408,275	5,105
Government securities	137,919,664	136,761,300
Bank of Jamaica securities	40,921,014	11,990,155
Treasury bills	2,576,831	7,155,650
Corporate bonds	899,715	1,123,317
Interest receivable	1,747,199	1,438,174
	184,472,698	158,473,701
Amortised cost:		
Government securities	-	279,905
Interest receivable	-	1,940
	-	281,845
	184,472,698	158,755,546

26. Investment securities (continued)

Included in investment securities are Government of Jamaica Benchmark Investment Notes with a book value of $90,000 (2023: $90,000) which have been deposited by one of the Group's subsidiaries, Scotia Jamaica Life Insurance Company Limited, with the insurance regulator, Financial Services Commission, pursuant to Section 8(1)(a) of the Insurance Regulations 2001.

27. Government securities purchased under resale agreements

The Group entered into reverse repurchase agreements collateralised by Government of Jamaica securities.

	The Group	
	2024	2023
Reverse repurchase agreements with an original maturity of less than 90 days (note 21)	-	330,000
Interest receivable	-	75
	-	330,075

The fair value of collateral held pursuant to reverse repurchase agreements for 2024 was $Nil (2023: $346,500).

28. Segregated fund assets & liabilities

The table below shows a reconciliation of the opening to closing balance for the investment contract liabilities.

	The Group	
	2024	2023
Segregated assets		
Fixed Income Fund	676,916	461,468
Money Market Fund	279,168	202,744
Growth Fund	812,126	626,444
	1,768,210	1,290,656
Segregated fund investment contract liabilities		
Opening balance	1,290,656	978,078
Contributions received	495,709	462,925
Benefits paid	(118,220)	(92,814)
Investment return from underlying assets	121,312	(41,579)
Asset management fees charged	(21,247)	(15,954)
Closing balance	1,768,210	1,290,656

In the above reconciliation, the investment return from the underlying assets represents changes in the fair value of the investment contract liabilities due to the changes in market conditions. The amount due to the investors is contractually determined based on the performance of the underlying assets. The effect of this feature on the fair value of the liability is asset-specific performance risk, not credit risk of the liability; accordingly, no amount of fair value gain or loss required an allocation to the OCI.

29. Other assets

	The Group	
	2024	2023
Accounts receivable and prepayments	216,619	435,048
Deferred charges	2,821,335	2,040,973
Investment properties	867	942
Other	1,147,537	1,919,825
	4,186,358	4,396,788

Accounts receivables include amounts due from related parties totalling $117,717 (2023: 110,394).

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

30. Property and equipment

	The Group					
	Right-of-use on leasehold properties	Freehold land and buildings	Leasehold improvements	Furniture, fixtures, motor vehicles & equipment	Capital work-in-progress	Total
Cost:						
October 31, 2022	1,710,998	6,795,549	975,381	9,552,260	374,092	19,408,280
Additions	125,976	55,231	36,227	69,042	944,924	1,231,400
Adjustments	-	-	-	-	67,826	67,826
Disposals	-	(31,633)	-	(65,002)	(50,691)	(147,326)
Transfers	-	167,468	136,588	315,614	(619,670)	-
Translation adjustment	11,785	-	-	-	-	11,785
October 31, 2023	1,848,759	6,986,615	1,148,196	9,871,914	716,481	20,571,965
Additions	113,491	5,224	23,592	90,777	1,263,704	1,496,788
Disposals	-	(84,648)	-	(27,528)	(10,419)	(122,595)
Transfers	-	303,726	140,156	743,717	(1,187,599)	-
Translation adjustment	17,660	-	-	-	-	17,660
October 31, 2024	1,979,910	7,210,917	1,311,944	10,678,880	782,167	21,963,818
Depreciation:						
October 31, 2022	461,545	1,425,184	692,098	7,517,712	-	10,096,539
Charge for the year	165,090	156,687	102,229	586,982	-	1,010,988
Eliminated on disposals	-	(9,723)	-	(57,344)	-	(67,067)
Translation adjustment	3,658	-	-	-	-	3,658
October 31, 2023	630,293	1,572,148	794,327	8,047,350	-	11,044,118
Charge for the year	162,770	165,066	128,400	671,298	-	1,127,534
Eliminated on disposals	-	-	-	(13,036)	-	(13,036)
Translation adjustment	6,435	-	-	-	-	6,435
Adjustment	-	-	-	282	-	282
October 31, 2024	799,498	1,737,214	922,727	8,705,894	-	12,165,333
Net book values:						
October 31, 2024	1,180,412	5,473,703	389,217	1,972,986	782,167	9,798,485
October 31, 2023	1,218,466	5,414,467	353,869	1,824,564	716,481	9,527,847
October 31, 2022	1,249,453	5,370,365	283,283	2,034,548	374,092	9,311,741

(Expressed in thousands of Jamaican dollars unless otherwise stated)

31. Goodwill and intangible assets

	The Group					
	Customer relationships	Contract-based intangibles	License	Goodwill	Computer software	Total
Cost:						
October 31, 2022	1,382,582	348,987	49,470	136,892	577,843	2,495,774
Additions during the year	-	-	-	-	3,503	3,503
October 31 2023	1,382,582	348,987	49,470	136,892	581,346	2,499,277
Additions during the year	-	-	-	-	-	-
October 31 2024	1,382,582	348,987	49,470	136,892	581,346	2,499,277
Amortisation/impairment:						
October 31, 2022	1,379,651	71,574	5,333	61,724	425,456	1,943,738
Amortisation for the year	2,931	-	-	-	21,943	24,874
October 31, 2023	1,382,582	71,574	5,333	61,724	447,399	1,968,612
Amortisation for the year	-	-	-	-	20,954	20,954
October 31, 2024	1,382,582	71,574	5,333	61,724	468,353	1,989,566
Net book values:						
October 31, 2024	-	277,413	44,137	75,168	112,993	509,711
October 31, 2023	-	277,413	44,137	75,168	133,947	530,665
October 31, 2022	2,931	277,413	44,137	75,168	152,387	552,036

32. Retirement benefits asset/obligations

The Group has established a defined benefit pension plan covering all permanent employees of The Bank of Nova Scotia Jamaica Limited, its subsidiaries and fellow subsidiaries. The assets of the plan are held independently of the Group's assets in a separate trustee-administered fund. The fund established under the plan is valued by independent actuaries annually using the Projected Unit Credit Method.

In addition to pension benefits, the Bank offers post-employment medical and group life insurance benefits to retirees and their beneficiaries. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension plan. Amounts recognised in the statement of financial position are as follows:

	The Group	
	2024	2023
Defined benefit pension plan (a)	20,190,737	31,094,511
Other post-retirement benefits (b)	(4,024,363)	(4,879,478)
	16,166,374	26,215,033

(a) Defined benefit pension plan

(i) The amounts recognised in the statement of financial position are determined as follows:

	The Group	
	2024	2023
Present value of funded obligations (iii)	(40,519,114)	(43,026,332)
Fair value of plan assets (iv)	83,531,979	79,403,777
	43,012,865	36,377,445
Limitation of economic benefits	(22,822,128)	(5,282,934)
Asset in the statement of financial position	20,190,737	31,094,511

32. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(ii) Movement in the amount recognised in the statement of financial position*:*

	The Group	
	2024	2023
Balance at beginning of year	31,094,511	23,561,041
Contributions paid	(1,999,500)	500
Pension income recognised in statement of revenue and expenses (v)	2,657,620	1,957,737
Remeasurement recognised in other comprehensive income (vi)	(11,561,894)	5,575,233
Balance at end of year	20,190,737	31,094,511

(iii) Movement in the present value of obligation*:*

	The Group	
	2024	2023
Balance at beginning of year	(43,026,332)	(34,417,876)
Current service cost	(775,437)	(600,015)
Interest cost	(4,839,782)	(3,842,793)
Employees' contribution	(742,896)	(693,095)
Benefits paid	2,056,712	1,878,273
Actuarial gains arising from:		
Experience adjustments	1,653,377	(1,491,587)
Changes in financial assumptions	5,155,244	(3,859,239)
Balance at end of year	(40,519,114)	(43,026,332)

(iv) Movement in fair value of pension plan assets:

	The Group	
	2024	2023
Fair value of plan assets at beginning of year	79,403,777	76,762,713
Contributions	(1,256,604)	693,595
Benefits paid	(2,056,712)	(1,878,273)
Interest income on plan assets	9,054,235	8,739,498
Administrative fees	(171,397)	(160,239)
Remeasurement loss on plan assets included in other comprehensive income	(1,441,320)	(4,753,517)
Fair value of plan assets at end of year	83,531,979	79,403,777

Plan assets consist of the following:

	The Group	
	2024	2023
Government stocks and bonds	45,014,137	44,143,228
Quoted equities	21,340,120	20,594,435
Reverse repurchase agreements	3,632,049	2,359,076
Certificates of deposit	7,353,593	6,329,954
Real estate	5,313,906	4,745,012
Net current assets	878,174	1,232,072
	83,531,979	79,403,777

(Expressed in thousands of Jamaican dollars unless otherwise stated)

32. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(v) Components of defined benefit credit recognised in statement of revenue and expenses:

	The Group 2024	The Group 2023
Current service costs	775,437	600,015
Interest cost on obligation	4,839,782	3,842,793
Interest income on plan assets	(9,054,235)	(8,739,498)
Interest on effect of asset celling	607,537	2,160,137
Administrative fees	173,859	178,816
	(2,657,620)	(1,957,737)

(vi) Components of defined benefit charge/(credit) recognised in other comprehensive income:

	The Group 2024	The Group 2023
Remeasurement of defined benefit obligations	(6,808,621)	5,350,826
Remeasurement of plan assets	1,438,858	4,734,940
Change in effect on asset ceiling	16,931,657	(15,660,999)
	11,561,894	(5,575,233)

(vii) Sensitivity analysis:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the defined benefit obligation measured at the end of the reporting date would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the inflation rate would cause some reduction in the medical trend rate.

	The Group			
	2024		2023	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(4,412,000)	5,452,000	(5,089,000)	6,361,000
Future pension increases	3,748,000	(3,175,000)	4,471,000	(3,752,000)
Future salary increases	1,095,000	(991,000)	1,226,000	(1,108,000)

(viii) Liability duration

The average liability duration is as follows:

	The Group 2024	The Group 2023
Active members and all participants (years)	13.4	14.7

(ix) The estimated pension contributions to be paid into the defined benefit and contribution plans during the next financial year is $500 (2023: $500).

(x) The principal actuarial assumptions used were as follows:

	The Group 2024	The Group 2023
Discount rate	11.00%	11.50%
Future salary increases	8.50%	9.50%
Future pension increases	4.50%	6.25%

32. Retirement benefits asset/obligations (continued)

(b) Medical and group life obligations

(i) Movement in the present value of unfunded obligations:

	The Group 2024	The Group 2023
Balance at beginning of year	(4,879,478)	(4,557,782)
Current service costs	(124,603)	(125,615)
Interest cost	(551,191)	(514,982)
Benefits paid	144,000	154,414
Actuarial gains arising from:		
Experience adjustments	56,007	30,789
Changes in financial and demographic assumptions	1,330,902	133,698
Balance at end of year	(4,024,363)	(4,879,478)

(ii) Components of benefit costs recognised in the statement of revenue and expenses:

	The Group 2024	The Group 2023
Current service costs	124,603	125,615
Interest on obligation	551,191	514,982
	675,794	640,597

(iii) Credit recognised in other comprehensive income:

	The Group 2024	The Group 2023
Experience adjustments	(56,007)	(30,789)
Changes in financial and demographic assumptions	(1,330,902)	(133,698)
	(1,386,909)	(164,487)

(iv) Principal actuarial assumptions:

In addition to the assumptions used for the pension plan that are applicable to the group health plan, the estimate assumes a long-term increase in health costs of 6% (2023: 8.50%) per year.

(v) Sensitivity analysis on projected benefits obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the inflation rate, would cause some reduction in the medical trend rate.

	The Group			
	2024		2023	
	1% Increase	1 % Decrease	1 % Increase	1% Decrease
Discount rate	(450,000)	552,000	(624,000)	780,000
Medical/dental trend rate	512,000	(423,000)	737,000	(598,000)
Future salary increases	9,000	(8,000)	6,000	(7,000)

32. Retirement benefits asset/obligations (continued)

(b) Medical and group life obligations (continued)

(vi) Liability duration

The average liability duration is as follows:

	The Group	
	2024	2023
Active members and all participants (years)	13.7	15.9

(c) Charge/(credit) recognised in other comprehensive income:

	The Group	
	2024	2023
Retirement benefit pension plan [note 32(a)(vi)]	11,561,894	(5,575,233)
Medical and group life obligation [note 32(b)(iii)]	(1,386,909)	(164,487)
	10,174,985	(5,739,720)

33. Deposits by the public

	The Group	
	2024	2023
Personal	262,633,214	242,127,188
Business	213,368,909	202,715,328
Interest payable	58,077	33,011
	476,060,200	444,875,527

Deposits include $1,553,371 (2023: $2,036,091) held as collateral for irrevocable commitments under letters of credit. Deposits by the public are distinguished by customer segment and include deposits payable on demand which are generally savings and chequing accounts for which we do not have the right to notice of withdrawal. Deposit balances also include amounts which mature on a specified date, and are generally call and term deposits.

34. Due to other banks and financial institutions

This represents deposits by other banks and financial institutions, as well as funds for on-lending to eligible customers.

35. Due to ultimate parent company

	The Group	
	2024	2023
Deposits held with Bank	16,020	6,342

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

36. Due to fellow subsidiaries

These represent accounts held by fellow subsidiaries in the normal course of business.

