

SCOTIA GROUP JAMAICA LIMITED

Scheme Booklet

Containing Scheme of Arrangement
and Explanatory Statement

This Document is important and requires your immediate attention.

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT IS IMPORTANT THAT YOU READ ALL OF THE PROVISIONS OF THIS SCHEME BOOKLET.

PART 4 (THE EXPLANATORY STATEMENT) OF THIS SCHEME BOOKLET COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 207 OF THE COMPANIES ACT, 2004 OF JAMAICA (THE “COMPANIES ACT”). THIS SCHEME BOOKLET CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN ALL THE ISSUED ORDINARY STOCK UNITS IN SCOTIA GROUP JAMAICA LIMITED (“SGJL” OR THE “COMPANY”) NOT ALREADY OWNED BY SCOTIABANK CARIBBEAN HOLDINGS LTD. (“SCHL”), A WHOLLY-OWNED SUBSIDIARY OF THE BANK OF NOVA SCOTIA, BEING REPURCHASED BY SGJL, AND PAYING CASH TO THE HOLDERS OF SUCH REPURCHASED SGJL STOCK UNITS AND RESULTING IN SCHL BECOMING THE ONLY STOCKHOLDER IN SGJL.

If you have sold or otherwise transferred all your SGJL Stock Units, then please send this document at once to the purchaser or transferee, or the dealer or the agent through whom the sale or transfer was made for delivery to the purchaser or transferee. If you have sold or transferred a part only of your holding of SGJL Stock Units then please consult the dealer through whom the sale or transfer was made.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR SECURITIES DEALER, INVESTMENT ADVISOR, BANK MANAGER, ATTORNEY-AT-LAW, ACCOUNTANT OR OTHER INDEPENDENT PROFESSIONAL ADVISOR WHO, IF YOU ARE TAKING ADVICE IN JAMAICA, IS AUTHORISED UNDER THE SECURITIES ACT OF JAMAICA, 1993 TO PROVIDE SUCH ADVICE, OR FROM AN APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISOR IF YOU ARE IN ANY COUNTRY OUTSIDE JAMAICA.

RECOMMENDED SCHEME OF ARRANGEMENT PROPOSING THAT ALL ORDINARY STOCK UNITS IN SGJL NOT ALREADY OWNED BY SCHL BE REPURCHASED BY SGJL IN CONSIDERATION FOR A CASH PAYMENT OF J\$61.50 (OR, AT THE ELECTION OF THE SGJL STOCKHOLDER, THE U.S. DOLLAR EQUIVALENT THEREOF) PER REPURCHASED STOCK UNIT, TO BE EFFECTED BY A SCHEME OF ARRANGEMENT UNDER SECTIONS 206 AND 207 OF THE COMPANIES ACT.

AND

NOTICES OF MEETINGS OF STOCKHOLDERS OF SGJL SUMMONED BY ORDER OF THE SUPREME COURT OF JUDICATURE OF JAMAICA.

Your attention is drawn to the letter from the Chairman of the Board of Directors and the Independent Committee which is set out in **Part 3 (Letter from the Chairman of the SGJL Board and the Independent Committee)** of this Scheme Booklet and which recommends that you vote **IN FAVOUR** of the Resolution to be proposed at the Court Ordered Scheme Meetings. A statement explaining the Scheme appears in **Part 4 (Explanatory Statement)** of this Scheme Booklet.

The Notices of the Court Ordered Scheme Meetings of the Company to be held on October 7, 2026 at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica and Form of Proxy are being sent to SGJL Stockholders by registered mail and by publication on the websites of the Jamaica Stock Exchange and SGJL. The meeting for

SCHL will start at 10:00 a.m. (Jamaica time) and the meeting for SGJL Minority Stockholders will start at 11:00 a.m. (Jamaica time).

Capitalized terms used but not otherwise defined in this Scheme Booklet shall have the meaning given in **Part 10 (Definitions)** of this Scheme Booklet. **Part 9 (Frequently Asked Questions)** of this Scheme Booklet includes answers to frequently asked questions in relation to the Scheme, the Court Ordered Scheme Meetings and voting at such Court Ordered Scheme Meetings. Notwithstanding the discussion in Part 9 hereof, SGJL Stockholders are urged to read the Scheme Booklet in its entirety.

The action to be taken in respect of the Court Ordered Scheme Meetings is set out in **Part 1 (Action to be Taken by SGJL Stockholders)** of this Scheme Booklet. SGJL Stockholders will find annexed to this Scheme Booklet a Form of Proxy for use in connection with the applicable Court Ordered Scheme Meeting. Whether or not you intend to attend the applicable Court Ordered Scheme Meeting in person, please complete and sign the original Form of Proxy in accordance with the instructions printed on them and return the Form of Proxy to any one of the following addresses in Jamaica:

- a) Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston

Attention: Ms. Maia Wilson

- b) Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay
St. James

Attention: Branch Manager

- c) Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester

Attention: Branch Manager

- d) Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Attention: Branch Manager

If you are sending a Form of Proxy from outside of Jamaica you should do so as soon as possible and, in any event, so as to be received by the deadline set out on the relevant form.

If you have any questions, including in relation to the completion and return of the Form of Proxy, please call the Registrar of the Company at (876) 967-3271.

The SGJL Stock Units represented by a properly executed proxy will be voted for or against the Scheme in accordance with the instructions given on the Form of Proxy. **If, in a signed and otherwise valid Form of Proxy, no proxy is named or the proxy named is not present at the applicable Court Ordered Scheme Meeting, the SGJL Stockholder to which the Form of Proxy relates shall be deemed to have appointed the Chairman of the meeting as their proxy. Where a SGJL Stockholder is deemed to have appointed the Chairman of the meeting as their proxy and no voting direction is given, the Chairman will vote such SGJL Stock Units in favour of the Scheme, in accordance with the recommendation of the SGJL Board.**

The statements contained in this Scheme Booklet are made as at the date of this Scheme Booklet, unless some other time is specified in relation to them, and service of this Scheme Booklet shall not give rise to any representation that there has been no change in the facts set forth in the Scheme Booklet since that date. Nothing contained in this Scheme Booklet shall be deemed to be a forecast, projection or estimate of the future financial performance of SGJL or any other company except where otherwise stated. Save as required by applicable laws and regulations, none of SGJL, SCHL or any of their respective subsidiaries assume any obligation to, and do not intend to, update any forward-looking statements contained in this Scheme Booklet as a result of new information or future events or developments.

No person has been authorised to make any representations on behalf of SGJL or SCHL concerning the Scheme which are inconsistent with the statements contained in this Scheme Booklet and any representations, if made, may not be relied upon as having been authorised.

The contents of this Scheme Booklet are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this Scheme Booklet you should consult your own legal advisor, securities dealer, investment advisor, bank manager or tax advisor for legal, business, financial or tax advice. Take note that in some countries, such as Jamaica, only licenced or registered professionals may be lawfully authorised to render certain types of advice in a professional capacity.

This Scheme Booklet does not constitute, and may not be used for the purposes of invitation of the solicitation of a vote in respect of the Scheme by any person in any jurisdiction: (i) in which such solicitation or invitation is not authorised; and (ii) in which, or to any person to whom, it is unlawful to make such solicitation or invitation or such solicitation or invitation would impose any unfulfilled registration, publication or approval requirements on SGJL or SCHL or any of their respective directors, officers, agents and advisors. No action has been taken nor will any action be taken in any jurisdiction outside Jamaica by any person that would permit a public solicitation in any such jurisdiction where action for that purpose is required to render public solicitation lawful, nor has any such action been taken with respect to the possession or distribution of this Scheme Booklet other than in any jurisdiction where action for that purpose is not required. None of SGJL, SCHL or any of their respective subsidiaries, or their respective agents or advisors accepts any responsibility for any violation of any of these restrictions by any other person.

General Notice to Overseas Stockholders

No solicitation or offer is being made, directly or indirectly, in or into any Restricted Jurisdiction or by the use of mail, or by any other means including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communications of interstate or foreign commerce of, or any facility of a national security exchange of a Restricted Jurisdiction and no election or acceptance by any use, means or facility or from within any such Restricted

Jurisdiction shall be permitted. Accordingly, unless otherwise determined by SGJL and SCHL, copies of this Scheme Booklet and any documentation relating to the Scheme are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send any such documents in or into or from any such Restricted Jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this Scheme Booklet and/or otherwise intends to, forward this Scheme Booklet and/or any other documentation relating to the Scheme to any jurisdiction outside Jamaica should inform themselves of, and observe, any applicable legal or regulatory requirements of any relevant jurisdiction.

None of SGJL, SCHL or their respective subsidiaries, or their respective directors, officers, agents and advisors is making any representation to any SGJL Stockholder regarding the legality of any vote under the laws of any jurisdiction other than Jamaica. Each SGJL Stockholder should consult with his, her or its own advisors as to the legal, tax, business, financial and related aspects of voting on the Resolution.

Notice to US Stockholders

This Scheme Booklet is not an offer, or solicitation of an offer to purchase securities in the United States or to solicit votes and the Scheme Booklet will not be registered under the United States Securities Act of 1933 or under the securities law of any state, district or other jurisdiction of the United States. No regulatory clearance in respect of the proposed Scheme of Arrangement has been, or will be, applied for in any jurisdiction.

Currency

Unless otherwise indicated, references to “\$” or “J\$” refer to the lawful currency of Jamaica and references to “US\$” refer to the lawful currency of the United States of America.

Forward-Looking Statements

This document (including the information incorporated by reference herein) contains statements which are or may be deemed to be “forward-looking statements”. All statements other than statements of current or historical facts are forward-looking statements. Forward-looking statements are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statement. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimate”, “forecasts”, “intend”, “anticipates”, “believes”, “targets”, “aims”, “projects”, “future-proofing” or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “might”, “will”, “be taken”, “occur”, or “achieve”. Such statements are qualified in their entirety by inherent risks and uncertainties surrounding future expectations. More particularly and without restriction, this Scheme Booklet contains forward-looking statements and information regarding: (i) the Scheme and the anticipated benefits of the Scheme; (ii) the anticipated timing for the Court Ordered Scheme Meetings, the Final Court Hearing, the Scheme Record Time, the Effective Date and the Settlement Date; (iii) the Final Court Order and the SGJL Stockholder Approval; (iv) the application to the JSE for the de-listing of the SGJL Stock Units; (v) the anticipated timing of the completion

of the Scheme; (vi) SGJL's business following completion of the Scheme; and (vii) the currency and the manner in which the Consideration may be paid to SGJL Minority Stockholders.

Although SGJL believes the expectations reflected in forward-looking statements contained herein are reasonable, such forward-looking statements involve inherent risks and uncertainties, many of which are beyond SGJL's control, and may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to, the failure to obtain the necessary SGJL Stockholder Approval or Final Court Order or to otherwise satisfy the conditions to the completion of the Scheme; failure to obtain required approvals or satisfy conditions in a timely manner; significant transaction costs or unknown liabilities; failure to realize the expected benefits of the Scheme; general economic conditions; and other risks and uncertainties. Failure to obtain the necessary SGJL Stockholder Approval or Final Court Order, or the failure to otherwise satisfy the conditions to the completion of the Scheme or to complete the Scheme, may result in the Scheme not being completed on the proposed terms, or at all. In addition, if the Scheme is not completed, and the Company continues as a publicly-traded entity, there are risks that the announcement of the Scheme and the dedication of substantial resources of the Company to the completion of the Scheme could have an impact on its business and strategic relationships (including with future and prospective employees, customers, suppliers and partners), operating results and activities in general, and could have a material adverse effect on its current and future operations, financial condition and prospects.

You are cautioned not to place undue reliance on these forward-looking statements, which are current only on such date as which such statements are made. Other than in accordance with its legal obligations or regulatory requirements, neither SGJL nor any of its directors, officers, advisors or agents is under any obligation to, and they each expressly disclaim any intention or obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. All of the forward-looking statements contained in this Scheme Booklet are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company's business, financial condition or results of operations. None of SGJL, SCHL or any of their respective directors, officers, advisors or agents provides any representation, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

The foregoing list is not exhaustive of the factors that may affect any of the forward-looking statements of SGJL contained herein. Additional information on corporate risks and uncertainties can be found in SGJL's 2025 Annual Report which has been published on SGJL's website at www.jm.scotiabank.com.

THIS DOCUMENT IS NOT A PROSPECTUS OR A PROSPECTUS EQUIVALENT DOCUMENT.

Publication of this Document

A hyperlink at which this document may be accessed will be sent in the Notice to all SGJL Stockholders listed on the SGJL Share Register as of the date of this document (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions). You may also obtain a hardcopy of this document or any other document listed under the heading “*Explanatory Statement – Documents Available for Inspection*”, free of cost, in

Jamaica at the SGJL Registered Office located at Scotiabank Centre, Corner of Duke & Port Royal Streets, Kingston, Jamaica or the offices of Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, Jamaica or any of the locations listed in paragraph 11.1 of the Explanatory Statement (Part 4) of this Scheme Booklet. This document may also be viewed (subject to any applicable restrictions with respect to persons who are resident in Restricted Jurisdiction) on SGJL's website at www.jm.scotiabank.com under the Investor Relation's tab and the JSE's website at <https://www.jamstockex.com>. For the avoidance of doubt, save as expressly stated herein, the contents of that website or any other website on which it is posted do not form part of and are not incorporated herein.

This Scheme Booklet is dated July 21, 2026



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APPENDICES

1. Notice of Court-Ordered Stockholders' Meetings
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PART 1 - ACTION TO BE TAKEN BY SGJL STOCKHOLDERS

It is important that as many votes as possible are cast at the Court Ordered Scheme Meeting for SGJL Minority Stockholders so that the Court may be satisfied that there is a fair representation of the SGJL Minority Stockholders' opinion. Whether or not you intend to attend the applicable Court Ordered Scheme Meeting, you are strongly encouraged to complete, sign and return your Proxy Form in accordance with the instructions below. If you attend the applicable Court Ordered Scheme Meeting after returning your Proxy, it will be voided and you will be able to cast your own vote in person at the applicable Court Ordered Scheme Meeting.

If you have any questions about the Scheme, the Court Ordered Scheme Meetings or the voting process, please refer to **Part 9 (Frequently Asked Questions)** of this Scheme Booklet, which provides answers to commonly asked questions relating to the Scheme, the Court Ordered Scheme Meetings and voting, and the payment of the Consideration.

Vote at Court Ordered Scheme Meetings

The Scheme of Arrangement will require approval of at least a majority in number, representing 75% in value, of the SGJL Stockholders present and voting either in person or by proxy at each of (i) the meeting of SCHL; and (ii) the meeting of SGJL Minority Stockholders, each convened by order of the Court. The meetings will be held on October 7, 2026 at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica. The meeting of SCHL will start at 10:00 a.m. (Jamaica time) and the meeting for the SGJL Minority Stockholders will start at 11:00 a.m. (Jamaica time). Please check that you have received the Notice and a Form of Proxy for use in respect of the applicable Court Ordered Scheme Meeting.

If you have not received all of the documents, please contact:

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica
Tel: 1 (876) 967-3271
E-mail: jcsdrs@jamstockex.com

As a SGJL Stockholder you are eligible to vote

For the reasons set out in this Scheme Booklet, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining), based on the unanimous recommendation of the Independent Committee, unanimously consider the Scheme of Arrangement, as described in the Explanatory Statement included herein, to be in the best interests of SGJL and the consideration to be received by SGJL Minority Stockholders to be fair, from a financial point of view, to such SGJL Minority Stockholders. Accordingly, in order to implement the Scheme, the Directors of SGJL strongly recommend that you vote **IN FAVOUR** of the Scheme.

Information you should consider

You should read this Scheme Booklet in particular the Explanatory Statement starting on page 26 and the Scheme of Arrangement starting on page 41.

How to return Proxy Forms

Proxy Forms and the power of attorney or other authority or resolution in the case of a corporation which is a SGJL Stockholder, if any, under which it is signed, or a notarially certified or office copy of such power or authority must be returned to:

- (a) the registered office of the Company addressed to:

Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Attention: Ms. Maia Wilson

or

- (b) any Scotiabank Jamaica location listed on page 3 of this Scheme Booklet.

Proxy Forms may also be downloaded from the SGJL website at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html>.

Please contact Jamaica Central Securities Depository Limited using the information set out below if you are having difficulties in returning your proxies:

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica
Tel: (876) 967-3271
Fax: (876) 948-6653
E-mail: jcsdrs@jamstockex.com

When Completed Proxies should be returned

Completed proxies should be returned as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the applicable Court Ordered Scheme Meeting. Signed and completed proxies must be received no later than 11:00 a.m. (Jamaica time) on October 5, 2026.

The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the applicable Court Ordered Scheme Meeting or any adjournment thereof, if you so wish, and are so entitled. In such a case your presence at the applicable meeting would automatically revoke your proxy appointment and you would be entitled to vote as if you had not previously appointed a proxy.

SGJL Share Register

SGJL maintains a list of SGJL Stockholders (the “**SGJL Share Register**”). If you are in doubt as to whether you are listed on the SGJL Share Register please contact Jamaica Central Securities Depository Limited for confirmation:

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica
Tel: (876) 967-3271
Fax: (876) 948-6653
E-mail: jcsdrs@jamstockex.com

PART 2 - EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times given below are indicative only and are based on SGJL's current expectation and may be subject to change including as a result of changes to anticipated Court dates. In particular, the date for the Final Court Hearing to sanction the Scheme (and accordingly all subsequent events) has been fixed but may be changed. If any of the data below changes materially the revised data will be published on the SGJL website at www.jm.scotiabank.com or, if the SGJL Board thinks fit, on the JSE website and/or in the print media in Jamaica.

EVENT	DATE
Latest time for return of Forms of Proxy for the Court Ordered Scheme Meetings	48 hours before the applicable Court Ordered Scheme Meeting* (or any adjournment thereof) *11:00 a.m. (Jamaica time) October 5, 2026 for the SGJL Minority Stockholder Meeting
Date of Court Ordered Scheme Meetings	October 7, 2026
Final Court Hearing to sanction the Scheme ¹	October 30, 2026
Scheme Record Time	3:00 p.m. (Jamaica time) on the Business Day in Jamaica before the Effective Date
Effective Date ²	The date when the Final Court Order sanctioning the Scheme is filed with the Companies Office of Jamaica
Last time to return Currency Election Form	No later than 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing ³
Settlement Date	Ten (10) Business Days after the Effective Date

¹ Expected to be approximately two (2) weeks after Court Ordered Scheme Meetings.

² Within seven (7) days of the date of the Final Court Order.

³ SGJL will publicly announce the date of the Final Court Hearing in advance of such hearing.

Directory

DIRECTORS	
Independent Chair of the Board	Mr. Vernon Douglas ¹
President & Chief Executive Officer, Director	Ms. Audrey Tugwell Henry
Independent Non-Executive Director	Ms. Aileen Corrigan ¹
Independent Non-Executive Director	Ms. Roxane De Freitas ¹
Independent Non-Executive Director	Mr. Antony Mark Hart ¹
Independent Non-Executive Director	Mr. James McPhedran
Independent Non-Executive Director	Mr. Peter Moses ²
Independent Non-Executive Director	Ms. Audrey Richards ¹
Director	Mr. Jabar Singh
Director	Ms. Meigan Terry

¹ Member of Independent Committee.

² Appointed to the SGJL Board effective June 19, 2026, following the public announcement of the Scheme on June 12, 2026.

Attorneys-at-law to SGJL

Myers, Fletcher & Gordon
21 East Street
Kingston, Jamaica

Tel: (876) 922-5860
Email: gina.black@mfg.com.jm

Auditors

KPMG
6 Duke Street
Kingston, Jamaica

Tel: (876) 922-6640
Email: firmmail@kpmg.com.jm

Registrar & Transfer Agent

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica

Tel: (876) 967-3271
Fax: (876) 948-6653
E-mail: jcsdrs@jamstockex.com

PART 3 - LETTER FROM THE CHAIRMAN OF THE SGJL BOARD AND THE INDEPENDENT COMMITTEE

July 21, 2026

Dear SGJL Stockholders,

Introduction

On behalf of the Committee of Independent Directors (the “**Independent Committee**”) established by the Board of Directors (the “**SGJL Board**”) of Scotia Group Jamaica Limited (“**SGJL**”), I am pleased to provide you with this Scheme Booklet. This Scheme Booklet is being provided in connection with the October 7, 2026 meetings of SGJL Stockholders that have been called to consider the proposed Scheme of Arrangement (the “**Scheme**”) pursuant to which the ordinary stock units of SGJL (the “**SGJL Stock Units**”) owned by you and other SGJL Minority Stockholders (as defined below) will be repurchased by SGJL for J\$61.50 per SGJL Stock Unit (the “**Consideration**”). You are entitled to elect to receive your Consideration in United States dollars, converted using the weighted average selling rate of US\$ quoted by the Bank of Jamaica three (3) Business Days before the Settlement Date (the “**Exchange Rate**”). Following the repurchase of the SGJL Stock Units pursuant to the Scheme, SGJL would become a private company, wholly owned by Scotiabank Caribbean Holdings Ltd. (“**SCHL**”), a wholly-owned subsidiary of The Bank of Nova Scotia (“**Scotiabank**”). The Scheme is being undertaken in accordance with the terms of an Arrangement Agreement dated June 11, 2026 between SGJL and SCHL (the “**Arrangement Agreement**”).

The Independent Committee and the SGJL Board, after receiving legal and financial advice and after carefully considering the benefits and risks associated with the Scheme, unanimously recommend (with directors having material relationships with Scotiabank and its affiliates abstaining) that SGJL Minority Stockholders vote in favour of the Scheme for the following reasons, among others:

- the Consideration being offered to the SGJL Minority Stockholders, with the purchase price of J\$61.50 per share, represents a premium of approximately 13%, 18.5% and 17% to the thirty (30) day, ninety (90) day and twelve (12) month volume weighted average trading price of the SGJL Stock Units on the Jamaica Stock Exchange (the “**JSE**”) on June 11, 2026, the last trading day prior to the public announcement of the Scheme, respectively;
- the Independent Committee received a written fairness opinion from an independent financial advisor, Ernst and Young (“**EY**”) that the proposed transaction, involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Stock Unit, is fair, from a financial point of view, to SGJL Minority Stockholders.;
- After further discussions with SGJL, SCHL came back with an improvement to the purchase price under the Scheme from J\$60 per SGJL Stock Unit to J\$61.50 per SGJL Stock Unit and the added benefit of the option for SGJL Minority Stockholders to receive, at their election, their Consideration in United States dollars;
- trading in SGJL Stock Units on the JSE has historically been subject to low volumes and infrequent trades, while the all-cash Consideration provides certainty of value and immediate liquidity (and without incurring brokerage and other costs typically associated with market sales) at a price that may not otherwise be available;
- the Scheme represents a deepening of Scotiabank’s commitment to Jamaica and is expected to reinforce Scotiabank’s ability to support the continued advancement and

development of the Jamaican economy and enhance capital and operational efficiency and Scotiabank and SGJL's ability in responding to market opportunities;

- SGJL Minority Stockholders will be paid the Consideration in Jamaican currency or, at their election, in the currency of the United States of America (converted to US\$ using the Exchange Rate);
- the Independent Committee and the SGJL Board believe that SCHL and Scotiabank, SGJL's indirect controlling shareholder and one of the largest banks in North America by assets, has the resources and experience to successfully effect the Scheme; and
- completion of the Scheme is subject to a limited number of conditions that the Independent Committee and the SGJL Board believe are reasonable and customary in the circumstances, after consultation with their experienced, qualified and independent legal advisors.

For more information, see "*Reasons for the Recommendations of the Independent Committee and the SGJL Board*" below.

Accordingly, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining) unanimously recommends that SGJL Minority Stockholders vote IN FAVOUR of the Scheme.

The purpose of this letter is to:

- (a) explain the background to the Scheme;
- (b) explain the reasons for the Independent Committee and the SGJL Board's determinations and recommendations; and
- (c) recommend that you vote **IN FAVOUR** of the Scheme.

Summary of the Scheme

The Scheme is to be effected by way of a scheme of arrangement under sections 206 and 207 of the Companies Act. The scheme of arrangement is a commonly used legal procedure in Jamaica and other Commonwealth jurisdictions to enable, among other things, one company to acquire 100% control of another company subject to a special vote or votes of the stockholders and sanction of the Court.

The SGJL Stock Units are listed on the Jamaica Stock Exchange ("**JSE**").

Under the Scheme (if approved by the requisite majorities of SGJL Stockholders at the Court Ordered Scheme Meetings and sanctioned by the Court):

- (1) SCHL will subscribe for SGJL Stock Units in accordance with the terms of the Subscription Agreement; and
- (2) all the SGJL Stock Units held by SGJL Stockholders (other than SCHL) ("**SGJL Minority Stockholders**") will be repurchased for J\$61.50 per SGJL Stock Unit. A SGJL Minority Stockholder may elect to be paid in U.S. currency converted at the Exchange Rate.

The following table compares the Consideration payable to SGJL Minority Stockholders in connection with the Scheme with the trading history of SGJL Stock Units on the JSE over the

twelve (12) months preceding June 11, 2026, the last trading day prior to the announcement of the Scheme. Past performance is not indicative of future results.

Trading History	Closing Price (June 11, 2026)		3 Month Volume Weighted Average		1 Year Volume Weighted Average	
	Price (J\$)	Premium	Price (J\$)	Premium	Price (J\$)	Premium
Price	54.30	13.3%	51.88	18.5%	52.56	17.0%
Volume	233,776		136,130		119,696	

Background to the Scheme

The following chronology summarizes the material meetings and events that led to the execution of the Arrangement Agreement and related documents. The chronology does not purport to catalogue every conversation of, among others, the SGJL Board, the SGJL Independent Committee, members of SGJL's management or SGJL's advisors and other parties related to the Scheme.

SGJL is a subsidiary of Scotiabank. Scotiabank is the leading banking group in the Caribbean, with operations across nine countries, through a network of branches, subsidiaries and affiliates. Its offering includes a broad range of financial products and services, spanning personal, commercial and small business banking, wealth management, insurance, and mortgages. Scotiabank has been doing business in Jamaica since 1889 and is the premier financial institution in the country, with approximately 1,800 employees and 28 branches.

On April 28, 2026, Scotiabank and SCHL, submitted a non-binding written proposal to the SGJL Board for a take-private transaction involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Share to be paid in Jamaican currency (the "**Initial Proposal**"). The Initial Proposal stated that Scotiabank expected that the SGJL Board would establish a committee of independent directors to review and consider the Initial Proposal and whether to recommend that the SGJL Board approve the proposal.

Following receipt of the Initial Proposal, on April 29, 2026, a meeting of the SGJL Board was held with all of the directors, other than Mr. James McPhedran, in attendance. Also in attendance were representatives of Scotiabank, members of SGJL's management and Myers Fletcher & Gordon ("**MFG**"), SGJL's outside counsel. Each of Ms. Audrey Tugwell Henry, Mr. Jabar Singh and Ms. Meigan Terry declared that they may have a potential or perceived conflict of interest in respect of the Initial Proposal by virtue of each being, as applicable, a current or former director or officer of SGJL, SCHL or of Scotiabank or of one of its affiliates. Mr. McPhedran had disclosed to the Secretary in advance of the meeting that he may have a potential or perceived conflict of interest in respect of the Initial Proposal by virtue of him being a former officer of Scotiabank or its affiliates. At the meeting, representatives of Scotiabank presented to the SGJL Board the Initial Proposal. Following Scotiabank's presentation, the independent members of the SGJL Board met with MFG *in camera* to discuss the Initial Proposal and the formation of a committee of independent directors. Following the *in camera* session, the SGJL Board resolved to establish the Independent Committee, comprised of Mr. Vernon Douglas (Chair), Ms. Aileen Corrigan, Ms. Roxane De Freitas, Mr. Antony Mark Hart and Ms. Audrey Richards, each of whom the SGJL Board

determined, with the advice of counsel, was independent in the context of the Initial Proposal. In particular, the SGJL Board considered the fact that Aileen Corrigan serves as a director of Scotiabank Trinidad and Tobago Limited, an affiliate of Scotiabank, and determined that such directorship did not constitute a material relationship that would compromise her independence in the context of the Initial Proposal and for purposes of serving as a member of the Independent Committee. The SGJL Board also resolved and determined to retain independent legal counsel to advise the Independent Committee.