37. Other liabilities

	The Group	
	2024	2023
Accrued staff benefits	2,382,035	2,147,299
Prepaid letters of credit	-	238,336
Provisions [note 37(i)]	4,500	186,350
Other payables	397,866	337,425
Expected credit losses on guarantees and letters of credit	86,020	112,963
Lease liabilities [note 37(ii)(b)]	1,240,207	1,268,710
Accrued liabilities	7,224,107	5,719,517
	11,334,735	10,010,600

Accrued liabilities include amounts due to related parties totalling $710,259 (2023: $531,518).

(i) Provisions

The following table sets out the movement in provisions:

	The Group		
	Restructuring	Other	Total
Balance at November 1, 2023	183,850	2,500	186,350
Provisions made during the year	-	22,000	22,000
Provisions used during the year	(144,273)	(20,000)	(164,273)
Provisions reversed during the year	(39,577)	-	(39,577)
Balance at October 31, 2024	-	4,500	4,500

(ii) Leases

Leases as lessee

The Group leases properties. The leases for the Group typically run for periods of 3 years with an option to renew the lease after that date. Lease payments are renegotiated at the time of lease renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

37. Other liabilities (continued)

(ii) Leases (continued)

Leases as lessee (continued)

Information about leases for which the Group is the lessee, is presented below.

(a) Right-of-use assets

Right of use on leasehold properties are presented in property and equipment (note 30).

(b) Lease liabilities

	The Group	
	2024	2023
Lease liabilities included in the statements of financial position	1,240,207	1,268,710
Lease liabilities are classified as follows:		
Current	157,427	153,144
Non-current	1,082,780	1,115,566
	1,240,207	1,268,710
Maturity analysis of contractual undiscounted cash flows:		
Less than one year	188,359	182,023
One to five years	708,541	655,542
Over five years	502,143	587,914
	1,399,043	1,425,479

(c) Amounts recognised in profit or loss:

	The Group	
	2024	2023
Interest expense on lease liabilities	35,281	31,399
Depreciation on right-of-use assets (note 30)	162,770	165,090
Expenses related to short-term leases	23,785	27,133

(d) Amounts recognised in statement of cash flows:

	The Group	
	2024	2023
Total cash outflow for leases	188,489	181,861

(e) Extension options

Some property leases contain extension options exercisable by the Group up to March 5, 2043. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of $344,902 (2023: $355,416).

38. Deferred tax assets and liabilities

Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using applicable tax rates of:

- Scotia Group Jamaica Limited at 33 ⅓%; (prior to July 24, 2024 – 25%);
- The Bank of Nova Scotia Jamaica Limited at 33⅓%
- Scotia Investments Jamaica Limited at 33⅓%;
- The Scotia Jamaica Building Society at 30%;
- Scotia Jamaica Life Insurance Company Limited at 25% and;
- Other unregulated subsidiaries at 25%.

(a) The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2024	2023	2024	2023
At beginning of year	(4,949,066)	(1,093,057)	(6,563)	(4,694)
Other	(165)	(877)	-	-
Exchange rate adjustment	1,964	1,035	-	-
Recognised in the profit for the year [note 16(a)]	19,045	(578,837)	(1,667)	(1,869)
Recognised in other comprehensive income:				
Remeasurement of retirement benefits asset/obligations	3,391,662	(1,913,240)	-	-
Equity securities	(134,415)	-		
Net finance expenses	(92,827)	(217,504)	-	-
Fair value through OCI:				
- fair value remeasurement	(1,454,548)	(1,146,586)	-	-
- transfer to profit	(5,818)	-	-	-
	1,704,054	(3,277,330)	-	-
At end of year	(3,224,168)	(4,949,066)	(8,230)	(6,563)

(b) Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2024	2023	2024	2023
Pension benefits	(6,730,247)	(10,364,838)	-	-
Other post-retirement benefits	1,341,454	1,626,493	-	-
Investment securities	(379,173)	1,114,464	-	-
Equity securities	(134,415)	-	-	-
Vacation accrued	248,374	229,707	-	-
Accelerated tax depreciation	(25,816)	4,574	-	-
Insurance contracts	644,029	755,221	-	-
Allowances for expected credit losses	1,410,207	1,148,812	-	-
Interest receivable	(197,446)	(221,972)	(8,230)	(6,563)
Unrealised foreign exchange gains	268	(735)	-	-
Unrealised premiums/discounts on investment securities	594,832	747,207	-	-
Unrealised trading gains on securities	(6,702)	8,465	-	-
Leases	19,943	16,744	-	-
Exchange rate adjustments on expected credit losses	(9,458)	(11,166)	-	-
Other	(18)	(2,042)	-	-
Net deferred income tax liability	(3,224,168)	(4,949,066)	(8,230)	(6,563)

38. Deferred tax assets and liabilities (continued)

(b) Deferred income tax assets and liabilities are attributable to the following items: (continued)

	The Group 2024	The Group 2023	The Company 2024	The Company 2023
This is comprised of:				
Deferred income tax asset	1,511,118	1,890,023	-	-
Deferred income tax liability	(4,735,286)	(6,839,089)	(8,230)	(6,563)
	(3,224,168)	(4,949,066)	(8,230)	(6,563)

(c) The deferred tax charge/(credit) recognised in profit for the year relates to the following temporary differences:

	The Group 2024	The Group 2023	The Company 2024	The Company 2023
Accelerated tax depreciation	30,390	6,978	-	-
Pensions and other post-retirement benefits	42,110	490,685	-	-
Allowances for expected credit losses	(261,395)	96,206	-	-
Vacation accrued	(18,669)	(32,631)	-	-
Interest receivable	(24,525)	3,133	1,667	1,869
Insurance contracts	18,365	-	-	-
Unrealised foreign exchange gains/losses	(735)	(26,395)	-	-
Unrealised premiums & discounts on investment	152,374	122,719	-	-
Investment securities	33,270	(18,084)	-	-
Trading assets	15,167	(61,458)	-	-
Leases	(3,199)	(4,900)	-	-
Other	(2,198)	2,584	-	-
	(19,045)	578,837	1,667	1,869

39. Insurance and reinsurance held contracts

2024	Contracts without direct participation features	Contracts with direct participation features	Contracts measured under the PAA	Total
October 31, 2024				
Insurance contracts				
Insurance contract liabilities	(49,963,061)	(212,860)	9,412	(50,166,509)
Insurance contract assets	20,488	-	-	20,488
Reinsurance held contracts				
Reinsurance held contract assets	701	-	-	701
Reinsurance held contract liabilities	(1,251)	-	-	(1,251)

2023	Contracts without direct participation features	Contracts with direct participation features	Contracts measured under the PAA	Total
October 31, 2023				
Insurance Contracts				
Insurance contract liabilities	(49,349,092)	(91,599)	(9,618)	(49,450,309)
Insurance contract assets	14,469	-	-	14,469
Reinsurance held Contracts				
Reinsurance held contract assets	1,356	-	-	1,356
Reinsurance held contract liabilities	(2,128)	-	-	(2,128)

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be recovered/(settled) more than 12 months after the reporting date:

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(Expressed in thousands of Jamaican dollars unless otherwise stated)

39. Insurance and reinsurance held contracts (continued)

	2024	2023
Insurance contract assets	14,476	12,303
Insurance contract liabilities	(45,795,979)	(46,406,260)
Reinsurance held contract liabilities	(517)	(682)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each portfolio changed during the year as a result of cash flows and amounts recognised in the statement of revenue and expenses and OCI. A separate table is used to analyse the movements in the liabilities for remaining coverage and movements in the incurred claims for each portfolio.

(a) Analysis by remaining coverage and incurred claims

Contracts without direct participation features

	2024				2023			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	(14,469)	-	-	(14,469)	(56,136)	-	-	(56,136)
Opening liabilities	47,565,023	198,877	1,585,192	49,349,092	48,041,770	172,100	1,127,066	49,340,936
Net opening balance	47,550,554	198,877	1,585,192	49,334,623	47,985,634	172,100	1,127,066	49,284,800
Changes in statement of profit or loss and OCI								
Insurance revenue								
Contracts under the fair value transition approach	(1,673,889)	-	-	(1,673,889)	(1,341,272)	-	-	(1,341,272)
Other contracts	(638,754)	-	-	(638,754)	(393,663)	-	-	(393,663)
	(2,312,643)	-	-	(2,312,643)	(1,734,935)	-	-	(1,734,935)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(131,459)	544,166	412,707	-	(32,889)	483,156	450,267
Amortization of insurance acquisition cash flows	102,365	-	-	102,365	88,156	-	-	88,156
Losses and reversals of losses on onerous contracts	-	225,987	-	225,987	-	54,694	-	54,694
Adjustment to liabilities for incurred claims	-	-	6,137	6,137	-	-	3,232	3,232
	102,365	94,528	550,303	747,196	88,156	21,805	486,388	596,349
Investment components and premium refunds	(5,968,124)	-	5,968,124	-	(6,060,640)	-	6,060,640	-
Insurance service result	(8,178,402)	94,528	6,518,427	(1,565,447)	(7,707,419)	21,805	6,547,028	(1,138,586)
Net finance expenses from insurance contracts	2,303,271	13,583	-	2,316,854	994,670	4,972	-	999,642
Total changes in the statement of profit and loss and OCI	(5,875,131)	108,111	6,518,427	751,407	(6,712,749)	26,777	6,547,028	(138,944)
Cash flows								
Premiums received	6,926,712	-	119,232	7,045,944	6,911,332	-	266,159	7,177,491
Claims and other insurance service expenses paid including investment components	-	-	(6,866,339)	(6,866,339)	-	-	(6,355,061)	(6,355,061)
Insurance acquisition cash flows	(290,490)	-	-	(290,490)	(220,464)	-	-	(220,464)
Total cash flows	6,636,222	-	(6,747,107)	(110,885)	6,690,868	-	(6,088,902)	601,966
Premium receivable	-	-	-	-	41,667	-	-	41,667
Policy Loan receivable	(58,882)	-	-	(58,882)	6,429	-	-	6,429
Premium suspense	26,310	-	-	26,310	(461,295)	-	-	(461,295)
Net closing balance	48,279,073	306,988	1,356,512	49,942,573	47,550,554	198,877	1,585,192	49,334,623
Closing insurance contract assets	(20,488)	-	-	(20,488)	(14,469)	-	-	(14,469)
Closing liabilities	48,299,561	306,988	1,356,512	49,963,061	47,565,023	198,877	1,585,192	49,349,092
Net closing balance	48,279,073	306,988	1,356,512	49,942,573	47,550,554	198,877	1,585,192	49,334,623

39. Insurance and reinsurance held contracts (continued)

(a) Analysis by remaining coverage and incurred claims (continued)

Contracts with direct participation features

	2024				2023			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	-	-	-	-	(1,625)	-	-	(1,625)
Opening liabilities	(127,920)	213,078	6,441	91,599	78,504	56,130	(87,561)	47,073
Net opening balance	(127,920)	213,078	6,441	91,599	76,879	56,130	(87,561)	45,448
Changes in the statement of profit or loss and OCI								
Insurance revenues								
Contracts under the fair value transition approach	(49,053)	-	-	(49,053)	(37,620)	-	-	(37,620)
Other contracts	(114,017)	-	-	(114,017)	(66,142)	-	-	(66,142)
	(163,070)	-	-	(163,070)	(103,762)	-	-	(103,762)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(5,736)	52,454	46,718	-	(4,552)	40,064	35,512
Amortisation of insurance acquisition cash flows	43,509	-	-	43,509	30,020	-	-	30,020
Losses and reversal of losses on onerous contracts	-	(74,708)	-	(74,708)	-	171,302	-	171,302
Adjustment to liabilities for incurred claims	-	-	(736)	(736)	-	-	(151)	(151)
	43,509	(80,444)	51,718	14,783	30,020	166,750	39,913	236,683
Investment components	(244,736)	-	244,736	-	(520,076)	-	520,076	-
Insurance service result	(364,297)	(80,444)	296,454	(148,287)	(593,818)	166,750	559,989	132,921
Net finance expenses from insurance contracts	91,878	3,799	-	95,677	(31,150)	(9,802)	-	(40,952)
Total changes in the statement of profit or loss and OCI	(272,419)	(76,645)	296,454	(52,610)	(624,968)	156,948	559,989	91,969
Cash flows								
Premiums received	716,927	-	-	716,927	763,049	-	-	763,049
Claims and other insurance service expenses paid, including investment components	-	-	(281,312)	(281,312)	-	-	(465,987)	(465,987)
Insurance acquisition cash flows	(162,151)	-	-	(162,151)	(194,633)	-	-	(194,633)
Total cash flows	554,776	-	(281,312)	273,464	568,416	-	(465,987)	102,429
Premium receivable	-	-	-	-	1,625	-	-	1,625
Policy loan receivable	-	-	-	-	-	-	-	-
Other changes in the net carrying amount of the insurance	(99,593)	-	-	(99,593)	(148,247)	-	-	(148,247)
Net closing balance	54,844	136,433	21,583	212,860	(127,920)	213,078	6,441	91,599
Closing insurance contract assets	-	-	-	-	-	-	-	-
Closing liabilities	54,844	136,433	21,583	212,860	(127,920)	213,078	6,441	91,599
Net closing balance	54,844	136,433	21,583	212,860	127,920)	213,078	6,441	91,599

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

39. Insurance and reinsurance held contracts (continued)

(a) Analysis by remaining coverage and incurred claims (continued)