On May 7, 2026, the Independent Committee engaged Hart Muirhead Fatta (“HMF”) as its independent legal counsel. The Independent Committee reviewed its proposed mandate with HMF and on May 7, 2026 the SGJL Board formally approved the Independent Committee’s mandate, which included among other things: (i) review and consideration of the Initial Proposal and any alternatives thereto, (ii) review and consideration of the terms and conditions of any potential transaction and, if applicable, overseeing and directing the negotiation of any potential transaction and (iii) making a recommendation to the SGJL Board with respect to any potential transaction.

The mandate empowered the Independent Committee to, among other things, retain professional advisors of its choosing, including independent financial advisors. On May 7, 2026, the Independent Committee engaged EY to act as independent financial advisor to the Independent Committee.

From the date of formation of the Independent Committee to June 12, 2026, the date of announcement of the Scheme, the Independent Committee and its financial and legal advisors met on a number of occasions, to discuss and evaluate the proposed Scheme and also engaged in informal discussions throughout this period.

From early May to June 11, 2026, SCHL and the Independent Committee and their advisors, negotiated the terms of the Scheme and the key transaction documents. Also during this period, the Independent Committee, with the assistance of EY and HMF, evaluated the relative benefits and risks associated with the proposed Scheme, including the factors set out below, to be in a position to make a final recommendation to the SGJL Board as to whether or not the proposed Scheme is in the best interests of SGJL and fair, from a financial point of view, to SGJL Minority Stockholders.

On June 3, 2026, EY presented to the Independent Committee EY’s preliminary financial analysis.

On June 9, 2026, the Independent Committee met, with representatives from HMF and EY also in attendance. During the meeting, representatives of EY presented an update on their financial analysis related to the Initial Proposal, which included a comparison of the consideration of J\$60 per SGJL Stock Unit being offered under the Initial Proposal to the results of the financial analysis of SGJL on a sum-of-the-parts basis, including employing a discounted cash flow and net asset value approach, and a comparison of selected financial multiples implied by the consideration to multiples paid, to the extent publicly available, in selected precedent transactions.

The Independent Committee received advice from EY that the proposed consideration of J\$60 per SGJL Stock Unit under the Initial Proposal would be fair to SGJL Minority Stockholders and EY confirmed that it was prepared to deliver a written fairness opinion to that effect. At the meeting, the Independent Committee also reviewed the benefits and risks associated with the proposed Scheme with HMF.

On the evening of June 10, 2026, Scotiabank, through SCHL, delivered a revised proposal which included an improved purchase price of J\$61.50 per SGJL Stock Unit as well as a United States currency settlement option (the “**Revised Proposal**”).

Over the course of June 10 and June 11, representatives of the Independent Committee and SCHL and their advisors engaged in negotiations to finalize the Arrangement Agreement, Scheme of Arrangement and Support and Voting Agreements.

On June 11, 2026 the SGJL Board held a meeting at which representatives of Scotiabank, MFG and certain members of management of SGJL attended. At this meeting, representatives of Scotiabank presented to the SGJL Board regarding the terms of the Revised Proposal. Following the presentation, the Scotiabank representatives left the meeting and the SGJL Board determined to adjourn the meeting to allow the Independent Committee the opportunity to convene a meeting to consider the Revised Proposal. The Independent Committee then met and considered the terms of the Revised Proposal.

Having reviewed the benefits and risks associated with the Revised Proposal, including the reasons and factors set out under “*Reasons for the Recommendations of the Independent Committee and the SGJL Board*”, and after careful deliberation and discussion of the advice provided, including the advice from EY that the Consideration being offered under the Initial Proposal would be fair to SGJL Minority Stockholders, the Independent Committee unanimously determined that the Scheme, on the terms set out in the Revised Proposal, is in the best interests of SGJL and that the Consideration to be received by SGJL Minority Stockholders under the Scheme is fair, from a financial point of view, to such holders, and to recommend the Scheme to the SGJL Board for approval.

Following the meeting of the Independent Committee, the SGJL Board reconvened to receive the report and recommendation of the Independent Committee in respect of the Scheme, on the terms set out in the Revised Proposal. After receiving the aforementioned report and recommendation of the Independent Committee, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining): (i) determined that the Consideration to be received by SGJL Minority Stockholders under the Scheme is fair, from a financial point of view, to such SGJL Minority Stockholders; (ii) determined that the Scheme is in the best interests of SGJL; (iii) approved the Scheme, including the execution, delivery and performance by SGJL of the Arrangement Agreement and the transactions contemplated therein; and (iv) resolved to recommend that SGJL Minority Stockholders vote in favour of the Scheme.

The Arrangement Agreement, Scheme of Arrangement and Support and Voting Agreements were finalized and executed later in the day on June 11, 2026 and entry into the Arrangement Agreement and the Scheme was publicly announced in the morning on June 12, 2026.

EY subsequently delivered its advice in a written fairness opinion dated June 11, 2026 confirming that, as at June 11, 2026, and based upon and subject to the assumptions, qualifications and limitations set forth therein, the Initial Proposal, involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Stock Unit is fair, from a financial point of view, to SGJL Minority Stockholders.

The Independent Committee

The following is a brief resume of the members of the Independent Committee:

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 Jamaica Public Service Company Limited, 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).

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.

Roxane De Freitas

Roxane De Freitas retired from Massy Integrated Retail in January 2025, where she most recently served as Senior Vice President, Strategic Business Development. Prior to this role, she was Chief Executive Officer of Massy Stores Trinidad for four years, with direct responsibility for the Trinidad and Tobago operations of the Caribbean's leading supermarket chain, comprising 23 stores and more than 2,000 employees. She also served as a Director on the Integrated Retail Portfolio Board, a subsidiary of Massy Holdings Limited overseeing retail and distribution businesses across the Caribbean and the United States.

Roxanne previously held senior leadership roles at Unilever, where she built an extensive regional and international career. At Unilever Caribbean, she served as Marketing Director Caribbean, Regional North Exports Director, and as a member of the Unilever Greater Caribbean Board. She was the first female Managing Director of Unilever Caribbean Limited (formerly Lever Brothers), a position she held for five years before being expatriated to Unilever's Head Office in Puerto Rico in August 2012.

Roxanne holds a Bachelor of Business Administration degree from the University of Western Ontario, Canada.

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 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".

Audrey Richards

Audrey Richards is a Private Capital Consultant, whose work with the Development Bank of Jamaica (DBJ) catalysed the development of the alternative investment ecosystem in Jamaica, creating new pathways for access to finance for local and regional businesses. She spearheaded the bank's strategic investments as an anchor investor in private equity, private credit, energy infrastructure, and venture capital funds, mobilising funding from local, regional, and global funders.

She conceptualised and led several other landmark programmes such as the DBJ's partial credit guarantee facility, the Credit Enhancement Fund (CEF). As an independent consultant, her current focus is the continued expansion of the regional private capital markets, in particular private sector climate funding for resilience projects.

Audrey 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. She sits on the Boards of British Caribbean Insurance Company Limited, Caribbean Alternative Investment Association, St. Andrew High School Foundation, and the Board of Governors of the St. Andrew High School for Girls.

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, as well as a regular member of the CFA Institute.

Ernst & Young Services Limited (“EY”)

The Independent Committee engaged EY as its independent financial advisor. The mandate of EY included providing the Independent Committee with financial analysis and advice and, if applicable, to provide a fairness opinion in connection with the proposed transaction.

EY has advised the Independent Committee that, as of the date of the Fairness Opinion, EY and the EY personnel engaged to provide the Fairness Opinion do not hold, or beneficially own, any interest in SGJL and/or its subsidiaries, SCHL or Scotiabank. The Independent Committee determined, based in part on certain representations made to it by EY, that EY was independent of SGJL and SCHL and qualified to act as financial advisor and prepare the Fairness Opinion. Pursuant to the terms of the engagement with EY, no portion of the fees payable to EY are contingent upon the conclusions reached by EY in the Fairness Opinion or upon completion of the Scheme.

EY has concluded that, subject to the assumptions, qualifications and limitations noted in the Fairness Opinion, as of June 11, 2026, the proposed transaction, involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Stock Unit, is fair, from a financial point of view, to the SGJL Minority Stockholders.

In arriving at its conclusion that the proposed transaction, involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Stock Unit, is fair, from a financial point of view to the SGJL Minority Stockholders, EY’s assessment included a sum of the parts valuation analysis, including the application of valuation methodologies considered to be applicable to each material/active subsidiary (income approach, market approach, cost approach); a market approach valuation analysis, and reviewing implied transaction multiples for the proposed transaction compared to publicly available trading and transaction data.

A complete copy of the Fairness Opinion is attached hereto as an appendix to this Scheme Booklet. As at the date of publication of the Scheme Booklet, EY has not withdrawn or modified its Fairness Opinion. The full text of the Fairness Opinion describes, among other things, the assumptions made, procedures followed, information reviewed, matters considered, qualifications and limitations on the review undertaken by EY in connection with the Fairness Opinion. SGJL Stockholders are urged to read the Fairness Opinion carefully and in its entirety.

Recommendation of the Independent Committee

The Independent Committee, having undertaken a thorough review of, and having carefully considered the terms of, the Scheme, the Arrangement Agreement, the Support and Voting Agreements and a number of other factors, including, without limitation, those listed under *“Reasons for the Recommendations of the Independent Committee and the SGJL Board”*, and after receiving legal and financial advice, unanimously determined that the Scheme is in the best interests of SGJL and that the Consideration to be received by SGJL Minority Stockholders under the Scheme is fair, from a financial point of view, to such holders and unanimously recommended that the Board approve the Scheme and the entering into of the Arrangement Agreement and recommend that SGJL Minority Stockholders vote **IN FAVOUR** of the Scheme.

Recommendation of SGJL Board

Following receipt of the recommendation of the Independent Committee, and for the other reasons discussed and considered by the SGJL Board including, without limitation, those listed

under “- *Reasons for the Recommendations of the Independent Committee and the SGJL Board*”, and after receiving legal and financial advice, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining) unanimously (i) determined that the Consideration to be received by SGJL Minority Stockholders under the Scheme is fair, from a financial point of view, to such SGJL Minority Stockholders; (ii) determined that the Scheme is in the best interests of SGJL; and (iii) approved the Scheme and the entering into of the Arrangement Agreement. Accordingly, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining) unanimously recommend that SGJL Minority Stockholders vote **IN FAVOUR** of the Scheme.

Reasons for the Recommendations of the Independent Committee and the SGJL Board

With the assistance of their financial and legal advisors, the Independent Committee and the SGJL Board carefully considered a number of substantive and procedural factors relating to the Scheme, including, among others, the following:

- *Premium to Unaffected Market Price.* The Consideration being offered to the SGJL Minority Stockholders under the Scheme represents a premium of approximately 13%, 18.5% and 17% to the thirty (30) day, ninety (90) day and twelve (12) month volume weighted average trading price of the SGJL Stock Units on the JSE on June 11, 2026, being the last trading day prior to the public announcement of the Scheme, respectively.
- *Certainty of Value and Immediate Liquidity.* Trading in SGJL Stock Units on the JSE has historically been subject to low volumes and infrequent trades, resulting in an absence of liquidity in the public market for the SGJL Stock Units and difficulty for SGJL Stockholders to dispose of their SGJL Stock Units and realize a cash return on their investment. The Consideration being offered to SGJL Minority Stockholders under the Scheme is all cash, which provides certainty of value and immediate liquidity (and without incurring brokerage and other costs typically associated with market sales) at a price that may not otherwise be available, in particular in the short-to-medium-term, in the absence of the Scheme.
- *Fairness Opinion.* EY delivered an opinion to the Independent Committee that, as of June 11, 2026, and based upon EY’s analysis and subject to the assumptions, qualifications and limitations set forth therein, the proposed transaction, involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Stock Unit, is fair, from a financial point of view, to the SGJL Minority Stockholders.
- *Continued Commitment to Jamaica.* The Scheme represents a deepening of Scotiabank’s commitment to Jamaica and is expected to reinforce Scotiabank’s ability to support the continued advancement and development of the Jamaican economy. The Scheme is aimed at enhancing capital and operational efficiency and Scotiabank and SGJL’s agility in responding to market opportunities.
- *Improvements to Scheme Terms.* The Scheme is the result of an arm’s length transaction that was undertaken at arm’s length with the oversight and participation of the Independent Committee, which was advised by independent legal and financial advisors and included an improvement in the purchase price under the Scheme from J\$60 per SGJL Stock Unit to J\$61.50 per SGJL Stock Unit and the option for SGJL Minority Stockholders to receive the Consideration, at their election, in the currency of the United States of America (converted to US\$ using the Exchange Rate).
- *Opportunity to Receive Consideration in United States Dollars.* SGJL Minority Stockholders will have the option to be paid the Consideration in Jamaican currency or, at their election, in the currency of the United States of America (converted to US\$ using the Exchange Rate). SGJL Minority Stockholders who wish to be paid in United States dollars must complete the Currency Election Form annexed herewith and submit such form in

accordance with the instructions contained therein no later than 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing;

- *Support and Voting Agreements.* All of the SGJL directors that own SGJL Stock Units have entered into Support and Voting Agreements with SCHL pursuant to which, and subject to the terms thereof, they have agreed to vote their SGJL Stock Units in favour of the Scheme.
- *Compelling Value Relative to Limited Alternatives for Sale to Third Parties.* Given that SCHL controls approximately 72.76% of the SGJL Stock Units, it is unlikely that any other party or combination of parties would make a proposal to acquire SGJL or any material portion of SGJL for a higher price than the Consideration to be paid pursuant to the Scheme, or that any such proposal would be reasonably capable of completion. Since the public announcement of the Scheme on June 12, 2026, the SGJL Board has not received any expressions of interest or proposals from third parties with respect to an alternative transaction. Even if such a proposal were to be made, such an acquisition could not be effected without the support of SCHL.
- *SGJL Stockholder and Court Approvals.* The Scheme will become effective only if it is approved by a majority in number representing 75% in value of those members present and voting either in person or by proxy at each of (i) the meeting of SCHL; and (ii) the meeting of SGJL Minority Stockholders, each convened by order of the Court. Completion of the Scheme is also subject to the sanction of the Court, after considering the procedural and substantive fairness of the Scheme.
- *Certainty of Closing.* The Independent Committee and the SGJL Board believe that SCHL and Scotiabank, SGJL's controlling shareholder and one of the largest banks in North America by assets, with assets of approximately \$1.5 trillion (as at April 30, 2026) has the resources and experience to successfully complete the Scheme.
- *Limited Conditionality.* Completion of the Scheme is not subject to any financing condition, and is otherwise subject to a limited number of conditions that the Independent Committee and the SGJL Board believe, after consultation with their experienced, qualified and independent legal advisors, are reasonable and customary in the circumstances.

In making their recommendations with the respect of the Scheme, the Independent Committee and the SGJL Board also considered a number of potential risks and negative factors, including:

- The fact that the SGJL Minority Stockholders will no longer be able to participate in the future performance of SGJL, including any future increase in value that might result and future dividends or distributions.
- That some SGJL Minority Stockholders (especially those with customer relationships) may have held their SGJL Stock Units for many years and that their affinity for SGJL may go beyond their stockholder relationship.
- The risks to SGJL and the SGJL Minority Stockholders if the Scheme is not completed, including the costs to SGJL in pursuing the Scheme and the diversion of SGJL's management from the conduct of its business in the ordinary course.
- The potential that the Scheme may have a negative impact on SGJL's business, including its relationships with its employees, customers, suppliers and partners.
- The conditions to SCHL's obligations to complete the Scheme.
- SCHL's right to terminate the Arrangement Agreement under certain circumstances.

The foregoing summary of the information and factors considered by the Independent Committee and the SGJL Board and is not intended to be exhaustive of the factors considered by the Independent Committee and the SGJL Board in reaching their respective conclusions and making

their respective recommendations, but includes a summary of the material information, factors and analysis considered by the Independent Committee and SGJL Board in reaching such conclusions and making such recommendations.

For further information, see “*Explanatory Statement – Fairness of the Scheme*”.

Management and Employees

Since SCHL already effectively controls SGJL it is not expected that the Scheme will have any material impact on the management and employees of SGJL. In particular, there are no plans to effect any retrenchment or reorganization of the workforce as a result of the Scheme.

Irrevocable Undertakings (Support and Voting Agreements)

All of the directors that own SGJL Stock Units, collectively holding, directly an aggregate of 182,863 SGJL Stock Units, representing approximately 0.01% of the SGJL Stock Units issued and outstanding as at June 30, 2026, have entered into Support and Voting Agreements pursuant to which they have agreed, subject to the terms thereof and among other things, to vote all of their SGJL Stock Units in favour of the Scheme and to vote against any matter that could reasonably be expected to delay, prevent, impede or frustrate the completion of the Scheme or the transactions contemplated by the Arrangement Agreement. Pursuant to the Support and Voting Agreements, the directors that own SGJL Stock Units have also agreed not to, directly or indirectly, sell, transfer, assign, grant a participation interest in, pledge, hypothecate, grant a security or voting interest in or otherwise convey or encumber any of their SGJL Stock Units, subject to certain limited exceptions.

Intention to Delist SGJL Stock Units

Following completion of the Scheme, SGJL will cease to meet the listing requirements of the JSE. SGJL and SCHL will accordingly make an application to delist the SGJL Stock Units from the JSE.

Overseas Stockholders

The implications of the Scheme for SGJL Stockholders outside Jamaica may be affected by the laws of the relevant jurisdictions. Overseas SGJL Stockholders should inform themselves about, and observe all applicable laws and regulations that may affect them in relation to the Scheme.

Further Information

The terms of the Scheme are set out in **Part 5 (Scheme)** of the Scheme Booklet. **Part 4 is the Explanatory Statement** required pursuant to section 207(1) of the Companies Act. Your attention is also drawn to **Parts 6 (Payment Arrangements) and 7 (Additional Information)** which set out the payment arrangements and other pertinent information regarding the Scheme and its effect on various parties.

Please read the Scheme Booklet carefully and in its entirety as it will assist you to make an informed decision on how to vote. Do not rely solely on the information contained in this letter. I also encourage you to seek independent financial, tax and other professional advice before making any decision. If you require any additional information please contact:

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica
Tel: 1 (876) 967-3271
E-mail: jcsdrs@jamstockex.com

Yours truly,



Mr. Vernon Douglas
Chair of the Independent Committee and Chair of
the Board of Directors of SCOTIA GROUP
JAMAICA LIMITED

PART 4 - EXPLANATORY STATEMENT

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION
CLAIM NO.SU 2026 CD 00246**

**IN THE MATTER OF SCOTIA GROUP JAMAICA
LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT
2004**

EXPLANATORY STATEMENT UNDER SECTION 207 OF THE COMPANIES ACT, 2004

Explaining Scheme of Arrangement

1.1 Pursuant to an Order dated July 15 , 2026 made by the Supreme Court of Judicature of Jamaica in Claim SU 2026 CD 00246 (the "Order"), the meetings (the "Court Ordered Scheme Meetings") of the stockholders (the "SGJL Stockholders") of Scotia Group Jamaica Limited ("SGJL") are being convened on October 7, 2026 at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica, with the meeting of Scotiabank Caribbean Holdings Ltd. ("SCHL") being held at 10:00 a.m. and the meeting of SGJL Minority Stockholders being held at 11:00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement among SGJL and SCHL and the other SGJL Stockholders pursuant to section 206 of the Companies Act, 2004 and other relevant provisions of the said Act. The Scheme of Arrangement approved by the Board of Directors of SGJL (the "SGJL Board") may be accessed at SGJL's website at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html> under the Investor Relation's tab and the JSE's website at <https://www.jamstockex.com>.

1.2 In terms of the Order, the quorum for the Court Ordered Scheme Meetings will be met by the attendance of (i) SCHL in respect of the meeting of SCHL; and (ii) two SGJL Minority Stockholders present in person or by proxy in respect of the meeting of the SGJL Minority Stockholders. By the Order, Mr. Vernon Douglas has been appointed chairman of each of the Court Ordered Scheme Meetings or failing him, Ms. Audrey Richards of c/o Corner of Duke and Port Royal Streets, Kingston, Jamaica, Director of SGJL.

1.3 This statement explaining the terms of the Scheme is being furnished as required by section 207 of the Companies Act.

1.4 In accordance with the provisions of section 206 of the Companies Act, 2004, the Scheme will be acted upon only if a majority in number, representing 75% in value, of the SGJL Stockholders present and voting either in person or by proxy at each of (i) the meeting of SCHL; and (ii) the meeting of the SGJL Minority Stockholders, each convened by order of the Court, cast their votes to approve the Scheme.

Particulars of SGJL

2.1 SGJL was incorporated on December 4, 2006 under the Companies Act as a public company limited by shares with company number 73280 under the name Scotia Group Jamaica Limited.

2.2 SGJL is a licensed financial holding company under the Banking Services Act of Jamaica, 2014 and listed on the Jamaica Stock Exchange. Through its subsidiaries, SGJL offers a diverse range of products and services including personal, commercial and small business banking, wealth management, insurance and mortgages.

2.3 SGJL is an indirect subsidiary of The Bank of Nova Scotia ("**Scotiabank**").

2.4 Scotiabank is a leading Canadian multinational banking and financial services company.

2.5 SCHL is a subsidiary of Scotiabank. SCHL is the intermediate holding company through which Scotiabank holds its banking and financial services operations across the Caribbean region. SCHL oversees the strategic direction and management of Scotiabank's Caribbean subsidiaries, which provide a broad suite of financial products and services including retail banking, corporate and commercial banking, wealth management, insurance, and capital markets services. Through its subsidiaries, SCHL serves personal, business, and institutional clients across multiple Caribbean jurisdictions.

2.6 As at June 30, 2026, SCHL owns 72.76% of the issued and outstanding SGJL Stock Units.

2.7 Following execution of the Arrangement Agreement, 30,611,861 SGJL Stock Units (the "**JESOP Stock Units**") held by trustee (the "**JESOP Trustee**") for the Employees Share Ownership Plan of SGJL (the "**JESOP**") for participants in the JESOP were exchanged for Scotiabank Common Shares, with the JESOP Stock Units being valued at the Consideration (the "**JESOP Share Exchange**"). In connection with the JESOP Share Exchange, SCHL acquired the JESOP Stock Units from the JESOP Trustee.

2.8 The current directors of SGJL as at June 30, 2026 are as follows:

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED PARTIES
Mr. Vernon Douglas (Chair)	102,867	102,867	-
Ms. Audrey Tugwell Henry	250,479	29,996	220,483
Ms. Aileen Corrigan	20,000	20,000	-
Ms. Roxane De Freitas	-	-	-
Mr. Antony Mark Hart	100,000	-	100,000
Mr. James McPhedran	-	-	-
Mr. Peter Moses ¹	-	-	-
Ms. Audrey Richards	732,755	30,000	702,755
Mr. Jabar Singh	-	-	-

Ms. Meigan Terry	-	-	-
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¹ Appointed to the SGJL Board on June 12, 2026 following the public announcement of the Scheme.

Description and Rationale for the Scheme

3.1 As at the date hereof, SCHL holds approximately 72.76% of the issued and outstanding SGJL Stock Units. The remaining SGJL Stock Units are held by SGJL Minority Stockholders.

3.2 The Scheme represents a deepening of Scotiabank's commitment to Jamaica and is expected to reinforce its ability to support the continued advancement and development of the Jamaican economy. The Scheme is aimed at enhancing capital and operational efficiency and Scotiabank's agility in responding to market opportunities. By privatizing SGJL, SCHL expects to enable SGJL to focus more sharply on long-term value creation and core business growth.

3.3 Upon completion of the Scheme, SGJL will cease to meet the listing requirements of the JSE and SCHL and SGJL will accordingly make an application to delist the SGJL Stock Units from the JSE.

Fairness of the Scheme

4.1 The Scheme was announced on June 12, 2026. The Consideration being offered to the SGJL Minority Stockholders under the Scheme represents a premium of 13% over the thirty (30) trading day volume weighted average trading price of the SGJL Stock Units on the JSE on June 11, 2026. The trading chart below shows the trading history of the SGJL Stock Units on the JSE during the last twelve months compared to the Consideration which would be paid to SGJL Minority Stockholders if the Scheme becomes effective. Past performance is not indicative of future results.

Trading History	Closing Price (June 11, 2026)		3 Month Volume Weighted Average		1 Year Volume Weighted Average	
	Price (J\$)	Premium	Price (J\$)	Premium	Price (J\$)	Premium
Price	54.30	13.3%	51.88	18.5%	52.56	17.0%
Volume	233,776		136,130		119,696	

4.2 The Consideration represents a premium of 13.3% on the date prior to the announcement of the Scheme and a premium of 18.5% and 17.0%, respectively, over the 3-month volume weighted average trading price and the 1 year volume weighted average trading price on the JSE during the applicable period preceding announcement of the Scheme.

4.3 A committee of independent directors of the SGJL Board (the "**Independent Committee**") was constituted by the SGJL Board to, among other things, review and advise on the fairness of the proposed scheme. The Independent Committee retained its own independent legal and financial advisors and received the Fairness Opinion from EY which concluded that, subject to the assumptions and limitations noted in the Fairness Opinion, as of June 11, 2026, the Scheme,

involving the purchase of the SGJL Stock Units (other than SGJL Stock Units owned by SCHL) for J\$60 per SGJL Stock Unit, is fair, from a financial point of view, to the SGJL Minority Stockholders. A copy of the Fairness Opinion is included as an Appendix to this Scheme Booklet.

4.4 The Independent Committee, after having received independent legal and financial advice, unanimously determined that the Scheme is in the best interests of SGJL and that the Consideration to be received by SGJL Minority Stockholders is fair, from a financial point of view, to such holders. For further information on the reasons considered by the Independent Committee in making its recommendation, see *“Letter from the Chairman of the SGJL Board and the Independent Committee – Reasons for the Recommendation of the Independent Committee and Board of Directors”*.

Meetings and Approval

5.1 The transaction is being undertaken by a scheme of arrangement pursuant to section 206 of the Companies Act, 2004 and will involve the following procedural steps:

a. First, an application was made to the Court for an Order directing SGJL to convene the meetings of its stockholders to consider and vote upon the proposed Scheme. That application was duly made on July 15, 2026 and on July 15, 2026 the Court made the requisite Order for SGJL to convene the meetings of its stockholders to consider and vote upon the Scheme of Arrangement. The Order, made on July 15, 2026, was perfected on July 15, 2026.

b. Second, the Court Ordered Scheme Meetings must be held, but prior to such meetings, Notices of the Court Ordered Scheme Meetings together with a copy of the proposed Scheme and an Explanatory Statement explaining how the proposed Scheme will be carried out must be provided to the SGJL Stockholders. This document is the Explanatory Statement.

c. Third, at each of the Court Ordered Scheme Meetings, the Resolution to approve the proposed Scheme will be presented for approval and voted on. The proposed Scheme will be approved, if a majority in number, representing 75% in value, of the SGJL Stockholders present and voting either in person or by proxy at each of (i) the meeting of SCHL; and (ii) the meeting of the SGJL Minority Stockholders, each convened by order of the Court, vote in favour of the Scheme.

d. Fourth, following the Court Ordered Scheme Meetings, a report showing the results of the relevant voting will be prepared by the chairman of each of the Court Ordered Scheme Meetings and a further application will be made to the Court requesting that the Scheme, as approved by the SGJL Stockholders, be sanctioned. Assuming that the proposed Scheme is approved by a vote of the requisite statutory majorities of SGJL Stockholders at each Court Ordered Scheme Meeting referred to in sub-paragraph (c) above, duly convened and held, the Court would generally be expected to sanction the Scheme.