Contracts measured under the PAA

	2024					2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	-	-	-	-	-	(73,434)	-	-	-	(73,434)
Opening liabilities	(13,902)	4,746	16,936	1,838	9,618	(3,609)	1,100	18,231	1,697	17,419
Net opening balance	(13,902)	4,746	16,936	1,838	9,618	(77,043)	1,100	18,231	1,697	(56,015)
Changes in the statement of profit or loss and OCI										
Insurance revenue										
Contracts under the fair value transition approach	(681,268)	-	-	-	(681,268)	(733,295)	-	-	-	(733,295)
Other contracts	(349,510)	-	-	-	(349,510)	(201,625)	-	-	-	(201,625)
	(1,030,778)	-	-	-	(1,030,778)	(934,920)	-	-	-	(934,920)
Insurance service expenses										
Incurred claims and other insurance service expenses	-	(1,688)	198,201	890	197,403	-	(1,007)	127,084	353	126,430
Losses and reversal of losses on onerous contracts	-	1,380	-	-	1,380	-	4,653	-	-	4,653
Adjustment to liabilities for incurred claims	-	-	(693)	73	(620)	-	-	(2,248)	(212)	(2,460)
	-	(308)	197,508	963	198,163	-	3,646	124,836	141	128,623
Insurance service result	(1,030,778)	(308)	197,508	963	(832,615)	(934,920)	3,646	124,836	141	(806,297)
Total changes in the statement of profit or loss and OCI	(1,030,778)	(308)	197,508	963	(832,615)	(934,920)	3,646	124,836	141	(806,297)
Cash flows										
Premiums received	1,008,360	-	-	-	1,008,360	924,626	-	-	-	924,626
Claims and other insurance service expenses paid, including investment components	-	-	(185,372)	-	(185,372)	-	-	(126,131)	-	(126,131)
Total cash flows	1,008,360	-	(185,372)	-	822,988	924,626	-	(126,131)	-	798,495
Other changes in the net carrying amount of the insurance contract	(9,403)	-	-	-	(9,403)	73,435	-	-	-	73,435
Net closing balance	(45,723)	4,438	29,072	2,801	(9,412)	(13,902)	4,746	16,936	1,838	9,618
Closing assets	-	-	-	-	-	-	-	-	-	-
Closing liabilities	(45,723)	4,438	29,072	2,801	(9,412)	(13,902)	4,746	16,936	1,838	9,618
Net closing balance	(45,723)	4,438	29,072	2,801	(9,412)	(13,902)	4,746	16,936	1,838	9,618

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

39. Insurance and reinsurance held contract (continued)

(a) Analysis by remaining coverage and incurred claims (continued)

The following table summarizes the movement in the reinsurance held contract balances:

Roll forward of asset and liability for reinsurance held contracts

	2024				2023			
	Excluding loss recovery component	Loss recovery component	Incurred claims component	Total	Excluding loss recovery component	Loss recovery component	Incurred claims component	Total
Opening assets	1,356	-	-	1,356	1,218	-	-	1,218
Opening liabilities	(2,672)	544	-	(2,128)	(2,343)	48	-	(2,295)
Net opening balance	(1,316)	544	-	(772)	(1,125)	48	-	(1,077)
Changes in the statement of profit or loss and OCI								
Allocation of reinsurance premiums paid	(1,291)	-	-	(1,291)	(785)	-	-	(785)
Amounts recoverable from reinsurers								
Recoveries of incurred claims and other insurance service expenses	-	(127)	-	(127)	-	97	-	97
Recoveries and reversals of recoveries of losses on onerous	-	(189)	-	(189)	-	389	-	389
Total amounts recovered from reinsurance	-	(316)	-	(316)	-	486	-	486
Effect of changes in non-performance risk of reinsurers	780	-	-	780	101	-	-	101
Net expense from reinsurance contracts	(511)	(316)	-	(827)	(684)	486	-	(198)
Net finance income from reinsurance contracts	(457)	(5)	-	(462)	(141)	10	-	(131)
Total changes in the statement of profit or loss and OCI	(968)	(321)	-	(1,289)	(825)	496	-	(329)
Cash flows								
Premiums paid	1,511	-	-	1,511	634	-	-	634
Total cash flows	1,511	-	-	1,511	634	-	-	634
Net closing balance	(773)	223	-)	(550)	(1,316)	544	-	(772)
Closing assets	701	-	-	701	1,356	-	-	1,356
Closing liabilities	(1,474)	223	-	(1,251)	(2,672)	544	-	(2,128)
Net closing balance	(773)	223	-	(550)	(1,316)	544	-	(772)

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

39. Insurance and reinsurance held contracts (continued)

The following reconciliations show the changes in the contractual service margin reflected in insurance contract liabilities and the amounts recognised in the statement of profit and loss and OCI.

(b) Analysis by measurement component

Contracts without direct participation features

	2024						2023					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening insurance contract assets	(14,469)	-	-	-	-	(14,469)	(56,136)	-	-	-	-	(56,136)
Opening liabilities	44,128,862	2,020,209	2,664,681	535,340	3,200,021	49,349,092	45,677,496	1,897,187	1,547,081	219,171	1,766,252	49,340,935
Net opening balance	44,114,393	2,020,209	2,664,681	535,340	3,200,021	49,334,623	45,621,360	1,897,187	1,547,081	219,171	1,766,252	49,284,799
Changes that relate to current services												
CSM recognised for service provided	-	-	(944,431)	(290,539)	(1,234,970)	(1,234,970)	-	-	(468,423)	(182,576)	(650,999)	(650,999)
Change in risk adjustment for non-financial risk for risk expired	-	(201,486)	-	-	-	(201,486)	-	(181,967)	-	-	-	(181,967)
Experience adjustment	(361,115)	-	-	-	-	(361,115)	(363,544)	-	-	-	-	(363,544)
Changes that relate to future services												
Contracts initially recognised in the year	(437,763)	101,184	-	366,164	366,164	29,585	(463,049)	78,560	121	387,488	387,609	3,120
Changes in estimates that adjust the CSM	(1,977,686)	(1,205,586)	3,092,112	91,160	3,183,272	-	(1,644,912)	68,394	1,495,376	81,142	1,576,518	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	92,423	103,979	-	-	-	196,402	37,289	14,285	-	-	-	51,574
Changes that relate to past services												
Adjustments to liabilities for incurred claims	5,672	466	-	-	-	6,138	2,815	417	89,085	3,822	92,907	96,139
Insurance service result	(2,678,469)	(1,201,443)	2,147,681	166,785	2,314,466	(1,565,446)	(2,431,401)	(20,311)	1,116,159	289,876	1,406,035	(1,045,677)
Net finance expenses from insurance contracts	1,870,769	198,788	191,641	55,657	247,298	2,316,855	735,668	143,333	1,441	26,293	27,734	906,735
Total changes in the statement of profit or loss and OCI	(807,700)	(1,002,655)	2,339,322	222,442	2,561,764	751,409	(1,695,733)	123,022	1,117,600	316,169	1,433,769	(138,942)
Cash flows												
Premiums received	7,045,944	-	-	-	-	7,045,944	7,177,491	-	-	-	-	7,177,491
Claims and other insurance service expenses paid, including investment components	(6,866,340)	-	-	-	-	(6,866,340)	(6,355,061)	-	-	-	-	(6,355,061)
Insurance acquisition cash flows	(290,491)	-	-	-	-	(290,491)	(220,464)	-	-	-	-	(220,464)
Total cash flows	(110,887)	-	-	-	-	(110,887)	601,966	-	-	-	-	601,966
Premium receivable	(58,882)	-	-	-	-	(58,882)	(419,628)	-	-	-	-	(419,628)
Policy Loan receivable	26,310	-	-	-	-	26,310	6,428	-	-	-	-	6,428
Net closing balance	43,163,234	1,017,554	5,004,003	757,782	5,761,785	49,942,573	44,114,393	2,020,209	2,664,681	535,340	3,200,021	49,334,623
Closing insurance contract assets	(20,488)	-	-	-	-	(20,488)	(14,469)	-	-	-	-	(14,469)
Closing liabilities	43,183,722	1,017,554	5,004,003	757,782	5,761,785	49,963,061	44,128,862	2,020,209	2,664,681	535,340	3,200,021	49,349,092
Net closing balance	43,163,234	1,017,554	5,004,003	757,782	5,761,785	49,942,573	44,114,393	2,020,209	2,664,681	535,340	3,200,021	49,334,623

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

39. Insurance and reinsurance held contracts (continued)

(b) Analysis by measurement component (continued)

Contracts with direct participation features

	2024						2023					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening assets	-	-	-	-	-	-	(1,625)	-	-	-	-	(1,625)
Opening liabilities	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599	(80,258)	96,350	-	30,981	30,981	47,073
Net opening balance	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599	(81,883)	96,350	-	30,981	30,981	45,448
Changes in the statement of profit or loss and OCI												
Changes that relate to current services												
CSM recognised for service provided	-	-	(4,943)	(7,654)	(12,597)	(12,597)	-	-	4,942	(5,241)	(299)	(299)
Change in risk adjustment for non-financial risk for risk expired	-	(25,836)	-	-	-	(25,836)	-	(17,731)	-	-	-	(17,731)
Experience adjustment	(34,410)	-	-	-	-	(34,410)	(20,200)	-	-	-	-	(20,200)
Changes that relate to future services							-	-	-	-	-	-
Contracts initially recognised in the year	(129,959)	46,119	-	87,474	87,474	3,634	(82,571)	30,920	-	72,085	72,085	20,434
Changes in estimates that adjust the CSM	(93,368)	68,830	60,860	(36,322)	24,538	-	158,819	(32,495)	(60,860)	(65,464)	(126,324)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	2,999	(81,341)	-	-	-	(78,342)	110,249	40,619	-	-	-	150,868
Changes that relate to past services							-	-	-	-	-	-
Adjustments to liabilities for incurred claims	(611)	(125)	-	-	-	(736)	(136)	(15)	-	-	-	(151)
Insurance service result	(255,349)	7,647	55,917	43,498	99,415	(148,287)	166,161	21,298	(55,918)	1,380	(54,538)	132,921
Net finance expenses from insurance contracts	97,228	(449)	(500)	(602)	(1,102)	95,677	(42,504)	449	501	602	1,103	(40,952)
Total changes in the statement of profit or loss and OCI	(158,121)	7,198	55,417	42,896	98,313	(52,610)	123,657	21,747	(55,417)	1,982	(53,435)	91,969
Cash flows												
Premiums received	716,927	-	-	-	-	716,927	763,049	-	-	-	-	763,049
Claims and other insurance service expenses paid, including investment components	(281,312)	-	-	-	-	(281,312)	(465,987)	-	-	-	-	(465,987)
Insurance acquisition cash flows	(162,151)	-	-	-	-	(162,151)	(194,633)	-	-	-	-	(194,633)
Total cash flows	273,464	-	-	-	-	273,464	102,429	-	-	-	-	102,429
Other changes in the net carrying amount of the insurance	(99,593)	-	-	-	-	(99,593)	(148,247)	-	-	-	-	(148,247)
Net closing balance	11,706	125,295	-	75,859	75,859	212,860	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599
Closing assets	-	-	-	-	-	-	-	-	-	-	-	-
Closing liabilities	11,706	125,295	-	75,859	75,859	212,860	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599
Net closing balance	11,706	125,295	-	75,859	75,859	212,860	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

39. Insurance and reinsurance held contracts (continued)

The following table summarizes the movement in the reinsurance held contract balances:

(c) Analysis by measurement component – Contracts not measured under the PAA

	2024						2023					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contract under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Adjustment non-financial risk	Contract under fair value transition approach	Other contracts	Subtotal	Total
Opening assets	-	1,356	-	-	-	1,356	-	1,218	-	-	-	1,218
Opening liabilities	(1,371)	(41)	(350)	(366)	(716)	(2,128)	(1,089)	(62)	(697)	(446)	(1,143)	(2,294)
Net opening balance	(1,371)	1,315	(350)	(366)	(716)	(772)	(1,089)	1,156	(697)	(446)	(1,143)	(1,076)
Changes in the statement of profit or loss and OCI												
Changes that relate to current services												
CSM recognised for service provided	-	-	(315)	98	(217)	(217)	-	-	9	65	74	74
Change in risk adjustment for non-financial risk for risk expired	-	(143)	-	-	-	(143)	-	(85)	-	-	-	(85)
Experience adjustment	(1,057)	-	-	-	-	(1,057)	(678)	-	-	-	-	(678)
Changes that relate to future services	-	-	-	-	-	-	-	-	-	-	-	-
Contracts initially recognised in the year	(95)	282	-	(187)	(187)	-	(293)	122	-	171	171	-
Changes in recoveries of losses on onerous underlying contracts	-	-	(252)	(122)	(374)	(374)	(415)	32	475	(92)	383	-
Changes in estimates that adjust the CSM	(2,310)	377	2,194	(261)	1,933	-	492	63	-	-	-	555
Changes in estimates that results in losses and reversal of losses on onerous contracts	1,015	(830)	-	-	-	185	-	-	(123)	(43)	(166)	(166)
Changes that relate to past services							-	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	-	-	-	-	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	779	-	-	-	-	779	101	-	-	-	-	101
Net expense from reinsurance contracts	(1,668)	(314)	1,627	(472)	1,155	(827)	(793)	132	361	101	462	(199)
Net finance income from reinsurance contracts	(780)	257	67	(6)	61	(462)	(123)	27	(14)	(21)	(35)	(131)
Total changes in the statement of profit or loss and OCI	(2,448)	(57)	1,694	(478)	1,216	(1,289)	(916)	159	347	80	427	(330)
Cash flows												
Premiums paid	1,511	-	-	-	-	1,511	634	-	-	-	-	634
Total cash flows	1,511	-	-	-	-	1,511	634	-	-	-	-	634
Net closing balance	(2,308)	1,258	1,344	(844)	500	(550)	(1,371)	1,315	(350)	(366)	(716)	(772)
Closing assets	-	701	-	-	-	701	-	1,356	-	-	-	1,356
Closing liabilities	(2,308)	557	1,344	(844)	500	(1,251)	(1,371)	(41)	(350)	(366)	(716)	(2,128)
Net closing balance	(2,308)	1,258	1,344	(844)	500	(550)	(1,371)	1,315	(350)	(366)	(716)	(772)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

39. Insurance and reinsurance held contracts (continued)

The following table sets out when the Group expects to recognize the remaining CSM in profit and loss after the reporting date for contracts not measured under PAA.