5.2 It is proposed that the Court Ordered Scheme Meetings will be held on October 7, 2026 at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica.

5.3 In case you are unable to attend the applicable Court Ordered Scheme Meeting you are asked to complete the relevant form of proxy (in which you can direct the proxy holder how you wish them to vote) and send it to any one of the following addresses in Jamaica:

- a) Scotia Group Jamaica Limited
Office of the Secretary of the Company,

Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston.
Attention: Ms. Maia Wilson

- b) Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay
St. James

Attention: Branch Manager

- c) Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester

Attention: Branch Manager

- d) Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Attention: Branch Manager

If, in a signed and otherwise valid Form of Proxy, no proxy is named or the proxy named is not present at the applicable Court Ordered Scheme Meeting, the SGJL Stockholder to which the Form of Proxy relates shall be deemed to have appointed the Chairman of the meeting as their proxy. Where a SGJL Stockholder is deemed to have appointed the Chairman of the meeting as their proxy and no voting direction is given, the Chairman will vote such SGJL Stock Units in favour of the Scheme, in accordance with the recommendation of the SGJL Board.

5.4 Note that proxy forms will only be valid if they are duly signed and received at the Office of the Secretary of SGJL or one of the Scotiabank Jamaica locations listed in 5.3 above, not less than 48 hours before the applicable Court Ordered Scheme Meeting.

5.5 A corporate stockholder may by resolution of its board of directors or other governing body authorise a person to act as representative at the applicable Court Ordered Scheme Meeting and such person so authorised shall be entitled to attend and vote in accordance with the resolution.

Financial Information

6.1 The latest available financial statements for SGJL are among the documents available for inspection.

6.2 The financial position of SGJL will not be adversely affected by the Scheme. SGJL will be able to meet and pay its debts as they fall due in the ordinary course of business. The rights and interest of creditors of SGJL will not be prejudiced by the Scheme since no sacrifice or waiver is at all called for from them nor will their rights and interests be modified in any manner whatsoever.

6.3 No investigation or other proceedings have been instituted or are pending in relation to the Company under sections 160 or 161 of the Companies Act or under corresponding provisions of the Companies Act. No winding up application has been filed against SGJL nor has any resolution been passed for SGJL to be wound-up or to seek protection from its creditors under the Insolvency Act, 2014 or to file any application for a receiving order or proposal under that Act.

6.4 Creditors of SGJL will not be affected by the Scheme. Except as described in paragraph 6.5 and apart from legal, accounting and other advisory fees and incidental, fiscal and related costs incurred in connection with implementation of the Scheme, no funds or other assets will leave SGJL as a direct result of the Scheme or in connection with the Scheme.

6.5 As at the date hereof, SGJL has available cash and liquid assets to pay its debts as they fall due and likewise the fair market value of its assets exceeds its liabilities. As at the Settlement Date, the proceeds for the subscription by SCHL for SGJL Stock Units pursuant to the Subscription Agreement together with the SGJL Available Cash Amount will ensure that SGJL will have sufficient cash and liquid assets to satisfy payments to the SGJL Minority Stockholders for the repurchase of their SGJL Stock Units pursuant to the Scheme. The directors are therefore confident that the Scheme will not have an adverse impact on the financial or operating position of SGJL or its solvency.

Corporate Approvals

7.1 At a meeting of the Independent Committee held on June 11, 2026, the Independent Committee, having undertaken a thorough review of, and having carefully considered the terms of, the Scheme, the Arrangement Agreement, the Support and Voting Agreements and after receiving legal and financial advice, unanimously determined that the Scheme is in the best interests of SGJL and that the Consideration to be received by SGJL Minority Stockholders is fair, from a financial point of view, to such holders and unanimously recommended that the Board approve the Scheme and the entering into of the Arrangement Agreement and recommend that SGJL Minority Stockholders vote in favour of the Scheme.

7.2 At a board meeting held on June 11, 2026, the directors of SGJL (with directors having material relationships with Scotiabank and its affiliates abstaining), after viewing various documents placed before them (including drafts of the Arrangement Agreement, the Scheme of Arrangement and Support and Voting Agreements, and the recommendation of the Independent Committee) unanimously (i) determined that the Consideration to be received by the SGJL Minority Stockholders is fair, from a financial point of view, to such SGJL Minority Stockholders; (ii) determined that the Scheme is in the best interests of SGJL; and (iii) approved the Scheme and the entering into of the Arrangement Agreement. Accordingly, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining) unanimously recommends that SGJL Minority Stockholders vote in favour of the Scheme.

Directors' Interest in the Transaction

8.1 Except as disclosed in paragraph 2.8 and in this paragraph, no director of SGJL has any interest whether as director, shareholder or creditor of SGJL that is material in relation to the Scheme and the Scheme has no effect on the interest of any director of SGJL that is different to the effect on the like interests of other persons. Ms. Audrey Tugwell Henry, Mr. James McPhedran, Mr. Jabar Singh and Ms. Meigan Terry may have potential or perceived conflicts of interest in respect of the Scheme by virtue of each having a material or perceived material relationship with SGJL, SCHL or Scotiabank or its affiliates by virtue of each being, as applicable, (i) an officer of

SGJL; (ii) a director or officer of SCHL; or (iii) a current or former officer of Scotiabank or its affiliates.

Scheme Conditional On

9.1 The Scheme is conditional on and subject to:

- a) the Scheme being approved by the requisite majorities of the SGJL Stockholders, as required pursuant to the Companies Act;
- b) receipt of the Final Court Order;
- c) a certified copy of the Final Court Order sanctioning the Scheme being filed with the Registrar of Companies;
- d) since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect (as defined in the Arrangement Agreement) of SGJL that is continuing; and
- e) the other conditions set forth in the Arrangement Agreement (see “*Summary of the Arrangement Agreement – Conditions*” below).

9.2 In the event that the Scheme has not been completed by March 31, 2027, or such later date as may be agreed to in writing by SGJL and SCHL, the Arrangement Agreement may be terminated by either SCHL or SGJL in accordance with the terms of the Arrangement Agreement.

Summary of the Arrangement Agreement

10.1 SGJL and SCHL entered into the Arrangement Agreement on June 11, 2026. The Arrangement Agreement and the Scheme of Arrangement are the legal documents that govern the Scheme. The following is a summary of certain provisions of the Arrangement Agreement and the Scheme of Arrangement and is not comprehensive, does not purport to be complete and is qualified in its entirety by reference to the full text of the Arrangement Agreement and the Scheme of Arrangement. The Arrangement Agreement will be made available for inspection by SGJL Stockholders as set out under the heading “*Additional Information – Documents Available for Inspection*” and the Scheme of Arrangement is included in this Scheme Booklet. You are urged to read the Arrangement Agreement and Scheme of Arrangement in their entirety.

Capitalized terms used in this summary but not otherwise defined in this summary have the meanings ascribed to them in the Arrangement Agreement.

Effective Date

10.2 The Scheme will become effective at the Effective Time on the Effective Date. The Parties will use their reasonable best efforts to cause the Final Court Order to be filed with the Companies Office of Jamaica and the Effective Date to occur as soon as reasonably practicable, but in any event no later than seven (7) days following the date on which all conditions precedent set out in Arrangement Agreement described under the heading “*Summary of the Arrangement Agreement – Conditions*” below have been satisfied or waived (excluding conditions that, by their terms, cannot be satisfied or waived until the Effective Time, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those

conditions as of the Effective Time) unless another time or date is agreed to in writing by the Parties.

10.3 On or prior to the Settlement Date, SCHL will deposit (or cause to be deposited) in escrow with the Paying Agent an amount of funds equal to the aggregate Consideration payable to the SGJL Minority Stockholders under the Scheme of Arrangement. If requested by SCHL at least five (5) days prior to the Settlement Date, SGJL shall deposit (or cause to be deposited) with the Paying Agent such amount of its available cash as is directed by SCHL to satisfy payments to the SGJL Minority Stockholders under the Scheme of Arrangement which will reduce the amount of funds that SCHL would have otherwise been required to deposit with the Paying Agent to fund the aggregate Consideration payable to the SGJL Minority Stockholders under the Scheme of Arrangement.

Representations and Warranties

10.4 SGJL has made customary representations and warranties in the Arrangement Agreement that are subject, in some cases, to specified exemptions and qualifications contained in the Arrangement Agreement. These representations and warranties relate to, among other things: (a) organization and qualification; (b) authority relative to the Arrangement Agreement; (c) no conflict, required filings and consent; (d) subsidiaries; (e) compliance with Laws; (f) capitalization; (g) litigation; (h) insolvency; (i) securities law and JSE matters; (j) financial statements; (k) disclosure controls and internal control over financial reporting; (l) brokers; (m) fairness opinion; and (n) SGJL Board and Independent Committee approval.

10.5 The Arrangement Agreement also contains customary representations and warranties made by SCHL that are subject, in some cases, to specified exemptions and qualifications contained in the Arrangement Agreement. These representations and warranties relate to, among other things: (a) organization and qualification; (b) authority relative to the Arrangement Agreement; (c) no conflict, required filings and consent; (d) litigation; and (e) available funds.

10.6 The representations and warranties of SGJL and SCHL contained in the Arrangement Agreement do not survive the completion of the Scheme and will expire and terminate on the earlier of the Effective Time and the termination of the Arrangement Agreement in accordance with its terms.

Conduct of Business of SGJL

10.7 The Arrangement Agreement provides that, from the date of the Arrangement Agreement until the earlier of the Effective Time and the termination of the Arrangement Agreement in accordance with its terms, (i) unless prior written consent of SCHL has been obtained (which consent shall not be unreasonably withheld, conditioned or delayed), (ii) except as (x) required or permitted by the Arrangement Agreement or (y) required by Law or to comply with any Order, or request from a Governmental Entity, SGJL will, and will cause its Subsidiaries to, conduct their respective businesses only in the ordinary course of business consistent with past practice and use their reasonable best efforts to preserve intact in all material respects their present business organizations, maintain in effect material permits and insurance, preserve in all material respects present relationships with employees, Governmental Entities, lessors, suppliers, customers and other key business counterparties, maintain books and records in the ordinary course of business in accordance with past practice and applicable Law, and, to the extent applicable, operate in all

material respects in accordance with the most recent annual operating and capital expenditure budgets approved by the SGJL Board.

Court Ordered Scheme Meetings

10.8 Under the Arrangement Agreement, SGJL is required to convene and conduct any Court Ordered Scheme Meetings in accordance with the Meeting Order, SGJL's constating documents and applicable Law as soon as reasonably practicable after completion of the JESOP Share Exchange, and in any event on or before October 31, 2026. SGJL is not permitted to adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) any such Court Ordered Scheme Meeting without the prior written consent of SCHL, such consent not to be unreasonably withheld, conditioned or delayed. SGJL is required to use commercially reasonable efforts to solicit proxies in favour of the approval of the Scheme and against any resolution submitted by any SGJL Stockholder that is inconsistent with the Scheme and the completion of any of the transactions contemplated by the Arrangement Agreement.

Final Court Order

10.9 If the Scheme is approved at the Court Ordered Scheme Meetings as provided for in the Meeting Order and as required by applicable Law, SGJL shall diligently pursue and take all steps necessary or desirable to have the Final Court Hearing held as soon as reasonably practicable, and in any event shall submit all required documentation for the Final Court Hearing no later than five (5) Business Days after the SGJL Stockholder Approval is obtained at the Court Ordered Scheme Meetings, or within such other period as the Parties may agree, acting reasonably.

SGJL and SCHL Covenants Relating to the Scheme

10.10 Under the Arrangement Agreement, each of SGJL and SCHL has covenanted to, among other things:

- a) use reasonable best efforts to satisfy all conditions precedent set out in the Arrangement Agreement and to take all steps set forth in the Meeting Order and the Final Court Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to the Arrangement Agreement or the Scheme;
- b) defend all lawsuits or other legal, regulatory or other proceedings against each of SGJL and SCHL, as applicable, challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;
- c) use reasonable best efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from them relating to the Scheme in a timely manner;
- d) use reasonable best efforts to obtain, or cause to be obtained, all Regulatory Approvals as soon as practicable and, in any event, prior to the Outside Date;
- e) use reasonable best efforts to obtain as soon as practicable following execution of the Arrangement Agreement all third party consents, approvals and notices required;

- f) not take any action, refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to materially prevent, delay or otherwise impede the consummation of the Scheme of Arrangement or the transactions contemplated by the Arrangement Agreement;
- g) use reasonable best efforts to ensure that the representations and warranties of such Party that are qualified by reference to Material Adverse Effect or materiality remain true and correct in all respects and that are not qualified by reference to a Material Adverse Effect or materiality, remain true and correct in all material respects; and
- h) promptly notify the other Party of (i) any communication from any person alleging that the consent or such Person (or another Person) is or may be required in connection with the Scheme, (ii) any material communication from any Governmental Entity in connection with the Scheme; and (iii) any litigation threatened or commenced against or otherwise affecting either of SCHL or SGJL or any of its Subsidiaries that is related to the Scheme.

Conditions

10.11 The respective obligations of each of SGJL and SCHL to complete the Scheme are subject to the fulfillment or waiver of a number of conditions precedent, as described below.

Mutual Conditions Precedent

10.12 The obligations of SGJL and SCHL to complete the Scheme are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived by the mutual agreement of SGJL and SCHL (to the extent not prohibited by applicable Law):

- a) the SGJL Stockholder Approval shall have been obtained at the Court Ordered Scheme Meetings;
- b) the Meeting Order and the Final Court Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to SGJL and SCHL, acting reasonably, on appeal or otherwise;
- c) the JESOP Share Exchange shall have been completed;
- d) the Subscription Agreement shall have been entered into and shall be in full force and effect; and
- e) no Law is in effect that makes the consummation of the Scheme illegal or that prohibits or enjoins SCHL or SGJL from consummating the Scheme.