(d) Analysis by remaining contractual service margins

	2024							
	Less Than 1 Year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-10 years**	**Over 10 years**	**Total**
Insurance contracts								
Without direct participation features	605,334	463,458	363,565	291,164	248,067	989,325	2,800,871	5,761,784
With direct participation features	7,359	5,588	5,128	4,306	3,323	10,432	39,723	75,859
Total	612,693	469,046	368,693	295,470	251,390	999,757	2,840,594	5,837,643
Reinsurance held contracts	30	23	17	13	9	33	373	498

	2023							
	Less Than 1 Year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-10 years**	**Over 10 years**	**Total**
Insurance contracts								
Without direct participation features	322,847	262,839	200,117	159,374	133,599	529,429	1,594,272	3,202,477
With direct participation features	2,744	2,117	1,895	1,658	1,382	4,709	18,543	33,048
Total	325,591	264,956	202,012	161,032	134,981	534,138	1,612,815	3,235,525
Reinsurance held contracts	(55)	(45)	(37)	(31)	(27)	(99)	(394)	(688)

(e) The following tables summarize the effect on the measurement components arising from the initial recognition of insurance and reinsurance held contracts not measured under the PAA in the year.

Breakdown by insurance/reinsurance risk

	2024		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance contracts without direct participation features			
Insurance acquisition cash flows	172,482	79,455	251,937
Claims and other insurance service expenses payable	1,097,008	352,948	1,449,956
Estimates of present value of cash outflows	1,269,490	432,403	1,701,893
Estimates of present value of cash inflows	(1,719,833)	(419,823)	(2,139,656)
Risk adjustment for non-financial risk	84,179	17,005	101,184
CSM	366,164	-	366,164
Losses recognised on initial recognition	-	29,585	29,585

	2023		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	143,292	21,398	164,690
Claims and other insurance service expenses payable	1,287,530	19,431	1,306,961
Estimates of present value of cash outflows	1,430,822	40,829	1,471,651
Estimates of present value of cash inflows	(1,892,175)	(42,528)	(1,934,703)
Risk adjustment for non-financial risk	73,742	4,819	78,561
CSM	387,611	-	387,611
Losses recognised on initial recognition	-	3,120	3,120

39. Insurance and reinsurance held contracts (continued)

(e) The following tables summarize the effect on the measurement components arising from the initial recognition of insurance and reinsurance held contracts not measured under the PAA in the year (continued)

	2024		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance contracts with direct participation features			
Insurance acquisition cash flows	133,273	8,405	141,678
Claims and other insurance service expenses payable	1,477,309	21,329	1,498,638
Estimates of present value of cash outflows	1,610,582	29,734	1,640,316
Estimates of present value of cash inflows	(1,742,750)	(27,703)	(1,770,453)
Risk adjustment for non-financial risk	44,506	1,642	46,148
CSM	87,662	-	87,662
Losses recognised on initial recognition	-	3,673	3,673

	2023		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	62,257	36,289	98,546
Claims and other insurance service expenses payable	835,996	81,615	917,611
Estimates of present value of cash outflows	898,253	117,904	1,016,157
Estimates of present value of cash inflows	(994,897)	(103,652)	(1,098,549)
Risk adjustment for non-financial risk	24,747	6,144	30,891
CSM	71,897	-	71,897
Losses recognised on initial recognition	-	20,396	20,396

	2024		
	Contracts Initiated without loss recovery component	Contracts Initiated with loss recovery component	Total
Reinsurance held contracts			
Estimates of present value of cash inflows	3,730	-	3,730
Estimates of present value of cash outflows	(3,825)	-	(3,825)
Risk adjustment for non-financial risk	282	-	282
CSM	(187)	-	(187)

	2023		
	Contracts Initiated without loss recovery component	Contracts Initiated with loss recovery component	Total
Reinsurance held contracts			
Estimates of present value of cash inflows	(1,295)	-	(1,295)
Estimates of present value of cash outflows	1,003	-	1,003
Risk adjustment for non-financial risk	122	-	122
CSM	170	-	170

Claims development

IFRS 17 does not require an entity to disclose claims development information for which uncertainty about the amount and timing of the claims payments is typically resolved within one year. The Group does not provide this disclosure because claims amounts are known from the contractual arrangements (i.e. there is no uncertainty with respect to the amount of claims) and claims are settled shortly after the insured event occurs.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

39. Insurance and reinsurance held contracts (continued)

(f) Contract ***boundaries***

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Insurance contracts

Long term insurance contracts issued by the Group do not have renewable terms consequently all related cash flows fall within the contract boundary.

Reinsurance held contracts

The Group's reinsurance held contract has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims which incurred during the year.

Life risk, life savings and participating contracts

The assumptions for long term insurance contracts used in estimating future cash flows are developed by product type, and reflect recent experience and the characteristics of policyholders within a group of insurance contracts.

Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns, crediting rates, inflation and administration expenses are made based on recent experience and market conditions. These form the assumptions used for determining the expected cash flows at the inception of the contract. New estimates are made each year based on updated experience studies and economic forecasts.

For universal life contracts, crediting rates and discount rates (see 'Discount rates' below), are key assumptions in contract measurement. Future crediting rates are estimated based on the actual rates applied in the current year and current market conditions. The crediting rates applied vary between products.

(g) Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include both circumstances in which an insured event occurs as well as those where the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Universal life and non-participating whole-life contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

The Group's other contracts do not contain investment components.

39. Insurance and reinsurance held contracts (continued)

(h) Fair value of insurance contracts

The fair value of insurance contracts at transition was determined using the adjusted fulfilment cashflow approach. This method adjusts the expected cashflows to reflect a market view. The objective of this was to determine the fair value to a third-party market participant without explicit reference to the company's own internal assumptions. In determining the fair value, the group applied the principles of IFRS 13 *Fair Value Measurement*.

The Contractual Service Margin (CSM) or loss component of the liability for remaining coverage was determined using the fair value approach. The assessment was conducted on a IFRS17 group-by-group basis. We determined the difference between the fair value of each group and its fulfilment cash flows. Positive amounts were used to determine the CSM, whereas negative amounts were deemed a loss component for the carrying amounts at the transition date. The fair value of reinsurance held contracts were valued in conjunction with the underlying reinsurance held contracts.

40. Share capital

	Number of Units ('000)		Carrying value	
	2024	2023	2024	2023
Authorised:				
Ordinary stock units of no par value	10,000,000	10,000,000	-	-
Issued and fully paid:				
Ordinary stock units	3,111,573	3,111,573	6,569,810	6,569,810

Under the provisions of the Companies Act 2004 (the Act), the stock units have no par value. The holders of the ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the Company.

41. Reserve fund

In accordance with the Banking Services Act, 2014 and regulations under which it operates, the Bank is required to make transfers of a minimum of 15% of net profits, until the amount in the fund is equal to 50% of the paid-up capital of the Bank and thereafter, 10% of net profits until the reserve fund is equal to its paid-up capital.

The Building Society is required to make transfers of a minimum of 10% of net profits, until the amount in the reserve fund is equal to the total amount paid up on its capital shares and the amount of its deferred shares.

42. Retained earnings reserve

The Banking Services Act, 2014 permits transfers from the Bank's net profit to retained earnings reserve, which constitutes a part of the capital base. Transfers to the retained earnings reserve are made at the discretion of the Board of Directors. Such transfers must be notified to Bank of Jamaica and any reversal must be approved by Bank of Jamaica.

43. Capital reserve

This represents the gain on liquidation of Scotia Jamaica General Insurance Brokers Limited.

44. Cumulative remeasurement result from investment securities

This represents the unrealised surplus or deficit on the revaluation of investment securities measured at FVOCI, net of deferred taxes. This amount is increased by the amount of loss allowances on debt securities measured at FVOCI.

45. Loan loss reserve

This is a non-distributable loan loss reserve which represents the excess of the regulatory loan loss provisions over the expected credit losses as determined under IFRS requirements (note 24) and is treated as an appropriation of profits.

46. Other reserves

This represents reserves arising on consolidation of subsidiaries.

47. Insurance and reinsurance held finance reserve

This insurance and reinsurance held finance reserve comprises the cumulative insurance finance income and expenses recognized in OCI.

48. Related party transactions and balances

The Group 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 company. The remaining 28.22% of the stock units are widely held.

Parties are considered to be related if one party has the ability to control or exercise significant influence over, or be controlled or significantly influenced by the other party, or both parties are subject to common control or significant influence.

A number of banking transactions are entered into with related parties, including companies connected by virtue of common directorships in the normal course of business. These include loans, deposits, investment management services and foreign currency transactions.

Related party transactions with the parent company include the payment of dividends. Related party transactions with the ultimate parent company comprise the payment of management fees, guarantee fees, centralised computing and other service fees. There were no other balances due to the ultimate parent company, outside of those balances set out in note 35.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

48. Related party transactions and balances (continued)

The amounts of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows:

	The Group					
	Ultimate parent	Fellow subsidiaries	Directors and key management personnel	Connected companies	Total 2024	Total 2023
Loans (1)						
Balance at October 31	-	-	1,545,896	3,893,338	5,439,234	8,252,439
Interest income earned	-	-	73,135	191,311	264,446	413,992
Deposit liabilities (2)						
Balance at October 31	(16,020)	(609,622)	(528,080)	(2,922,507)	(4,076,229)	(6,558,098)
Interest expense on deposits	-	(188)	(335)	(4,607)	(5,130)	(5,637)
Investments/repurchase agreements (3)						
Other investments	-	346,214	-	-	346,214	319,033
Interest earned/(paid) on other investments	-	146,089	-	-	146,089	161,735
Deposits with banks (2)						
Due from banks and other financial institutions	843,385	62,545,056	-	-	63,388,441	44,260,551
Interest earned from banks and other financial institutions	-	2,606,570	-	-	2,606,570	1,882,904
Other						
Fees and commission, net	-	-	(171,222)	-	(171,222)	(135,369)
Insurance products			22,004	-	22,004	30,912
Technical fees paid, net	(2,586,995)	-	-	-	(2,586,995)	(2,273,096)
Other operating expenses, net	(1,397,926)	(2,089,923)	337	-	(3,487,512)	(3,167,789)

	The Group 2024	The Group 2023
Key management compensation		
Salaries and other short-term benefits	1,072,987	921,996
Post-employment benefits	(685,543)	288,323
	387,444	1,210,319

	The Company					
Subsidiaries	Subsidiaries	Fellow subsidiaries	Directors and Key management personnel	Connected companies	Totals 2024	Totals 2023
Deposits (2)						
Balance at October 31	409,934	9,710,501	-	-	10,120,435	9,522,931
Interest expense on deposits	-	499,952	-	-	499,952	423,503
Other operating (expense)/income	5,197,785	-	(33,750)	-	5,164,035	4,096,896

(1) Loans are extended to related parties in the normal course of the Group's banking operations. These amounts bear interest at market rates and have fixed repayment terms.

(2) These balances comprise unsecured savings, current and fixed term amounts, that are repayable on demand or with fixed maturities of up to 2 years. These amounts bear interest at market rates ranging from 0% - 4.9% (2023: 0% - 0.30%).

(3) These balances have fixed maturities and bear interest at market rates.

49. Financial risk management

(a) Overview and risk management framework

The Group's principal business activities result in significant financial instruments, which involves analysis, evaluation and management of some degree of risk or combination of risks. The principal financial risks that arise from financial instruments include credit risk, market risk and liquidity risk. The Group's framework to monitor, evaluate and manage these risks includes the following:

- extensive risk management policies define the Group's risk appetite, set the limits and controls within which the Group operates, and reflect the requirements of regulatory authorities. These policies are approved by the Group's Board of Directors, either directly or through the Executive and Enterprise Risk Committee.

- guidelines are developed to clarify risk limits and conditions under which the Group's risk policies are implemented.

- processes are implemented to identify, evaluate, document, report and control risk.

- compliance with risk policies, limits and guidelines are measured, monitored and reported to ensure consistency against desired goals.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks.

The key committees for managing and monitoring risks are as follows:

(i) Board Audit Committee

The Board Audit Committee is comprised of independent directors. This committee oversees the integrity of the Group's financial reporting, compliance with legal and regulatory requirements, the performance of the Group's internal audit function and external auditors, as well as the system of internal controls over financial reporting. The Audit Committee reviews the quarterly and annual financial statements, examining significant issues regarding the financial results, accounting principles and policies, as well as management estimates and assumptions, for recommendation to the Board for approval. This committee is assisted in its oversight role by the Internal Audit Department, which undertakes reviews of risk management controls and procedures.

(ii) Executive and Enterprise Risk Committee

The Executive and Enterprise Risk Committee reviews and recommends to the Board for approval, the risk management policies, limits, procedures and standards. This involves review of the quarterly reports on the Group's enterprise-wide risk profile, including credit, market, operational and liquidity risks. This Committee also oversees the corporate strategy and profit plans for the Group, as well as develops and makes recommendations for improvement of the corporate governance policies and procedures.

49. Financial risk management (continued)

(a) Overview and risk management framework (continued)

The key committees for managing and monitoring risks are as follows (continued):

(iii) Asset and Liability Committee

The Asset and Liability Committee (ALCO), a management committee, has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction. The Committee reviews investment, loan and funding activities, and ensures that the existing policies comprehensively deal with the management and diversification of the Group's investment and loan portfolios and that appropriate limits are being adhered to. appropriate limits are being adhered to.

The Investment Advisory Committee performs a similar role to ALCO for Scotia Jamaica Life Insurance, where it provides a specialised focus due to the nature of the insurance business.

The most important types of risk for the Group are credit risk, market risk, liquidity risk, insurance risk and operational risk. Market risk includes currency risk, interest rate risk and price risk.

(b) Credit risk

(i) Credit Risk Management

At a strategic level, the Group manages the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to any one borrower or groups of borrowers, and industry segments. Credit risk limits are approved by the Board of Directors. The exposure to any one borrower, including banks and brokers, is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Operationally, exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by restructuring loans where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees.

In addition, the Group seeks additional collateral from a counterparty as soon as a significant increase in credit risk observed for the relevant individual loan.

The Group's policy requires the review of individual financial assets that are above materiality thresholds annually or more regularly when individual circumstances require. Allowances for expected credit losses are consistent with the policies outlined in note 2(e).

The Group further manages its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with unfavourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(ii) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to customers as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Credit-related commitments (continued)

Commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to issue drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than direct lending.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(iii) Credit quality

The Group's credit risk rating systems are designed to support the determination of key credit risk parameter estimates which measures credit and transaction risks.

Commercial loans: In measuring credit risk of commercial loans at the counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Internal grades (IG) are used to differentiate the risk of default of the borrower. The following table cross references the Bank's internal borrower grades with equivalent rating categories used by Standard and Poor's:

IG Code rating	External rating: Standard & Poor's equivalent.
Investment grade	AAA to BBB-
Non-investment grade	BB+ to B-
Watch list	CCC+ to CC
Default	Default

Retail loans: Retail loans are risk-rated based on an internal scoring system which combines statistical analysis with credit officer judgment, and fall within the following categories:

- Very low
- Low
- Medium
- High
- Very high
- Default

49. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Retail loans including all credit card segments:

		The Group			
		2024			
Category of PD Grade	PD Range	Stage 1	Stage 2	Stage 3	Total
Very Low	<0.2%	1,648,404	-	-	1,648,404
Low	0.2% to <1%	101,344,760	129,364	-	101,474,124
Medium	1% to <3%	62,279,556	288,823	-	62,568,379
High	3% to <20%	22,673,550	3,525,515	-	26,199,065
Very High	20% to <99.9%	130,148	3,184,319	-	3,314,467
Subtotal: PD Grades (Advanced Models)		188,076,418	7,128,021	-	195,204,439
Loans not graded (Intermediate or simplified or gross-up)		6,019,837	220,246	-	6,240,083
Default		-	-	4,787,010	4,787,010
Total		194,096,255	7,348,267	4,787,010	206,231,532
Expected credit loss allowance		(1,663,671)	(1,634,166)	(2,535,278)	(5,833,115)
Deferred origination fees		-	-	-	(3,217,069)
Carrying amounts		192,432,584	5,714,101	2,251,732	197,181,348

		2023			
Category of PD Grade	PD Range	Stage 1	Stage 2	Stage 3	Total
Very Low	<0.2%	1,564,108	-	-	1,564,108
Low	0.2% to <1%	79,840,398	151,866	-	79,992,264
Medium	1% to <3%	51,783,405	177,105	-	51,960,510
High	3% to <20%	24,118,200	3,261,868	-	27,380,068
Very High	20% to <99.9%	60,807	2,664,791	-	2,725,598
Subtotal: PD Grades (Advanced Models)		157,366,918	6,255,630	-	163,622,548
Loans not graded (Intermediate or simplified or gross-up)		4,946,341	200,303	-	5,146,644
Default		-	-	4,324,022	4,324,022
Total		162,313,259	6,455,933	4,324,022	173,093,214
Expected credit loss allowance		(1,632,619)	(1,238,631)	(2,360,446)	(5,231,696)
Deferred origination fees		-	-	-	(2,664,933)
Carrying amounts		160,680,640	5,217,302	1,963,576	165,196,585

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Commercial loans excluding all credit card segments:

The Group 2024						
Internal Grade	IG Code	S&P	Stage 1	Stage 2	Stage 3	Total
Investment grade	99-98	AAA to AA+	21,984	1,065,251	-	1,087,235
	95	AA to A+	36	138,515	-	138,551
	90	A to A-	6,000	963,918	-	969,918
	87	BBB+	257	6,500	-	6,757
	85	BBB	13,378,069	1,806,792	-	15,184,861
	83	BBB-	10,327,738	2,189,541	-	12,517,279
Non-investment	80	BB+	29,439,668	4,277,268	-	33,716,936
	77	BB	7,854,618	1,084,796	-	8,939,414
	75	BB-	24,263,514	1,533,088	-	25,796,602
	73	B+	13,281,725	322,354	-	13,604,079
	70	B to B-	2,972,439	138,613	-	3,111,052
Watch	65	CCC+	-	774,452	-	774,452
	60	CCC	-	443,147	-	443,147
	40	CCC- to CC	-	-	-	-
Default			-	-	208,044	208,044
Total			101,546,048	14,744,235	208,044	116,498,327
Expected credit loss allowance			(520,883)	(170,309)	(40,173)	(731,365)
Deferred origination fee			-	-	-	(193,106)
Carrying amount			101,025,165	14,573,926	167,871	115,573,856

2023						
Internal Grade	IG Code	S&P	Stage 1	Stage 2	Stage 3	Total
Investment grade	99-98	AAA to AA+	3,033	1,030,355	-	1,033,388
	95	AA to A+	-	318,939	-	318,939
	90	A to A-	60,566	1,366,130	-	1,426,696
	87	BBB+	69	3,332	-	3,401
	85	BBB	14,503,417	1,954,850	-	16,458,267
	83	BBB-	10,136,006	2,566,973	-	12,702,979
Non-investment	80	BB+	8,584,232	3,118,796	-	11,703,028
	77	BB	19,485,757	804,938	-	20,290,695
	75	BB-	31,258,725	1,345,135	-	32,603,860
	73	B+	2,767,818	464,620	-	3,232,438
	70	B to B-	2,629,700	548,481	-	3,178,181
Watch	65	CCC+	-	525,787	-	525,787
	60	CCC	-	559,687	-	559,687
	40	CCC- to CC	-	7	-	7
Default			-	-	180,458	180,458
Total			89,429,323	14,608,030	180,458	104,217,811
Expected credit loss allowance			(202,347)	(162,474)	(29,919)	(394,740)
Deferred origination fee			-	-	-	(189,938)
Carrying amount			89,226,976	14,445,556	150,539	103,633,133

49. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

The following tables show certain key macroeconomic variables used to calculate the modelled estimate for the allowance for credit losses. Further changes in these variables up to the date of the financial statements is incorporated through expert credit judgment. For the base case, optimistic and pessimistic scenarios, the projections are provided for the next 12 months and for the remaining forecast period, which represents a medium-term view.

Real GDP growth, y/y % change	Base Case Scenario		Alternative Scenario – Optimistic		Alternative Scenario – Pessimistic		Alternative Scenario – Very Pessimistic	
	Next 12 Months	Remaining Forecast	Next 12 Months	Remaining Forecast	Next 12 Months	Remaining Forecast	Next 12 Months	Remaining Forecast
2024	3.6	3.8	4.2	4.5	2.5	4.2	0.6	4.7
2023	3.8	3.8	4.5	4.9	2.8	4.2	0.5	4.7

Debt securities: Internal grades are used to differentiate the risk of default of a borrower. The following table cross references the Group's internal grades with external rating agency designation of debt and similar securities, other than loans, based on Standard & Poor's ratings or their equivalent:

Debt securities:

	The Group 2024		2023	
	Stage 1	Total	Stage 1	Total
AAA to AA+	45,333,009	45,333,009	44,930,522	44,930,522
AA to A+	12,284,061	12,284,061	18,952,131	18,952,131
BBB+ to BB+	16,016	16,016	1,514,272	1,514,272
BB to B-	140,691,785	140,691,785	128,856,287	128,856,287
Unrated	4,159,705	4,159,705	7,088,098	7,088,098
	202,484,576	202,484,576	201,341,310	201,341,310

Classified as follows:

	The Group 2024	2023
Amortized cost	12,810,634	38,243,803
Fair value through OCI	184,064,423	158,468,597
Fair value through profit or loss	549,190	2,165,993
Pledged assets:		
Fair value through OCI	5,060,329	2,462,917
	202,484,576	201,341,310

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Expected credit losses on investment securities carried at amortized cost and fair value through the profit and loss was ($7,274) (2023: $180,614).

(iv) Maximum exposure to credit risk

The maximum exposure to credit risk is the amount before taking account of any collateral held or other credit enhancements. For financial assets, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

Collateral and other credit enhancements held against loans

It is the Group's practice to lend on the basis of the customer's ability to meet their obligations out of their cash flow resources, rather than rely on the value of security offered as collateral. Nevertheless, the collateral is an important mitigant of credit risk. Depending on the customer's standing and the type of product, some facilities are granted on an unsecured basis. For other facilities, a charge over collateral is obtained and considered in determining the credit amount and pricing. In the event of default the Group may utilise the collateral as a source of repayment. In such cases the collateral is used to settle all debt obligations to the Group and excess value is returned to the borrower.

The Group's lending portfolio is comprised of secured and unsecured loans which are well diversified by borrower. The Group holds collateral against credits to borrowers primarily in the form of cash, motor vehicles, real estate, charges over business assets such as premises, inventory and accounts receivable, and charges over financial instruments such as debt securities and equities. The collateral values are updated annually (including but not limited to professional valuations) with special focus given to individual collateral values when the loan is assessed as impaired.

The estimated fair value of the collateral with enforceable legal right pursuant to the agreements for outstanding loans and guarantees is $210,336,490 (2023: $169,876,512) for the Group. The estimated fair value of the collateral with enforceable legal right pursuant to impaired loans approximates $1,643,391 (2023: $1,499,862) for the Group.

49. Financial risk management (continued)

(b) Credit risk (continued)

(v) Concentration of exposure to credit risk

The following table summarises credit exposure for loans at their carrying amounts, as categorised by industry sectors. These credit facilities are well diversified across industry sectors and are primarily extended to customers within Jamaica.

	The Group	
	Total 2024	Total 2023
Agriculture, fishing & mining	349,868	402,530
Construction and real estate	2,929,706	2,592,525
Distribution	30,126,787	28,531,697
Financial institutions	2,495,611	2,761,567
Government & public entities	5,312,105	2,374,428
Manufacturing	20,988,600	18,839,728
Transportation, electricity, water & other	24,237,703	24,061,488
Personal	202,773,105	170,370,485
Professional and other services	16,339,117	10,419,930
Tourism & entertainment	15,499,063	15,707,991
Interest receivable	1,678,194	1,248,656
Total	322,729,859	277,311,025
Deferred origination fees	(3,410,175)	(2,854,871)
Total allowance for credit losses	(6,564,480)	(5,626,436)
	312,755,204	268,829,718

(c) Market risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices and foreign exchange rates), correlations between them, and their levels of volatility. Market risk is subject to extensive risk management controls and is managed within the framework of market risk policies and limits approved by the Board. The Executive and Enterprise Risk Committee oversee the application of the framework set by the Board and monitor the Bank's market risk exposures and the activities that give rise to these exposures.

The Group uses various metrics and models to measure and control market risk exposures. The measurements used are selected based on an assessment of the nature of risks in a particular activity.

The principal measurement techniques are Value at Risk (VaR), stress testing, sensitivity analysis, simulation modelling and gap analysis. The Board reviews results from these metrics quarterly.

The management of the individual elements of market risk – interest rate, currency and price risk are as follows:

(i) Interest rate risk

Interest rate risk is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; changes in the market price of credit; and the creditworthiness of a particular issuer. The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Group's funding and investment activities is managed in accordance with Board-approved policies and limits, which are designed to control the risk to net interest income and economic value of shareholders' equity. The income limit measures the effect of a specified shift in interest rates on the Group's annual net income over the next twelve months, while the economic value limit measures the impact of a specified change in interest rates on the present value of the Group's net assets. Interest rate exposures in individual currencies are also controlled by gap limits.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis assesses the effect of changes in interest rates on current earnings and on the economic value of assets and liabilities. Stress testing scenarios are also important for managing risk in the Group's portfolios.

The following tables summarise carrying amounts of assets, liabilities and equity in order to arrive at the Group's and the Company's interest rate gap based on the earlier of contractual repricing and maturity dates.