SGJL Conditions Precedent

10.13 The obligations of SGJL to complete the Scheme are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived by SGJL (to the extent not prohibited by applicable Law):

- a) (i) the representations and warranties of SCHL set out in Sections 4.1(a) [*Organization and Qualification*] and 4.1(b) [*Authority Relative to the Arrangement Agreement*] of the Arrangement Agreement shall be true and correct in all material respects, and (ii) all other representations and warranties of SCHL shall be true and correct in all respects (without giving effect to any materiality and similar qualifiers), except in the case of clause (ii) where the failure to be so true and correct in all respects would not prevent or significantly impede or materially delay the completion of the Scheme;
- b) SCHL shall have performed and complied with, in all material respects, the obligations and covenants required to be performed or complied with by SCHL pursuant to the Arrangement Agreement prior to the Effective Date; and
- c) SCHL shall have delivered to SGJL an officer's certificate, dated as of the Effective Date, certifying satisfaction of the foregoing conditions.

SCHL Conditions Precedent

10.14 The obligations of SCHL to complete the Scheme are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived by SCHL (to the extent not prohibited by applicable Law):

- a) use (i) the representations and warranties of SGJL set out in Sections 3.1(a) [*Organization and Qualification*], 3.1(b) [*Authority Relative to the Arrangement Agreement*] and 3.1(c) [*No Conflict; Required Filings and Consent*] of the Arrangement Agreement shall be true and correct in all respects; (ii) the representations and warranties of SGJL set out in Sections 3.1(d) [*Subsidiaries*] and 3.1(f) [*Capitalization*] shall be true and correct in all respects (except for *de minimis* inaccuracies); and (iii) all other representations and warranties of SGJL shall be true and correct in all respects (without giving effect to any materiality, "Material Adverse Effect" and similar qualifiers), except in the case of clause (iii) for such failures to be so true and correct that have not had and would not, individually or in the aggregate, have a Material Adverse Effect;
- b) SGJL shall have performed and complied with, in all material respects, the obligations and covenants required to be performed or complied with by SGJL pursuant to the Arrangement Agreement prior to the Effective Date;
- c) since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect that is continuing; and
- d) SGJL shall have delivered to SCHL an officer's certificate, dated as of the Effective Date, certifying satisfaction of the foregoing conditions.

Term and Termination

10.15 The Arrangement Agreement is effective from the date of the Arrangement Agreement until the earlier of the Effective Time and the termination of the Arrangement Agreement in accordance with its terms. The Arrangement Agreement may be terminated and the Scheme abandoned at any time prior to the Effective Time in the circumstances described below.

Termination by Either Party

10.16 The Arrangement Agreement may be terminated and the Scheme abandoned by either Party if:

- a) the SGJL Stockholder Approval is not obtained at the Court Ordered Scheme Meetings;
- b) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Scheme illegal or otherwise prohibits or enjoins SCHL or SGJL from consummating the Scheme, and such Law has, if applicable, become final and non-appealable, provided that the Party seeking to terminate the Arrangement Agreement under this provision has used its commercially reasonable efforts to appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Scheme and provided further that the enactment, making, enforcement or amendment of such Law was not primarily due to the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; and
- c) the Effective Time does not occur on or prior to the Outside Date (being March 31, 2027, or such later date as may be agreed in writing by the Parties); provided that a Party may not terminate the Arrangement Agreement pursuant to this provision if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform its covenants or agreements under the Arrangement Agreement.

Termination by SGJL

10.17 The Arrangement Agreement may be terminated by SGJL if: (i) SCHL has breached or failed to perform any representation, warranty, covenant or other agreement contained in the Arrangement Agreement, which breach or failure to perform would result in the conditions in favour of SGJL, not being satisfied; and (ii) which breach, failure to perform or inaccuracy is either not curable by the Outside Date or, if capable of being cured, is not cured by the earlier of the Outside Date and the date that is thirty (30) days after SCHL's receipt of written notice from SGJL setting forth notice of such breach; provided however, that SGJL may not terminate the Arrangement Agreement pursuant to this provision if SGJL is then in breach of any representations, warranties, covenants or agreements under the Arrangement Agreement (which breach would result in the conditions in favour of SCHL not being satisfied).

Termination by SCHL

10.18 The Arrangement Agreement may be terminated by SCHL if: (i) SGJL has breached or failed to perform any representation, warranty, covenant or other agreement, which breach would

result in the conditions in favour of SCHL not being satisfied, (ii) which breach or failure to perform is either not curable, or if capable of being cured, is not cured by the earlier of the Outside Date and the date that is thirty (30) days after SGJL's receipt of written notice from SCHL setting forth notice of such breach; or (iii) since the date of the Arrangement Agreement, a Material Adverse Effect has occurred and is continuing, and such Material Adverse Effect is not curable or, if capable of being cured, is not cured by the earlier of the Outside Date and the date that is thirty (30) days after SGJL's receipt of written notice from SCHL setting forth notice of such Material Adverse Effect; provided however, that SCHL may not terminate the Arrangement Agreement pursuant to this provision if SCHL is then in breach of any representations, warranties, covenants or agreements under the Arrangement Agreement (which breach would result in the conditions in favour of SGJL not being satisfied).

10.19 The Arrangement Agreement does not include a termination right in the event of an unsolicited "superior proposal".

Fees and Expenses

10.20 The Arrangement Agreement does not contain any termination or "break" fee payable by any Party in connection with a termination of the Arrangement Agreement irrespective of the cause or nature of the termination event.

10.21 Except as otherwise specifically provided for in the Arrangement Agreement, all expenses incurred in connection with the Scheme, the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement, including all costs, expenses and fees incurred prior to or after the Effective Time in connection with, or incidental to, the Scheme, shall be paid by the Party incurring such expenses, whether or not the Scheme is consummated.

Amendment and Waiver

10.22 Subject to the provisions of the Meeting Order, the Final Court Order and applicable Laws, the Arrangement Agreement and the Scheme of Arrangement may, at any time and from time to time before or after the holding of the Court Ordered Scheme Meetings, but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or Authorization on the part of the SGJL Stockholders, as applicable, to, without limitation, change the time for performance of any of the obligations of the Parties; waive any inaccuracies or modify any representation or warranty; waive compliance with or modify any of the covenants in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and waive compliance with or modify any mutual conditions precedent in the Arrangement Agreement.

10.23 Except as otherwise provided in the Arrangement Agreement, either Party may: (i) extend the time for the performance of any of the obligations or acts of the other Party; (ii) waive compliance with any other Party's agreements, covenants or obligations, or the fulfilment of any conditions to its own obligations contained in the Arrangement Agreement; or (iii) waive inaccuracies in any of the other Party's representations or warranties contained in the Arrangement Agreement or in any document delivered by such other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed

on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

Governing Law

10.24 The Arrangement Agreement is governed, including as to validity, interpretation and effect, by the Laws of Jamaica. Each Party has irrevocably attorned to the exclusive jurisdiction of the courts of Jamaica in respect of all matters arising under or in relation to the Arrangement Agreement and the Scheme, and has waived any right to a trial by jury.

Documents Available for Inspection

11.1 Copies of the documents listed below are available for inspection by SGJL Stockholders up to the time of the Court Ordered Scheme Meetings during the hours of 9:00 a.m to 4:00 p.m on any Business Day at the following locations in Jamaica:

Locations

- a) Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston
- b) Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay
St. James
- c) Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester
- d) Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Documents Available for Inspection

- a) The Articles of Incorporation of SGJL;
- b) The audited financial statements of SGJL for the period ending October 31, 2025;
- c) SGJL's interim results for the six months ended April 30, 2026;
- d) The Arrangement Agreement;
- e) The Fairness Opinion;
- f) The Subscription Agreement;
- g) The Court Order for the Court Ordered Scheme Meetings;
and

h) The written consent of KPMG.

11.2 This Statement shall be treated as the Explanatory Statement under section 207 of the Companies Act.

A copy of the Scheme, the Explanatory Statement and Form of Proxy may be obtained free of cost, in Jamaica at the SGJL Registered Office located at Scotiabank Centre, Corner of Duke & Port Royal Streets, Kingston, Jamaica or the offices of Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, Jamaica or the locations listed in paragraph 11.1 above.

Dated on this 21st day of July 2026



Mr. Vernon Douglas
Chair of the Board of Directors and Chair of the
Independent Committee of SCOTIA GROUP
JAMAICA LIMITED

PART 5 - THE SCHEME OF ARRANGEMENT

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION
CLAIM NO. SU 2026 CD 00246**

**IN THE MATTER OF SCOTIA GROUP JAMAICA LIMITED
AND IN THE MATTER OF THE COMPANIES ACT, 2004**

SCHEME OF ARRANGEMENT UNDER SECTION 206 OF THE COMPANIES ACT, 2004

**AMONG: SCOTIA GROUP JAMAICA LIMITED (“SGJL” or “the Company”),
SCOTIABANK CARIBBEAN HOLDINGS LTD. (“SCHL”) AND THE OTHER
HOLDERS OF ITS ORDINARY STOCK UNITS.**

Definitions & Interpretation

1. In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall respectively bear the following meanings:

“Arrangement Agreement”

means the Arrangement Agreement dated June 11, 2026, by and between SCHL and SGJL, including all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

“Business Day”

means any day other than a Saturday, a Sunday or public, statutory or civic holiday in Kingston, Jamaica, Toronto, Ontario or Bridgetown, Barbados;

“Companies Act”

means The Companies Act 2004 of Jamaica;

“Court”

means the Supreme Court of Judicature of Jamaica;

“Court Meeting”

means any meeting of SGJL Stockholders convened by the direction of the Court issued pursuant to section 206 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment or postponement of any such meeting;

“Effective Date”

means the close of business on the date on which the Order sanctioning the Scheme is filed with the Companies Office of Jamaica and upon which the Scheme becomes effective;

<u>“Effective Time”</u>	means the time at which an official copy or office copy of the Order under section 206(3) of the Companies Act shall have been duly delivered by or on behalf of SGJL to the Registrar of Companies in Jamaica for registration;
<u>“Jamaica Time”</u>	means such time in Jamaica;
<u>“JMD” or “J\$”</u>	signifies the lawful currency of Jamaica;
<u>“JSE”</u>	means the Jamaica Stock Exchange;
<u>“Order”</u>	means the order of the Court sanctioning the Scheme under section 206 of the Companies Act, as the same may be affirmed, amended, modified, supplemented or varied by the Court;
<u>“Outside Date”</u>	means March 31, 2027 or such later date as may be agreed to in writing by SCHL and SGJL pursuant to the Arrangement Agreement;
<u>“Paying Agent”</u>	means Jamaica Central Securities Depository Limited or such other payment agent as may be appointed by SGJL to effect payment to the SGJL Minority Stockholders in connection with the Scheme;
<u>“Person”</u>	includes an individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including any Governmental Entity (as defined in the Arrangement Agreement)) or any other entity, whether or not having legal status;
<u>“Scheme”</u>	means the scheme of arrangement proposed to be made under section 206 of the Companies Act among SGJL, SCHL and the other SGJL Stockholders on the terms and subject to the conditions set out in this Scheme of Arrangement, subject to any amendments, modifications or additions to this Scheme of Arrangement made in accordance with the terms of this Scheme of Arrangement or at the direction of the Court in the Order (provided that any such amendment, modification or addition is acceptable to SCHL and SGJL, each acting reasonably);
<u>“Scheme of Arrangement”</u>	means this scheme of arrangement among SGJL, SCHL and the other SGJL Stockholders and any amendments, modifications or variations hereto made in accordance with the terms hereof or upon the direction of the Court in the Order (provided that any such amendment, modification or addition is acceptable to SCHL and SGJL, each acting reasonably);

“Scheme Record Time”

means 3:00 p.m. Jamaica Time on the Business Day in Jamaica before the Effective Date;

“Scheme Stock Units”

means the issued ordinary stock units in the capital of SGJL other than the ordinary stock units of SGJL registered in the name of SCHL or any subsequent holder of such stock units who shall be bound by this Scheme of Arrangement or shall, by such time, have agreed to be bound by this Scheme of Arrangement;

“Settlement Date”

means the Business Day which is ten (10) Business Days after the Effective Date;

“SGJL Available Cash Amount”

means the amount of SGJL’s available cash as is requested by SCHL at least five (5) days prior to the Effective Date to be deposited with the Paying Agent to satisfy payments to SGJL Minority Stockholders pursuant to the Scheme;

“SGJL Minority Stockholder”

means the registered holder of any one or more Scheme Stock Units and includes any Person(s) entitled on transmission to one or more Scheme Stock Units;

“SGJL Stockholder”

means the registered holder of any one or more ordinary stock units in the capital of SGJL and includes any Person(s) entitled on transmission to one or more ordinary stock units;

“Subscription Agreement”

means the Subscription Agreement to be entered into by and between SCHL and SGJL, including all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

“US\$”

signifies the lawful currency of the United States of America; and

In this Scheme of Arrangement, unless the context otherwise requires, references to one gender shall include other genders and the singular shall include the plural and *vice versa*. References to time herein shall be read as references to time in Jamaica. References to any Act shall be read as references to such Act or any statutory modification or re-enactment thereof for the time being in force.

Scotia Group Jamaica Limited

2. SGJL was incorporated on December 4, 2006 under the Companies Act. The stated capital of SGJL is Six Billion Five Hundred and Sixty Nine Million, Eight Hundred and Ten Thousand Jamaica Dollars (J\$6,569,810,000).
3. As at June 30, 2026 the authorized and issued share capital of SGJL are as shown hereunder:

Authorised ordinary stock units

Ten Billion ordinary stock units
(10,000,000,000)

Issued and fully paid ordinary stock units

Three Billion One Hundred and Eleven Million, Five Hundred and Ninety Two Thousand, Nine Hundred and Eighty Four
(3,111,592,984)

4. As at the date hereof the issued ordinary stock units of SGJL are listed on the JSE.
5. The ten largest registered holders of ordinary stock units in the capital of SGJL as at June 30, 2026 are shown in the table below.

**SCOTIA GROUP JAMAICA LIMITED
TOP TEN (10) LARGEST STOCKHOLDERS**

	STOCKHOLDER	NUMBER OF STOCK UNITS HELD	PERCENTAGE
1	SCOTIABANK CARIBBEAN HOLDINGS LTD.	2,264,015,245	72.76%
2	SAGICOR POOLED EQUITY FUND	61,199,852	1.97%
3	NATIONAL INSURANCE FUND	60,924,069	1.96%
4	SJIML A/C 3119	55,725,439	1.79%
5	RESOURCE IN MOTION LIMITED (R.I.M)	40,038,798	1.29%
6	SIJL A/C 560-10	29,587,645	0.95%
7	NCB STAFF PENSION FUND (1986)	23,391,176	0.75%
8	GRACEKENNEDY PENSION FUND CUSTODIAN LTD FOR GRACE KENNEDY PENSION SCHEME	21,397,463	0.69%
9	SAGICOR SELECT FUNDS LIMITED - (CLASS B' SHARES) FINANCIAL	12,578,986	0.4%

10	VICTORIA PENSIONS LIMITED	MUTUAL MANAGEMENT	11,350,938	0.36%
	TOTAL		2,580,209,611	82.92%

6. As appears from the table in paragraph 5 above, as at June 30, 2026, SCHL is the registered holder of approximately 72.76% of the issued ordinary stock units of SGJL.
7. The ordinary stock units in the capital of SGJL confer the following voting rights on the holders thereof:
 - a. on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative appointed pursuant to the Companies Act has, subject to paragraph 7(b) below, one vote; and
 - b. on a poll every member who is present in person or by proxy has one vote for every ordinary stock unit.

The SGJL Scheme

8. It is proposed that, commencing at the Effective Time, SGJL, SCHL and the SGJL Minority Stockholders shall undertake the Scheme described in paragraphs 9 to 12 below in the order set forth below.
9. SCHL shall subscribe for ordinary stock units of SGJL pursuant to, and in accordance with the terms of, the Subscription Agreement.
10. Pursuant to the terms of the Scheme and the terms of the Arrangement Agreement, SGJL shall repurchase all the Scheme Stock Units at a price of J\$61.50 per stock unit.
11. The subscription price paid by SCHL to SGJL in respect of the subscription for the SGJL ordinary stock units pursuant to paragraph 9 above, together with the SGJL Available Cash Amount, shall be deposited with the Paying Agent on or prior to the Settlement Date and applied in satisfaction of the purchase price for the Scheme Stock Units from the SGJL Minority Stockholders in accordance with paragraph 12 below.
12. All payments to SGJL Minority Stockholders in consideration for the repurchase of their Scheme Stock Units shall be made:
 - a. in Jamaican dollars, except in the case of SGJL Minority Stockholders who have elected to receive payment in US\$ (the "Settlement Currency") in accordance with the instructions herein and the Currency Election Form, who will receive payment in United States dollars converted at the weighted average selling rate of the US\$ as published by the Bank of Jamaica three (3) Business Days before the Settlement Date, in immediately available funds. **If no Currency Election Form is received from a SGJL Minority**

Stockholder no later than 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing, or if the Currency Election Form is incomplete or illegible, the SGJL Minority Stockholder will receive payment in Jamaican dollars according to the mandate the Registrar has for the SGJL Minority Stockholder;

- b. in Jamaica:
 - a. where the Settlement Currency is US\$, by wire transfer in cases where the relevant SGJL Minority Stockholders shall have given to the Paying Agent their wire transfer account details sufficient to enable the Paying Agent to effect wire transfers to such SGJL Minority Stockholders;
 - b. where the Settlement Currency is J\$ (1) by cheque drawn on a local commercial bank in Jamaica; or (2) by wire transfer or electronic funds transfer in cases where the relevant SGJL Minority Stockholders shall have given to the Paying Agent their wire transfer information;
- c. in joint names of SGJL Minority Stockholders in the manner aforesaid where the relevant Scheme Stock Units are registered in such joint names;
- d. without any deduction other than customary wire transfer fees in the case of payment dispatched by wire transfer and any withholding or other taxes or imposts;
- e. in the case of payment by cheque, by sending the cheque by post to the last known address of the SGJL Minority Stockholder as appears in the SGJL Register of Members or where the relevant Scheme Stock Units are registered in the name of joint holders, to the address in the Register of Members of the first-named holder; and
- f. on the Settlement Date.

- 13. It is a condition precedent to the making of the application for the sanction of the Scheme by the Court that SGJL and SCHL shall have entered into the Subscription Agreement.

Miscellaneous

- 14. All delivery or service or notices, documents of title and the like required to be made by SGJL under this Scheme of Arrangement shall be effected by personal delivery or by electronic mail or by delivery by prepaid courier or by posting the same in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the Register of Members of SGJL (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the aforesaid register of members in respect of the joint holding) at the Scheme Record Time.
- 15. SGJL shall not be responsible for any loss or delay in the transmission of any notice or documents (including cheques) posted in accordance with paragraph 14 above and all such notices or documents shall be posted at the risk of the persons entitled thereto.

16. Payment by SGJL in the Settlement Currency as provided in paragraph 12 above shall be a complete discharge by SGJL for the consideration represented thereby.
17. At the Effective Time, each SGJL Minority Stockholder shall cease to have any rights as a holder of Scheme Stock Units and shall thereafter only have the right to receive the payment in the Settlement Currency as provided in paragraph 12 above consistent with the Register of Members of SGJL.

Operation of the Scheme

18. No director of SGJL will receive any bonus or other benefit as a result of the success or otherwise of the Scheme and the Scheme will have no effect on the interest or any director, in his capacity as such. A director who holds Scheme Stock Units if the Scheme becomes effective, will have those Scheme Stock Units purchased and receive the payment in the Settlement Currency as provided in paragraph 12 above.
19. Unless otherwise stated in the Order sanctioning the Scheme, the Scheme shall become effective at the Effective Time.
20. SGJL has agreed to appear by counsel on the hearing of the application to sanction the Scheme and to undertake to the Court to be bound by the provisions of this Scheme of Arrangement and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.
21. Unless the Scheme shall have become effective by the Outside Date, the Scheme shall lapse.

Consent to Modifications

22. SGJL may consent on behalf of all persons concerned to any amendments, modifications or additions to this Scheme of Arrangement or to any condition which the Court may see fit to approve or impose.

FILED BY MYERS, FLETCHER & GORDON of 21 East Street, Kingston for and on behalf of the Claimants/Applicants herein (Attention: Amanda Montague), whose address for service is that of its said Attorneys-at-Law. Telephone: 922-5860.

PART 6 - PAYMENT ARRANGEMENTS

1. When the Scheme Takes Effect: If the proposed Scheme of Arrangement is approved by the requisite majorities of SGJL Stockholders and sanctioned by the Supreme Court of Judicature of Jamaica, then SGJL will file a copy of the Final Court Order with the Registrar of Companies. Upon so filing the Final Court Order, it will take effect and the SGJL Stock Units held by all SGJL Minority Stockholders will then be repurchased by SGJL.
2. Payment to SGJL Minority Stockholders: Upon the Effective Date, SGJL will become obliged to pay to each SGJL Minority Stockholder the sum of J\$61.50 per repurchased SGJL Stock Unit. SGJL Minority Stockholders have the option to elect to receive payment in United States dollars in lieu of payment in Jamaican dollars. If a SGJL Minority Stockholder elects to take payment in United States dollars in lieu of Jamaican dollars, then the Consideration to which he will be entitled will be the United States dollar equivalent of J\$61.50 per SGJL Stock Unit converted at the weighted average selling rate for United States dollars published by the Bank of Jamaica three (3) Business Days before the Settlement Date (the "Exchange Rate").
3. Currency Election: A Currency Election Form is among the documents annexed to this Scheme Booklet to SGJL Stockholders. Additional forms can be downloaded from SGJL's website at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html> or may be obtained in Jamaica from any of the locations listed in paragraph 11.1 of the Explanatory Statement (Part 4) or from:

Jamaica Central Securities Depository
Limited 40 Harbour Street
Kingston, Jamaica
Tel: (876) 967-3271
Fax: (876) 948-6653
E-mail: jcsdrs@jamstockex.com

4. Return of Currency Election Forms: If you are a SGJL Minority Stockholder and you wish to be paid in United States dollars, then your Currency Election Form, duly completed and signed, must be received by no later than 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing, as follows:

- a) By overnight courier or hand delivery to:

Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston, Jamaica

- b) By overnight courier or hand delivery to one of the following Scotiabank Jamaica branches in Jamaica:

Scotiabank Jamaica
Fairview Financial Centre Building

1 Port Avenue
Fairview, Montego Bay
St. James

Attention: Branch Manager

Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester

Attention: Branch Manager

Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Attention: Branch Manager

5. Absence of Valid Currency Election Form: If no Currency Election Form is received from a SGJL Minority Stockholder no later than 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing, or if the Currency Election Form is incomplete or illegible, the SGJL Minority Stockholder will receive payment in Jamaican dollars according to the mandate the Registrar has for the SGJL Minority Stockholder.
6. When Payment will be made: SGJL will make payment to SGJL Minority Stockholders ten (10) Business Days after the Effective Date. The Effective Date is the date on which an attested copy of the Final Court Order sanctioning the Scheme is filed with the Registrar of Companies, at which time the Scheme will take legal effect.
7. How Will Payment be Made: In the absence of a Valid Currency Election Form and unless a SGJL Minority Stockholder gives precise and definitive instructions to the contrary to Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, Jamaica, payment will be made to them in accordance with the mandates existing at the Registrar for them.
8. Who will make Payments: Jamaica Central Securities Depository Limited is the Registrar for SGJL and Paying Agent for the Scheme. On funds being put in by SCHL and/or SGJL, as applicable, the Paying Agent will make all necessary arrangements to effect timely payments to all SGJL Minority Stockholders who are entitled to receive payments for their repurchased SGJL Stock Units.
9. Other Payment Matters: Fees, if any, for effecting payment chargeable by the paying bank will be borne by SGJL. The receiving bank or any intermediary bank or other financial institution may charge and deduct fees from such payments. Such fees and charges will be borne by the receiving SGJL Minority Stockholder. Payment made by cheques or drafts sent via post will be at the risk of the receiving SGJL Minority Stockholder.
10. Currency Risk: SGJL Minority Stockholders who have elected to receive payment in US\$ bear the risk that between the date as of which the US\$ payment is determined (i.e., three (3) Business Days before the Settlement Date) and the date when they actually receive

payment in US\$ that the US\$ could devalue or revalue as against the J\$ as the case may be. SGJL has sought to reduce the currency exposure period as much as it practically can having regard to the administrative and logistical arrangements which are necessary to effect timely payments to SGJL Minority Stockholders.

PART 7 - ADDITIONAL INFORMATION

General

- a) The persons listed under column 1 below own directly or indirectly the number of SGJL Stock Units set opposite their respective names in columns 2 and 3 in the table below as at June 30, 2026.

PERSON	DIRECT OWNERSHIP	INDIRECT OWNERSHIP	PERCENTAGE (AGGREGATE OF COLUMNS 2 AND 3)	CHANGE SINCE JANUARY 1, 2026
Scotiabank Caribbean Holdings Ltd.	2,264,015,245	-	72.76%	Increase of 30,611,861
Any Director of SCHL	29,996	220,483	<.01%%	-
Any Officer of SCHL	-	-	-	-
Any person or company holding directly or indirectly more than 10% of SGJL Stock Units	2,264,015,245	-	72.76%	Increase of 30,611,861

- b) Other than as disclosed in this Scheme Booklet, none of the persons listed in the table above has directly or indirectly traded in SGJL's Stock Units during the last six (6) months preceding the date of this Scheme Booklet.
- c) The conditions applicable to the Scheme of Arrangement are set out in paragraph (d) below.
- d) The obligation of SGJL to complete the Scheme is conditional upon, *inter alia*:
- the SGJL Stockholder Approval having been obtained at the Court Ordered Scheme Meetings;
 - the Meeting Order and the Final Court Order having each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to SGJL and SCHL, acting reasonably, on appeal or otherwise;
 - the Subscription Agreement having been entered into and shall be in full force and effect;
 - no Law (as defined in the Arrangement Agreement) being in effect that makes the consummation of the Scheme illegal or that prohibits or enjoins SCHL or SGJL from consummating the Scheme;
 - since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect (as defined in the Arrangement Agreement) of SGJL that is continuing.

- e) Particulars of the method and terms of payment of the cash Consideration are stated in Part 6 above.
- f) The funds required to pay the aggregate Consideration to the SGJL Minority Stockholders whose SGJL Stock Units are repurchased under the Scheme of Arrangement will be funded by the proceeds of the Subscription Agreement. If requested by SCHL at least five (5) days prior to the Settlement Date, SGJL shall deposit (or cause to be deposited) with the Paying Agent such amount of its available cash as is directed by SCHL to satisfy payments to the SGJL Minority Stockholders under the Scheme of Arrangement which will reduce the amount of funds that SCHL would have otherwise been required to deposit with the Paying Agent to fund the aggregate Consideration payable to the SGJL Minority Stockholders under the Scheme of Arrangement. SGJL is satisfied that the requisite funds will be available to meet its obligation to SGJL Minority Stockholders if the Scheme is sanctioned by the Court.
- g) The following is a summary showing the volume of trades and price range of SGJL Stock Units on the JSE in the six (6) months preceding the announcement of the Scheme. Past performance is not indicative of future results.