	The Group						
	2024						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	29,994,028	39,556,149	9,685,811	22,666,959	-	58,848,934	160,751,881
Financial assets at fair value through revenue and expenses	-	21,242	206,090	143,754	171,249	412,503	954,838
Pledged assets	-	2,660,189	-	-	-	738,891	3,399,080
Loans	221,451,334	18,183,100	29,861,449	37,446,497	5,812,824	-	312,755,204
Investment securities	-	3,698,391	54,268,044	102,719,638	19,234,862	4,551,763	184,472,698
Segregated fund asset	-	-	-	-	-	1,768,210	1,768,210
Insurance & re-Insurance contract assets	-	-	-	-	-	21,189	21,189
Other assets	-	-	-	-	-	40,893,605	40,893,605
Total assets	251,445,362	64,119,071	94,021,394	162,976,848	25,218,935	107,235,095	705,016,705
Deposits, due to financial institutions, parent company and fellow subsidiaries (3	460,176,906	10,749,591	7,629,078	569,021	-	15,085	479,139,681
Due to customers and clients	7,459,691	-	-	-	-	776,813	8,236,504
Insurance contract liabilities	40,277,349	2,140,859	7,748,301	-	-	-	50,166,509
Reinsurance contract liabilities	-	-	-	-	-	1,251	1,251
Segregated fund investment contract liabilities	-	-	-	-	-	1,768,210	1,768,210
Other liabilities	-	-	-	-	-	27,234,973	27,234,973
Stockholders' equity	-	-	-	-	-	138,469,577	138,469,577
Total liabilities and stockholders' equity	507,913,946	12,890,450	15,377,379	569,021	-	168,265,909	705,016,705
Total interest rate sensitivity gap	(256,468,584)	51,228,621	78,644,015	162,407,827	25,218,935	(61,030,814)	-
Cumulative gap	(256,468,584)	(205,239,963)	(126,595,948)	35,811,879	61,030,814	-	-

	2023						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	1,219,268	76,272,843	8,476,541	-	-	92,645,544	178,614,196
Governments securities purchased under resale agreements	-	330,000	-	-	-	75	330,075
Financial assets at fair value through profit or loss	-	141,962	1,923,540	73,698	13,647	688,986	2,841,833
Pledged assets	-	2,500,543	665,907	-	-	354,677	3,521,127
Loans (1)	157,301,506	13,661,971	27,704,050	51,125,038	7,944,914	11,092,239	268,829,718
Investment securities (2)	2,328,686	14,977,978	27,343,403	85,520,643	24,064,417	4,520,419	158,755,546
Segregated fund asset	-	-	-	-	-	1,290,656	1,290,656
Insurance and reinsurance held contract assets	-	-	-	-	-	15,825	15,825
Other assets	-	-	-	-	-	50,537,986	50,537,986
Total assets	160,849,460	107,885,297	66,113,441	136,719,379	32,022,978	161,146,407	664,736,962
Deposits, due to financial institutions, parent company and fellow subsidiaries (3)	433,919,547	7,640,156	7,192,890	598,029	-	11,916	449,362,538
Due to customers and clients	8,283,363	-	-	-	-	2,278,037	10,561,400
Insurance contract liabilities	1,610,408	47,802,320	-	-	-	37,581	49,450,309
Reinsurance held contract liabilities	-	-	-	-	-	2,128	2,128
Segregated fund investment contract liabilities	-	-	-	-	-	1,290,656	1,290,656
Other liabilities	-	-	-	-	-	27,521,844	27,521,844
Stockholders' equity	-	-	-	-	-	126,548,087	126,548,087
Total liabilities and stockholders' equity	443,813,318	55,442,476	7,192,890	598,029	-	157,690,249	664,736,962
Total interest rate sensitivity gap	(282,963,858)	52,442,821	58,954,287	136,087,614	32,022,978	3,456,158	-
Cumulative gap	(282,963,858)	(230,521,037)	(171,600,486)	(35,479,136)	(3,456,158)	-	-

49. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing and maturity dates:

	The Group					
	2024					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.53	3.78	4.37	4.87	-	2.13
Securities purchased under resale agreements	-	-	4.50	-	-	4.50
Financial assets at fair value through profit and loss	-	-	6.64	5.95	-	2.33
Pledged assets	-	6.50	-	-	-	5.09
Loans	9.60	8.61	8.62	11.80	7.73	9.84
Investment securities	-	8.80	6.31	5.85	6.89	5.95
LIABILITIES						
Deposits	0.11	2.46	0.86	1.16	-	0.18
Insurance contract liabilities	2.22	2.29	2.35	-	-	2.24

	2023					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	2.30	6.01	0.05	-	-	2.59
Securities purchased under resale agreements	-	17.66	-	-	-	17.75
Financial assets at fair value through profit or loss	-	-	10.21	7.05	8.74	7.13
Pledged assets	-	7.33	7.85	1.89	-	6.75
Loans (1)	9.99	9.55	9.27	11.06	7.74	9.62
Investment securities (2)	3.35	6.47	6.85	6.82	5.81	6.34
LIABILITIES						
Deposits (3)	0.11	0.59	1.00	1.28	-	0.14
Insurance contract liabilities	2.22	2.30	-	-	-	2.30

(1) Yields are based on book values and contractual interest rates.

(2) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts. Yields on tax exempt investments have not been computed on a taxable equivalent basis.

(3) Yields are based on contractual interest rates.

	The Company						
	2024						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	434,624	-	9,685,811	-	-	-	10,120,435
Investment in subsidiaries	-	-	-	-	-	13,029,908	13,029,908
Other assets	-	-	-	-	-	101,042	101,042
Total assets	434,624	-	9,685,811	-	-	13,130,950	23,251,385
Other liabilities	-	-	-	-	-	188,808	188,808
Stockholders' equity	-	-	-	-	-	23,062,577	23,062,577
Total liabilities and stockholders' equity	-	-	-	-	-	23,251,385	23,251,385
Total interest rate sensitivity gap	434,624	-	9,685,811	-	-	(10,120,435)	
Cumulative gap	434,624	434,624	10,120,435	10,120,435	10,120,435	-	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	2023						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	1,046,390	-	8,476,541	-	-	-	9,522,931
Investment in subsidiaries	-	-	-	-	-	13,029,908	13,029,908
Other assets	-	-	-	-	-	101,042	101,042
Total assets	1,046,390	-	8,476,541	-	-	13,130,950	22,653,881
Other liabilities	-	-	-	-	-	111,467	111,467
Stockholders' equity	-	-	-	-	-	22,542,414	22,542,414
Total liabilities and stockholders' equity	-	-	-	-	-	22,653,881	22,653,881
Total interest rate sensitivity gap	1,046,390	-	8,476,541	-	-	(9,522,931)	-
Cumulative gap	1,046,390	1,046,390	9,522,931	9,522,931	9,522,931	-	-

Average effective yields by the earlier of the contractual repricing and maturity dates:

	The Company 2024					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.35	-	4.37	-	-	4.20

	2023					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.35	-	0.05	-	-	0.08

Sensitivity to interest rate movements

The following shows the sensitivity to interest rate movements using scenarios that are based on recently observed market movements. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis as for 2023.

	The Group 2024	The Group 2023
	Increase/decrease	Increase/decrease
JMD Interest rates	by 300 bps	by 450 bps
USD Interest rates	by 200 bps	by 150 bps

	The Group 2024	The Group 2023	The Company 2024	The Company 2023
Effect on profit or loss	6,018,183	7,998,454	140,800	135,346
Effect on stockholders' equity	16,248,268	18,537,765	83,827	61,517

49. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

The table below analyses the Group's sensitivity to a 0.5% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below:

	2024 Profit and loss Increase	2024 Profit and loss Decrease	2023 Profit and loss Increase	2023 Profit and loss Decrease
Insurance and reinsurance held contracts	(7,369)	7,369	(5,449)	5,731
Financial Instruments	-	-	-	-
	(7,369)	7,369	(5,449)	5,731

(ii) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The main currencies giving rise to this risk are the USD, CAD, GBP and EUR. The Group ensures that the net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible.

The tables below summarise the Group's exposure to relevant currencies:

JMD Equivalent

	The Group 2024						
	JMD	USD	CAD	GBP	EUR	Other	Total
Assets							
Cash resources	53,921,592	97,716,910	3,048,385	4,854,379	922,993	287,622	160,751,881
Financial assets at FVPL	632,964	321,874	-	-	-	-	954,838
Pledged assets	1,021,510	2,377,663	51	(80)	(64)	-	3,399,080
Loans	279,421,438	33,333,707	11	48	-	-	312,755,204
Investment securities	126,102,569	54,101,932	2,276,831	1,991,366	-	-	184,472,698
Segregated funds assets	1,768,210	-	-	-	-	-	1,768,210
Reinsurance held contract assets	701	-	-	-	-	-	701
Insurance contract assets	20,488	-	-	-	-	-	20,488
Other assets	40,046,030	847,728	(84)	(69)	-	-	40,893,605
	502,935,502	188,699,814	5,325,194	6,845,644	922,929	287,622	705,016,705
Liabilities							
Deposits	298,066,493	168,701,417	5,109,591	6,369,053	891,359	1,768	479,139,681
Due to customers and clients	1,923,325	5,908,690	80,467	307,011	17,011	-	8,236,504
Segregated fund investment contract liabilities	1,768,210	-	-	-	-	-	1,768,210
Insurance contract liabilities	50,166,509	-	-	-	-	-	50,166,509
Reinsurance held contract liabilities	1,251	-	-	-	-	-	1,251
Other liabilities	24,313,362	2,745,074	110,791	58,076	(7,066)	14,736	27,234,973
	376,239,150	177,355,181	5,300,849	6,734,140	901,304	16,504	566,547,128
Net position	**126,696,352**	**11,344,633**	**24,345**	**111,504**	**21,625**	**271,118**	**138,469,577**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

	The Group 2023						
	JMD	USD	CAD	GBP	EUR	Other	Total
Assets							
Cash resources	93,577,466	75,684,467	3,260,880	5,430,495	455,950	204,938	178,614,196
Financial assets at FVPL	2,787,342	54,491	-	-	-	-	2,841,833
Pledged assets	2,410,120	738,499	62,827	281,357	28,324	-	3,521,127
Loans	237,561,722	31,267,996	-	-	-	-	268,829,718
Investment securities	94,197,433	62,901,417	1,656,696	-	-	-	158,755,546
Government securities under repurchase agreement	330,075	-	-	-	-	-	330,075
Segregated fund assets	1,290,656	-	-	-	-	-	1,290,656
Reinsurance held contract assets	1,356	-	-	-	-	-	1,356
Insurance contract assets	14,469	-	-	-	-	-	14,469
Other assets	49,573,695	964,291	-	-	-	-	50,537,986
	481,744,334	171,611,161	4,980,403	5,711,852	484,274	204,938	664,736,962
Liabilities							
Deposits	278,198,530	160,439,741	4,857,076	5,195,994	669,670	1,527	449,362,538
Due to customers and clients	2,499,009	7,682,979	67,715	283,398	28,299	-	10,561,400
Segregated fund investment contract liabilities	1,290,656	-	-	-	-	-	1,290,656
Insurance contract liabilities	49,450,309	-	-	-	-	-	49,450,309
Reinsurance held contract liabilities	2,128	-	-	-	-	-	2,128
Other liabilities	25,185,358	2,229,904	72,244	4,710	14,618	15,010	27,521,844
	356,625,990	170,352,624	4,997,035	5,484,102	712,587	16,537	538,188,875
Net position	**125,118,344**	**1,258,537**	**(16,632)**	**227,750**	**(228,313)**	**188,401**	**126,548,087**

The following significant exchange rates were applied during the year:

	Average rate for the period		Reporting date spot rate	
	2024	2023	2024	2023
USD	155.9591	153.4719	158.1163	155.2457
CAD	115.0212	113.1964	115.8545	112.3081
GBP	198.0970	188.0098	203.2752	186.2668
EUR	169.2544	164.8968	170.7621	163.6405

Sensitivity to foreign exchange rate movements

A weakening of the JMD against the above currencies at October 31 would have increased/(decreased) equity and profit by the amounts shown. This analysis is performed on the same basis as 2023. The strengthening of the JMD against the same currencies at October 31 would have had an equal but opposite effect on the amounts shown, assuming that all other variables remain constant.

Sensitivity to foreign exchange movements:

	The Group	
	2024	2023
	Increase/decrease	Increase/decrease
USD	by 1.66%	by 2.13%
CAD	by 6.07%	by 8.68%
GBP	by 6.94%	by 11.91%
EUR	by 6.38%	by 10.16%

	2024	2023
Effect on profit and stockholders' equity	(28,590)	(17,069)

49. Financial risk management (continued)

(c) Market risk (continued)

(iii) Equity price risk

Equity price risk arises out of price fluctuations in equity prices. The risk arises from holding positions in either individual stocks (idiosyncratic risk) or in the market as a whole (systemic risk). The goal is to earn dividend income and realise capital gains sufficient to offset the interest foregone in holding such long-term positions.

The Board sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact on the portfolio which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristic of these instruments, the Group limits the amount invested in them.

The following shows the sensitivity of the unitised funds based on the 3-month price volatility of the Funds' published net asset value /share over a 5-year period within a confidence interval of 99% using historical simulation.

	The Group	
	2024	2023
Effect on profit and stockholders' equity	(147,876)	(135,054)

The table below analyses the Group's sensitivity to a 5% increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

	2024		2023	
	Profit and loss		Profit and loss	
	Increase	Decrease	Increase	Decrease
Insurance and reinsurance held contracts	12,836	(12,836)	14,230	(14,230)

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows. The Group is exposed to daily calls on its available cash resources from overnight and maturing deposits, loan drawdowns and guarantees. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group maintains large holdings of unencumbered liquid assets to support its operations. These assets generally can also be sold or pledged to meet the Group's obligations.

The Group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;

(ii) Maintaining a portfolio of highly marketable assets that can be liquidated quickly as protection against any unforeseen interruption of cash flow;

(iii) Monitoring the liquidity ratios of the Group against internal and regulatory requirements;

(iv) Managing the concentration and profile of debt maturities, as well as undrawn lending commitments; and

(v) Liquidity stress testing and contingency planning.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(d) Liquidity risk (continued)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for entities to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss. Based on historical trend, there is no expectation that the deposits by the public will be withdrawn or repaid by the Bank within 3 months. These deposits are from a diverse set of clients.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and central bank balances; government and corporate bonds; treasury bills; and loans.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

(i) Financial liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities based on contractual repayment obligations. However, the Group expects that many policyholders/depositors/customers will not request repayment on the earliest date the Group could be required to pay.

	Group 2024						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits by the public, due to financial institution, parent company and fellow subsidiaries	471,290,291	7,595,359	572,111	-	-	479,457,761	479,139,681
Cheques and other instruments in transit	3,470,303	-	-	-	-	3,470,303	3,470,303
Due to customers and clients	8,236,504	-	-	-	-	8,236,504	8,236,504
Insurance contract liabilities	47,040,429	6,122,408	-	-	-	53,162,837	50,166,509
Reinsurance held contract liabilities	-	-	-	-	1,251	1,251	1,251
Segregated fund investment contract liabilities	-	-	-	-	1,768,210	1,768,210	1,768,210
Guarantees and letters of credit	9,627,710	5,055,981	144,766	207,846	-	15,036,303	-
	539,665,237	18,773,748	716,877	207,846	1,769,461	561,133,169	542,782,458

	2023						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits by the public, due to financial institutions, parent company and fellow subsidiaries	441,569,721	7,212,008	600,090	-	-	449,381,819	449,362,538
Cheques and other instruments in transit	3,392,616	-	-	-	-	3,392,616	3,392,616
Due to customers and clients	10,561,400	-	-	-	-	10,561,400	10,561,400
Insurance contract liabilities	48,102,912	6,373,138	-	-	-	54,476,050	49,450,309
Reinsurance held contract liabilities	-	-	-	-	2,128	2,128	2,128
Segregated fund investment contract liabilities	-	-	-	-	1,290,656	1,290,656	1,290,656
Guarantees and letters of credit	18,051,047	5,055,981	144,766	207,846	-	23,459,640	-
	521,677,696	18,641,127	744,856	207,846	1,292,784	542,564,309	514,059,647

49. Financial risk management (continued)

(d) Liquidity risk (continued)

(ii) Maturity PV cash

The following table provides a maturity analysis of the Company's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur.

Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

	2024 Estimate of present value of future cash flows						
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Insurance contracts							
Liabilities- direct participating	46,432	35,219	26,822	19,658	13,660	789,415	931,206
Liabilities- other	2,747,395	2,374,201	2,137,956	1,910,324	1,764,897	31,993,704	42,928,477
Assets	(13,215)	(8,780)	(5,761)	(4,026)	(3,039)	(36,061)	(70,882)
	2,780,612	2,400,640	2,159,017	1,925,956	1,775,518	32,747,058	43,788,801
Reinsurance held contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(115)	(87)	(66)	(49)	(34)	(1,956)	(2,307)
	(115)	(87)	(66)	(49)	(34)	(1,956)	(2,307)

	2023 Estimate of present value of future cash flows						
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Insurance contracts							
Liabilities – direct participating	80,164	65,099	53,608	45,721	39,370	546,792	830,754
Liabilities – other	4,253,698	3,666,602	3,055,601	2,635,856	2,303,267	27,677,285	43,592,309
Assets	(9,341)	(6,141)	(4,014)	(2,709)	(1,983)	(22,128)	(46,316)
	4,324,521	3,725,560	3,105,195	2,678,868	2,340,654	28,201,949	44,376,747
Reinsurance held contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(133)	(108)	(89)	(76)	(65)	(899)	(1,370)
	(133)	(108)	(89)	(76)	(65)	(899)	(1,370)

(e) Key risks arising from insurance contracts issued

Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance held contracts. Insurance and reinsurance held contracts also expose the Group to financial risk. The Group does not accept insurance risk from other insurers.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features.

Annuities are immediate payouts of fixed and variable amounts for a guaranteed period and recognised on the date that they originate. Benefits are recognised as liabilities until the end of the guarantee period. These liabilities are increased by interest credited and are decreased by policy administration fees, period payment charges and any withdrawals. Income consists mainly of fees deducted for fund administration and interest credited is treated as an expense in profit or loss. The annuity fund is included as a part of insurance contract liabilities [note 39(a)].

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

Recognition and measurement

The Group measures a group of insurance contracts as the total of the fulfilment cashflows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk and the contractual service margins.

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and a variable fee for the future services provided under the insurance contracts.

Claims

Death and disability claims, net of reinsurance recoveries, are recorded in profit or loss.

Reinsurance held contracts

The Group enters into contracts with reinsurers under which it is compensated for losses on contracts it issues and which meet the classification requirements for insurance contracts. Reinsurance does not relieve the Group of its liability and reinsurance recoveries are recorded when collection is reasonably assured.

The following table sets out the key risks and risk mitigations for the Group's insurance and reinsurance held contracts.

Portfolio	Product	Key risk	Risk Mitigation
Individual life	Life Shelter Lifetime Security Solace	- Mortality risk - Interest rate risk	Matching of asset and liability cash flows
Individual Health	Criticare	- Morbidity risk - Mortality risk - Interest rate risk	Matching of asset and liability cash flows
Group Creditor Combined Revolving	Visa MasterCard Small Business MasterCard ScotiaLine	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
Group Creditor Combined Single	Mortgage Scotia Plan Loan	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
Group Creditor Combined Level	Mortgage Scotia Plan Loan	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
Individual Universal Life	Affirm Elevate	- Mortality risk - Market risk - Interest rate risk	- Reinsurance of excess amounts - Surrender charges - Investing in investment-grade assets
Individual Life Savings & Wealth	Scotia Mint	- Mortality risk	- Matching of asset and liability cash flows - Surrender charges
Individual Annuity	Scotia Retirement Fund (RIF)	- Longevity risk	- Matching of asset and liability cash flows
Reinsurance held Contract	Affirm	- Mortality risk	- Matching of asset and liability cash flows

49. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

(i) Insurance risk

The Group issues long term contracts that transfer insurance risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the coverage period for the contract, typically extending over the life expectancy of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are events such as epidemics and other wide-ranging changes to health including lifestyle changes. Depending on concentration risk, natural disasters could also result in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for insurance contracts and has the right to alter these charges to a certain extent based on mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce this mitigating effect.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual and group life assured. The benefits insured are shown gross and net of reinsurance.

	The Group			
	Total Benefits Assured			
	2024		2023	
Individual Life Benefits assured per life	Before Reinsurance	%	Before Reinsurance	%
0 to 250,000	3,363,934	3%	3,586,913	5%
250,001 to 500,000	3,070,814	3%	3,103,649	4%
500,001 to 750,000	7,224,447	8%	6,968,181	9%
750,001 to 1,000,000	3,409,024	4%	3,545,397	5%
1,000,001 to 1,500,000	13,810,133	14%	13,217,342	17%
1,500,001 to 2,000,000	8,294,948	9%	8,071,187	11%
over 2,000,000	56,991,870	59%	37,687,185	49%
Total	96,165,170	100%	76,179,854	100%

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

Underwriting risk (continued)

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk (continued)

(i) Insurance risk (continued)

	The Group			
	Total Benefits Assured			
	2024		2023	
Group benefits assured per Life	Before Reinsurance	%	Before Reinsurance	%
0 to 250,000	12,919,133	12%	25,487,881	22%
250,001 to 500,000	6,900,257	6%	7,518,411	6%
500,001 to 750,000	10,154,577	9%	9,827,067	8%
750,001 to 1,000,000	8,490,031	8%	9,073,702	8%
1,000,001 to 1,500,000	14,123,205	13%	15,108,311	13%
1,500,001 to 2,000,000	11,395,835	11%	12,817,707	11%
over 2,000,000	43,867,683	41%	36,946,392	32%
Total	107.850.721	100%	116.779.471	100%

Sources of uncertainty in the estimation of future benefit payments and premiums

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder behaviour.

Estimates are made of the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and international mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience.

Process used in deriving non-financial assumptions

For long-term contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns, crediting rates, inflation and administration expenses are made and form the assumptions used for calculating the liabilities at the inception of the contract. A margin for risk and uncertainty is added to these assumptions.

New estimates are made each year based on updated experience studies and economic forecasts. The valuation assumptions are altered to reflect these revised best estimates. The margins for risk and uncertainty may also be altered if the underlying level of uncertainty in the updated assumptions has changed. The financial impact of revisions to the valuation assumption or the related margins is recognised in the accounting period in which the change is made.

(ii) Policyholder behaviour risk

Policyholder behaviour risk is the risk that a policyholders will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums or withdraw deposits leading to an unfavourable position for the insurance company. Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums and to terminate the contract completely. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. The Group has factored the impact of policyholders' behaviour into the assumptions used to measure the liabilities.
actored the impact of policyholders' behaviour into the assumptions used to measure the liabilities.

Management of underwriting risk

The Group has developed its insurance underwriting strategy and reinsurance arrangements to diversify the type of insurance risks accepted. For each type of risk, the objective is to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. This is supported by policy underwriting and by applying retention limits on any single life insured.

49. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

Life risk and life savings contracts

A key aspect of the underwriting process for life risk and life savings products is assessment of insurance risks at the individual contract level. Pricing reflects the Group's own experience, the identification of emerging trends in insurance risk factors and assessment of policyholders' lifestyles.

To limit its exposure of potential loss on an insurance policy, the Group cedes certain levels of risk to a reinsurer. Reinsurance ceded does not discharge the Group's liability as primary issuer. The company also limits the probable loss in the event of a single catastrophic occurrence by reinsuring this type of risk with reinsurers. The Group manages reinsurance risk by selecting reinsurers which have established capability to meet their contractual obligations, and which generally have favourable credit ratings as determined by a reputable rating agency.

Policyholder behaviour risk is also considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition costs. Persistency is monitored using observed company experience.

Expense risk is managed through the annual budgeting process and regular expense analyses.

(i) ***Sensitivity analysis***

The table below analyses the sensitivity of the CSM, profit or loss and equity to changes in valuation assumptions. This analysis assumes that all other assumptions remain constant.

	2024					
	CSM		Profit and loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Insurance contracts without direct participation features						
Mortality (3% increase)	(22,001)	(22,001)	10	10	(18,490)	(18,490)
Mortality (3% decrease)	22,078	22,078	(166)	(166)	18,887	18,887
Morbidity (5% increase)	(8,163)	(8,163)	1,961	1,961	(5,404)	(5,404)
Morbidity (5% decrease)	8,160	8,160	(1,682)	(1,682)	5,490	5,490
Expense (10% increase)	(30,678)	(30,678)	(37,903)	(37,903)	(44,752)	(44,752)
Expense (10% decrease)	30,866	30,866	39,158	39,158	44,467	44,467
Lapse (10% increase)	(409,901)	(409,901)	(36,227)	(36,227)	(64,626)	(64,626)
Lapse (10% decrease)	411,194	411,194	32,620	32,620	72,074	72,074
Insurance contracts with direct participation features						
Mortality (3% increase)	(2,700)	(2,571)	(4,697)	(4,890)	-	90
Mortality (3% decrease)	2,709	2,573	4,749	4,871	-	(52)
Morbidity (5% increase)	(353)	(357)	(3,624)	(3,622)	-	8
Morbidity (5% decrease)	351	354	3,548	3,549	-	(2)
Expense (10% increase)	(20,003)	(20,011)	(19,749)	(19,742)	-	(1)
Expense (10% decrease)	20,005	20,012	19,563	19,557	-	(3)
Lapse (10% increase)	(12,664)	(12,700)	(26,474)	(26,542)	-	90
Lapse (10% decrease)	13,758	13,800	25,417	25,452	-	(96)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

(i) Sensitivity analysis (continued)

	2023					
	CSM		Profit and loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Insurance contracts without direct participation features						
Mortality (3% increase)	(39,076)	(39,076)	(10,299)	(10,299)	4,302	4,302
Mortality (3% decrease)	39,033	39,033	10,437	10,437	(4,409)	(4,409)
Morbidity (5% increase)	(8,656)	(8,656)	(1,048)	(1,048)	(270)	(270)
Morbidity (5% decrease)	8,921	8,921	797	797	296	296
Expense (10% increase)	(56,271)	(56,271)	(34,523)	(34,523)	2,892	2,892
Expense (10% decrease)	61,547	61,547	40,840	40,840	(2,904)	(2,904)
Lapse (10% increase)	(840,377)	(840,377)	(116,589)	(116,589)	14,317	14,317
Lapse (10% decrease)	848,465	848,465	112,208	112,208	(16,333)	(16,333)
Insurance contracts with direct participation features						
Mortality (3% increase)	(1,098)	(1,179)	(2,096)	(2,037)	-	-
Mortality (3% decrease)	1,099	1,191	2,645	2,674	-	-
Morbidity (5% increase)	(220)	(214)	(874)	(860)	-	-
Morbidity (5% decrease)	217	212	1,392	1,386	-	-
Expense (10% increase)	(4,480)	(4,436)	(29,064)	(29,019)	-	-
Expense (10% decrease)	4,520	4,446	29,468	29,407	-	-
Lapse (10% increase)	(7,558)	(7,456)	(60,788)	(60,655)	-	-
Lapse (10% decrease)	8,005	7,852	66,519	66,409	-	-

Changes in underwriting risk variables mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a) **CSM:**

- Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.

b) **Profit or loss:**

- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

49. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

(c) Equity

- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI.
- The effect on profit or loss under (b).

Reinsurance risk

Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. To limit its exposure of potential loss on an insurance policy, the company cedes certain levels of risk to a reinsurer. Reinsurance ceded does not discharge the company's liability as primary issuer.

The Group also limited the probable loss in the event of a singly catastrophic occurrence by reinsuring this type of risk with reinsurers.

The Group manages reinsurance, risk by selecting reinsurers which have established capability to meet rating agency.

Retention limits represented the level of risk retained by the insurer. The retention programs used by the company are summarized below.

Type of insurance contract	-	Retention
Group creditor life contracts		Maximum retention of $42,000 per year

50. Fair value of financial instruments

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The best evidence of fair value for a financial instrument is the quoted price in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Where possible, the Group measures the fair value of an instrument based on quoted prices or observable inputs obtained from active markets.

For financial instruments for which there is no quoted price in an active market, the Group uses internal models that maximise the use of observable inputs to estimate fair value. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

When using models for which observable parameters do not exist, the Group uses greater management judgement for valuation methodologies and model inputs.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 - fair value measured based on quoted market prices (unadjusted) in active markets for identical assets or liabilities.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

- Level 2 - fair value measured based on all significant market observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 - fair value measured based on significant unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no such transfers during the year.

Basis of valuation

The specific inputs and valuation techniques used in determining the fair value of financial instruments are noted below:

(i) Financial instruments classified as fair value through OCI are measured at fair value by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques which include utilising recent transaction prices or broker quotes. Investments in unit trust are measured at fair value by reference to prices quoted by the fund managers.

(ii) Financial instruments classified as fair value through profit or loss: fair value is estimated by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows. The carrying amount is equal to the fair value of these investments.

(iii) The fair values of liquid assets and other assets maturing within one year are considered to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities. These securities are classified at level 2.

(iv) The fair values of demand deposits and savings accounts with no specific maturity are considered to be the amount payable on demand at the reporting date; the fair values of fixed-term interest bearing deposits are based on discounted cash flows using interest rates for new deposits. These securities are classified at level 2.

(v) The fair values of variable rate financial instruments are considered to approximate their carrying amounts as they are frequently repriced to current market rates.

(vi) The fair value of fixed rate loans is estimated by comparing actual interest rates on the loans to current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, and the impact of credit risk is recognised separately. The fair values are estimated using discounted cash flow analysis with current market rates ranging from 7.08% - 9.42%.

(vii) The fair values of quoted equity investments are based on quoted market bid prices. Equity securities for which fair values cannot be measured reliably are recognised at asset-based values. Unquoted equities are carried at fair value through other comprehensive income. These securities are classified at level 3.

(viii) The fair values of other liabilities due to be settled within one year are considered to approximate their carrying amount. These securities are classified at level 3.

50. Fair value of financial instruments (continued)

Basis of valuation (continued)

Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	The Group							
	2024							
	Carrying amount				Fair value			
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Unquoted shares	-	408,275	-	408,275	-	-	408,275	408,275
Quoted shares	-	-	4,807	4,807	-	4,807	-	4,807
Government securities	-	137,772,001	527,196	138,299,197	44,324,636	93,974,561	-	138,299,197
Bank of Jamaica securities	-	42,815,633	-	42,815,633	-	42,815,633	-	42,815,633
Treasury Bills	-	2,576,830	-	2,576,830	2,276,830	300,000	-	2,576,830
Corporate bonds	-	899,959	21,994	921,953	-	921,953	-	921,953
Unitised funds	-	-	400,841	400,841	-	400,841	-	400,841
	-	184,472,698	954,838	185,427,536	46,601,466	138,417,795	408,275	185,427,536
Pledged assets measured at fair value:								
Government securities	-	2,691,235	-	2,691,235	-	2,691,235	-	2,691,235
Unitised funds	-	-	706,934	706,934	-	706,934	-	706,934
	-	2,691,235	706,934	3,398,169	-	3,398,169	-	3,398,169
Financial assets not measured at fair value								
Loans and receivables	97,534,444	-	-	97,534,444	-	-	95,847,276	95,847,276

	2023							
	Carrying amount				Fair value			
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Unquoted shares	-	5,105	-	5,105	-	-	5,105	5,105
Government securities	281,845	138,046,541	2,165,993	140,494,379	35,133,012	105,368,544	-	140,501,556
Bank of Jamaica securities	-	12,139,023	-	12,139,023	-	12,139,023	-	12,139,023
Treasury Bills	-	7,155,650	-	7,155,650	6,255,650	900,000	-	7,155,650
Corporate bonds	-	1,127,382	-	1,127,382	-	1,127,382	-	1,127,382
Unitised funds	-	-	675,840	675,840	-	675,840	-	675,840
	281,845	158,473,701	2,841,833	161,597,379	41,388,662	120,210,789	5,105	161,604,556
Pledged assets measured at fair value								
Government securities	-	2,462,917	-	2,462,917	-	2,462,917	-	2,462,917
Unitised funds	-	-	354,159	354,159	-	354,159	-	354,159
	-	2,462,917	354,159	2,817,076	-	2,817,076	-	2,817,076
Financial assets not measured at fair value								
Loans and receivables	89,927,699	-	-	89,927,699	-	-	87,527,681	87,527,681

Valuation technique

All Government of Jamaica securities and international bonds are valued using the bid price from Bloomberg to estimate the fair value.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

51. Capital risk management

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of its minimum capital ratios and the possible suspension or loss of its licences.

Regulators are primarily interested in protecting the rights of depositors and policyholders and they monitor closely to ensure that the Group is satisfactorily managing its affairs for the benefit of depositors and policyholders. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the company are subjected to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency to meet unforeseen liabilities as these arise.

The Group manages its capital resources according to the following objectives:

- To comply with the capital requirements established by the regulatory authorities responsible for banking, insurance and other financial intermediaries;
- To safeguard its ability to continue as a going concern and meet future obligations to depositors, policyholders and stockholders;
- To provide adequate returns to stockholders by pricing investment, insurance and other contracts commensurate with the level of risk; and
- To maintain a strong capital base to support the future development of the Group's operations. Capital is managed in accordance with the Board-approved Capital Management Policy.

Individual banking, investment and insurance subsidiaries are directly regulated by their designated regulator, who sets and monitors capital adequacy requirements. Required capital adequacy information is filed with the regulators at least quarterly.

Banking, mortgage lending and investment management

Capital adequacy is reviewed by executive management, the Audit Committee and the Board of Directors. Based on the guidelines developed by Bank of Jamaica (BOJ) and the Financial Services Commission (FSC), each regulated entity is required to:

- Hold the minimum level of regulatory capital; and
- Maintain a minimum ratio of total regulatory capital to risk weighted assets.

Regulatory capital is divided into two tiers:

1. Tier 1 capital comprises share capital, reserve fund and reserves created by appropriations of retained earnings. The carrying value of goodwill is deducted in arriving at Tier 1 capital; and
2. Tier 2 capital comprises qualified subordinated loan capital, collective impairment allowances and revaluation surplus on property and equipment.

Investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

51. Capital risk management (continued)

The table below summarises the composition of regulatory capital, the ratios for each subsidiary and identifies the applicable regulator. During the year, the individual entities complied with all externally imposed capital requirements.

	Regulated by the BOJ[1]		Regulated by the FSC[2]	
	2024	2023	2024	2023
Tier 1 Capital	59,126,964	57,119,245	11,344,712	9,998,225
Tier 2 Capital	-	-	464,162	464,162
	59,126,964	57,119,245	11,808,874	10,462,387
Less prescribed deductions	(2,790,000)	(2,790,000)	-	-
Total regulatory capital	56,336,964	54,329,245	11,808,874	10,462,387

	Regulated by the BOJ[1]		Regulated by the FSC[2]	
	2024	2023	2024	2023
Risk weighted assets				
On-balance sheet	345,103,657	313,854,967	9,376,285	11,506,515
Off-balance sheet	64,006,190	57,515,664	-	-
Foreign exchange exposure	2,611,765	413,323	5,141,620	3,930,415
Total risk weighted assets	411,721,612	371,783,954	14,517,905	15,436,930
Actual regulatory capital to risk weighted assets	13.68%	14.61%	81.34%	67.78%
Regulatory requirement	10.00%	10.00%	10.00%	10.00%

[1] This relates to The Bank of Nova Scotia Jamaica Limited and The Scotia Jamaica Building Society.

[2] This relates to Scotia Investments Jamaica Limited.

Life insurance business

Effective January 1, 2024, the Financial Services Commission ("FSC") established a new capital adequacy regulatory framework for life insurance companies, the Life Insurance Capital Adequacy Test ("LICAT"). The adoption of LICAT is in keeping with the risk-based approach that aligns with International Financial Reporting Standard, IFRS17 – *Insurance Contracts*. Accordingly, life insurance companies and branches of foreign companies carrying on life insurance business in Jamaica shall have a capital ratio greater than 100%.

Capital adequacy is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. The Group seeks to maintain internal capital adequacy levels higher than the regulatory requirements. The financial strength as at October 31, 2024, was evaluated using the revised risk-based assessment measure LICAT.

	2024	2023
Net capital required	5,107,529	5,494,427
Total capital available	19,010,271	14,008,356
Surplus allowance	2,399,444	2,143,951
Total capital ratio	419%	294%
Regulatory requirement	100%	100%

52. Commitments

	The Group 2024	The Group 2023
(a) Capital expenditure - authorised and contracted	150,976	98,889
(b) Commitments to extend credit: Originated term to maturity of more than one year	64,195,880	57,779,574

53. Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

The subsidiary, Scotia Investments Jamaica Limited also manages funds on a non-recourse basis, on behalf of investors. The Group has no legal or equitable right or interest in these funds and accordingly, they have been excluded from the financial statements.

At October 31, 2024, the Group had assets under administration amounting to approximately $352,733,506 (2023: $283,175,420).

54. Litigation and contingent liabilities

The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group that is immaterial to both its financial position and financial performance.

55. Dividends

(a) Paid to stockholders:

	The Group and Company 2024	The Group and Company 2023
In respect of 2024	3,889,500	-
In respect of 2023	1,244,629	3,111,600
In respect of 2022	-	1,089,051
	5,134,129	4,200,651

(b) Proposed

At the Board of Directors meeting on December 12, 2024, a dividend in respect 2024 of $0.45 (2023 of $0.40 per share) amounting to $1,400,208 (2023: $1,244,629) was proposed. Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2024
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

56. Employee Share Ownership Plan

The Group has an Employee Share Ownership Plan ("ESOP" or "Plan"), the purpose of which is to encourage eligible employees of the Group to steadily increase their ownership of the Company's shares. Participation in the Plan is voluntary; any employee who has completed at least one year's service with any Group entity is eligible to participate.

The operation of the ESOP is facilitated by a Trust. The employer and employees make contributions to the Trust and these contributions are used to fund the acquisition of shares for the employees. Employees' contributions are determined by reference to the length of their employment and their annual basic remuneration. The employer contributions are as prescribed by the formula set out in the rules of the Plan.

The contributions are used by the trustees to acquire the Company's shares at market value. The shares purchased with the employees contributions vest immediately, although they are subject to the restriction that they may not be sold within two years of acquisition. Out of shares purchased with the Company's contributions, allocations are made to participating employees, but are held by the Trust for a two-year period, at the end of which they vest with the employees; if an employee leaves the employer within the two-year period, the right to these shares is forfeited; such shares then become available to be granted by the employer to other participants in accordance with the formula referred to previously.

The amount contributed by the Group to employee share purchase during the year, included in employee compensation, amounted to $34,447 (2023: $30,108).

At the reporting date, the shares acquired with the employer's contributions and held in trust pending allocation to employees and/or vesting were:

	The Group 2024	The Group 2023
Number of shares	992,364	1,121,261
Fair value of shares $'000	45,128	38,151

NOTES

NOTES

NOTES

Form of Proxy

SCOTIA GROUP JAMAICA LIMITED (THE "COMPANY")

SCOTIA GROUP JAMAICA LIMITED

I/We...

of..

in the parish of..being a Member of the above Company, hereby appoint the Chair of the Meeting or failing him/her

(see Note 1) ....

of ....

or failing them ....

of...

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 7th day of **March 2025** and at any adjournment thereof (the "Meeting").

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his/her discretion.

Ordinary Business		For	Against
Resolution 1	**Audited Accounts** That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended October 31, 2024 previously circulated be and are hereby received.		
Resolution 2	**Election of Directors** That each of the following persons shall be elected a Director of the Company for the term from the date of his or her election until the close of the next Annual General Meeting of the Company following election, subject always to earlier termination pursuant to the Articles of the Company: a) Aileen Corrigan b) Roxane De Freitas c) Vernon Douglas d) Antony Mark Hart e) William David McConnell f) James McPhedran g) Audrey Richards h) Anya Schnoor i) Jabar Singh j) Meigan Terry k) Audrey Tugwell Henry		
Resolution 3	**Appointment of Auditors** That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.		

Special Business		For	Against
Resolution 4	**Directors' Remuneration** That the Directors be and are hereby authorised to fix their remuneration for the ensuing year.		

As witness my hand this.. day of.. 2025.

....

Signature

NOTES:

1. If you wish to appoint a proxy other than the Chair of the Meeting, please insert the person's name and address and delete (initialing the deletion) "the Chair of the Meeting".

2. To be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed must be lodged at the office of the Secretary of the Company, Scotiabank Centre, Cnr. Duke & Port Royal Streets, Kingston, at least 48 hours before the time appointed for the holding of the Meeting.

3. To this form must be affixed a $100.00 stamp in payment of stamp duty.

4. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

5. To be effective, this form of proxy must be signed by the appointer or his/her attorney, duly authorised in writing or, if the appointer is a corporation, must be under its common seal or be signed by some officer or attorney duly authorised in that behalf.

Contact Information

Call us at
888 4 SCOTIA

E-mail general enquiries to
customercare-jam@scotiabank.com

Visit our website at
www.jm.scotiabank.com

Scotiabank®