	Traded Volume	Price Range (Low) (J\$)	Price Range (High) (J\$)	Offer Premium (Low)	Offer Premium (High)
December 2025	1,132,367	50.00	55.20	23.00%	11.41%
January 2026	1,360,252	48.00	53.00	28.13%	16.04%
February 2026	1,615,488	49.30	52.00	24.75%	18.27%
March 2026	2,121,089	49.60	51.00	23.99%	20.59%
April 2026	5,492,141	48.00	52.20	28.13%	17.82%
May 2026	1,513,683	50.96	55.20	20.68%	11.41%
June 1-11 2026	355,195	53.00	55.00	16.04%	11.82%

The foregoing information in this paragraph (g) is extracted from information available from the JSE and was not verified with, or by SGJL. The Consideration payable to SGJL Minority Stockholders is J\$61.50 for each repurchased SGJL Stock Unit. SGJL Minority Stockholders may elect to be paid in United States currency converted at the Exchange Rate.

- h) SGJL Stock Units last traded on the Jamaica Stock Exchange at J\$54.30 immediately prior to the announcement of the Scheme, and the price of J\$61.50 per stock unit, represents a premium of approximately 13.3% over that last trading price.

- i) SCHL has no arrangement or plan to compensate any of its or SGJL's officers or directors for loss of office or in connection with their retaining office or retiring from office if the Scheme is implemented.
- j) SGJL is not aware of any material change in its financial position or prospects or its subsidiaries since October 31, 2025, being the date of SGJL's last published audited financial statements. Although the SGJL Board has not resolved to change the dividend policy it should be understood that the payment of dividend is within the business judgment of the directors and is influenced by many factors. Accordingly no commitment is made herein as to the directors' intent with respect to future dividend payments.
- k) SCHL has no current plan to make any post in SGJL redundant or to otherwise re-trench or expand the SGJL workforce as a result of this Scheme.
- l) There is no intention, at the present time, to vary the total emoluments receivable by any director of SGJL as a result of the Scheme but increases in directors fees may take place in the ordinary course unrelated to the Scheme.
- m) There are no special arrangements relating to the Scheme, between SCHL or any director, past director or shareholders of SGJL or any party acting in concert with any of them. Other than as disclosed in the Scheme Booklet, neither SCHL nor any of its affiliates has acquired any SGJL Stock Units in the past twelve (12) months. In connection with the JESOP Share Exchange, SCHL acquired the JESOP Stock Units at the price of J\$61.50 per SGJL Stock Unit. In this sub-paragraph, "special arrangement" includes any indemnity or option arrangement or undertaking, formal or informal, of whatever nature relating to SGJL Stock Units or any securities convertible into rights to subscribe for, or options to acquire, SGJL Stock Units which may be an inducement to deal or refrain from dealing in such shares or securities.
- n) The Directors of SGJL (whose names are set out in Part 4 of this document) accept full responsibility for the information contained in this document. To the best of the knowledge and belief of such Directors (who have taken all reasonable care to ensure that such is the case) all such information is in accordance with the facts and the Directors are not aware of any fact, the omission of which would make any statement in the Explanatory Statement misleading. Where information in the Explanatory Statement has been extracted from publicly available sources or obtained from a named source, the sole responsibility of the Directors of SGJL has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Explanatory Statement in the proper form and context.
- o) No director or officer of SCHL or any member of their immediate families owns, controls, or is interested in any SGJL Stock Units except as stated in paragraph (a) above.
- p) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the SGJL Stock Units to be subscribed for by SCHL under the Scheme and the Subscription Agreement will be transferred to any other person, save that SCHL reserves the right to transfer any such SGJL Stock Units to any other member of SCHL or to any other person at any time.

- q) EY has given and not withdrawn its written consent to the issue of this Scheme Booklet with the inclusion therein of references to them in this Part 7 in the form and context in which they appear.
- r) KPMG has given and not withdrawn its written consent to the issue of this document with the inclusion therein of references to its Independent Auditors' Report in the form and context in which such references appear.

Irrevocable Undertakings

All of the directors that own SGJL Stock Units, collectively holding, directly an aggregate of 182,863 SGJL Stock Units, representing approximately 0.01% of the SGJL Stock Units issued and outstanding as at June 30, 2026, have entered into Support and Voting Agreements pursuant to which they have agreed, subject to the terms thereof and among other things, to vote all of their SGJL Stock Units in favour of the Scheme and to vote against any matter that could reasonably be expected to delay, prevent, impede or frustrate the completion of the Scheme or the transactions contemplated by the Arrangement Agreement.

Documents Available for Inspection

11.1 Copies of the documents listed below are available for inspection by SGJL Stockholders up to the time of the Court Ordered Scheme Meetings during the hours of 9:00 a.m to 4:00 p.m on any Business Day at the at the following locations in Jamaica:

Locations

- a) Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston
- b) Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay
St. James
- c) Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester
- d) Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Documents Available for Inspection

- a) The Articles of Incorporation of SGJL;
- b) The audited financial statements of SGJL for the period ending October 31, 2025;
- c) SGJL's interim results for the six months ended April 30, 2026;
- d) The Arrangement Agreement;
- e) The Fairness Opinion;
- f) The Subscription Agreement;
- g) The Court Order for the Court Ordered Scheme Meetings;
and
- h) The written consent of KPMG.

PART 8 - FINANCIAL INFORMATION

The following is a summary of the financial results of SGJL for the last three (3) financial years and the six (6) months of the current financial year.

SCOTIA GROUP JAMAICA LIMITED Consolidated Statement of Revenue and Expenses

(\$ Thousands)	For the year ended			Six months ended
	October 2023	October 2024	October 2025	April 2026
Interest income	40,836,714	48,344,530	52,065,220	27,915,375
Interest expense	(1,379,907)	(2,040,235)	(2,055,656)	(1,176,859)
Net interest income	39,456,807	46,304,295	50,009,564	26,738,516
Expected credit losses	(2,395,789)	(4,157,392)	(2,884,307)	(1,656,050)
Net interest income after expected credit losses	37,061,018	42,146,903	47,125,257	25,082,466
Finance expenses from insurance contracts	(1,828,708)	(2,784,381)	(3,156,870)	(1,567,249)
Finance income from reinsurance contracts	(131)	78	38	(10)
Total insurance finance expenses	(1,828,839)	(2,784,303)	(3,156,832)	(1,567,259)
Insurance revenue	2,788,585	3,509,830	4,383,645	2,268,017
Insurance service expenses	(971,419)	(962,074)	(988,679)	(570,269)
Net expenses from reinsurance contracts	(198)	(829)	(1,817)	(1,961)
Net insurance revenue	1,816,968	2,546,927	3,393,149	1,695,787
Net fee and commission income	6,737,674	7,228,799	7,212,724	4,991,828
Net gains on foreign currency activities	8,754,339	9,318,933	9,519,975	4,518,691
Net gains on financial assets	312,510	417,033	526,540	249,742
Other revenue	214,706	244,423	91,048	493,787
	16,019,229	17,209,188	17,350,287	10,254,048
Total operating income	53,068,376	59,118,715	64,711,861	35,465,042
Operating expenses				
Salaries and staff benefits	11,109,963	11,807,236	14,883,981	7,690,193
Property expenses, including depreciation	2,459,221	2,790,594	3,122,682	1,803,488
Amortisation of intangible assets	24,874	20,954	20,954	20,340
Asset tax	1,375,620	1,552,687	1,651,302	1,795,672
Other operating expenses	12,658,527	13,243,542	15,314,458	8,750,343
	27,628,205	29,415,013	34,993,377	20,060,036
Profit before taxation	25,440,171	29,703,702	29,718,484	15,405,006
Taxation	(8,211,542)	(9,545,911)	(9,816,990)	(5,321,785)
Profit for the year	17,228,629	20,157,791	19,901,494	10,083,221
Earnings per share (cents)	554	648	640	324
Return on average equity (annualized)	15.27%	15.55%	13.18%	12.38%
Return on assets (annualized)	2.59%	2.86%	2.57%	2.39%
Productivity ratio	49.81%	46.49%	51.77%	54.04%

PART 9 - FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER
QUESTIONS RELATING TO THE SCHEME	
What is the Scheme?	The Scheme is a Scheme of Arrangement which is a procedure provided for under the Companies Act, 2004 whereby all of the issued and outstanding SGJL Stock Units (other than SGJL Stock Units owned by SCHL) will be repurchased by SGJL for J\$61.50 per SGJL Stock Unit. A SGJL Minority Stockholder, may elect to receive payment in U.S. currency converted at the Exchange Rate).
What is the background and reasons for the proposed Scheme?	See “<i>Letter from the Chairman of the SGJL Board and the Independent Committee – Background to the Scheme</i>” for a summary of the principal events leading up to the public announcement of the Scheme. The Scheme represents a deepening of Scotiabank’s commitment to Jamaica and is expected to reinforce its ability to support the continued advancement and development of the Jamaican economy. The Scheme is aimed at enhancing capital and operational efficiency and Scotiabank’s agility in responding to market opportunities. By privatizing SGJL, SCHL expects to enable SGJL to focus more sharply on long-term value creation and core business growth. See “<i>Letter from the Chairman of the SGJL Board and the Independent Committee – Reasons for the Recommendation of the Independent Committee and the SGJL Board</i>” for a full description of the reasons that informed the Independent Committee and the SGJL Board’s respective recommendations.
Does the Independent Committee support the Scheme?	Yes. The Independent Committee, having undertaken a thorough review of, and having carefully considered the terms of, the Scheme, the Arrangement Agreement, the Support and Voting Agreements and a number of other factors, including, without limitation, those listed under “ <i>Letter from the Chairman of the SGJL Board and the Independent Committee – Reasons for the Recommendation of the Independent Committee and the SGJL Board</i> ”, and after receiving legal and financial advice, unanimously determined that the Scheme is in the best interests of SGJL and that the Consideration to be received by SGJL Minority Stockholders is fair, from a financial point of view, to such holders and unanimously recommended that the Board approve the Scheme and the entering into of the Arrangement Agreement and recommend that SGJL Minority Stockholders vote in favour of the Scheme.
Does the Board of Directors support the Scheme?	Yes. Following receipt of the recommendation of the Independent Committee, and for the other reasons discussed and considered by the SGJL Board including, without limitation, those listed under “ <i>Letter from the Chairman of the SGJL Board and the Independent Committee</i>

	- <i>Reasons for the Recommendation of the Independent Committee and the SGJL Board</i>", and after receiving legal and financial advice, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining) unanimously (i) determined that the Consideration to be received by the SGJL Minority Stockholders is fair, from a financial point of view, to such SGJL Minority Stockholders; (ii) determined that the Scheme is in the best interests of SGJL; and (iii) approved the Scheme and the entering into of the Arrangement Agreement. Accordingly, the SGJL Board (with directors having material relationships with Scotiabank and its affiliates abstaining) unanimously recommend that SGJL Minority Stockholders vote IN FAVOUR of the Scheme.
Who has agreed to support the Scheme	All members of the SGJL Board who own SGJL Stock Units have entered into Support and Voting Agreements pursuant to which they have agreed, subject to the terms thereof to vote all of their SGJL Stock Units in favour of the Scheme.
What other approvals are required for the Arrangement?	The Scheme is conditional on and subject to: a) the Scheme being approved by the requisite majorities of the SGJL Stockholders, as required pursuant to the Companies Act; b) receipt of the Final Court Order; c) a certified copy of the Final Court Order sanctioning the Scheme being filed with the Registrar of Companies; d) since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect (as defined in the Arrangement Agreement) of SGJL that is continuing; and e) the other conditions set forth in the Arrangement Agreement. For further information, see "<i>Explanatory Statement – Summary of the Arrangement Agreement – Conditions</i>".
When will the Scheme become effective?	The Scheme will become effective if it is approved by the requisite majority of SGJL Stockholders and is approved by the Court. The actual date on which it takes effect will be the date on which the Court Order approving the Scheme is filed with the Registrar of Companies (the " Effective Date ").
Am I bound by the Scheme if I did not vote or did not vote in favour of the Scheme?	Once the Scheme is approved by the Court it will bind all Minority Stockholders including those who voted against it or who did not vote at all. Accordingly, your SGJL Stock Units would be repurchased pursuant to the Final Court Order approving the Scheme and you would be paid the same price per SGJL Stock Unit as any other SGJL Minority Stockholder including those who voted for the Scheme.
Who are the members of the Independent Committee?	The Independent Committee is comprised of directors of SGJL who are not (i) officers of SGJL; (ii) a director or officer of SCHL; or (iii) a director or officer of Scotiabank or its affiliates of Scotiabank, and such directorship did not constitute a material relationship that would

	compromise her independence in the context of the Initial Proposal and for purposes of serving as a member of the Independent Committee. The members of the Independent Committee are Vernon Douglas (Chair), Aileen Corrigan, Roxane De Freitas, Antony Mark Hart and Audrey Richards.
What did the Fairness Opinion conclude?	The Fairness Opinion concluded that on the basis of EY's review and subject to the assumptions and limitations noted therein, as of June 11, 2026 the proposed transaction is fair, from a financial point of view, to the SGJL Minority Stockholders. EY's assessment included: a sum of the parts valuation analysis, including the application of valuation methodologies considered to be applicable to each material/active subsidiary (income approach, market approach, cost approach); a market approach valuation analysis, and reviewing implied transaction multiples for the proposed transaction compared to publicly available trading and transaction data.
What will I receive for my SGJL Stock Units under the Scheme?	If the Scheme becomes effective, SGJL Minority Stockholders will be entitled to receive J\$61.50 per SGJL Stock Unit, which represents a premium of 13% over the thirty (30) trading day volume weighted average trading price of the SGJL Stock Units on the JSE on June 11, 2026, being the last trading day prior to the public announcement of the Scheme. A SGJL Minority Stockholder, may elect to receive payment of the Consideration in U.S. currency converted at the Exchange Rate.
When will I be paid if the Scheme becomes effective?	The Settlement Date for the Scheme is ten (10) Business Days after the Effective Date. Payments will be made to SGJL Stockholders on or before the Settlement Date.
What do I do if I have not received my Consideration after the Settlement Date	If you do not receive the Consideration on or shortly after the Settlement Date, please contact: Jamaica Central Securities Depository Limited 40 Harbour Street Kingston, Jamaica Tel: 1 (876) 967-3271 E-mail: jcsdrs@jamstockex.com; or Scotia Group Jamaica Limited Office of the Secretary of the Company, Scotiabank Centre, Cnr. Duke & Port Royal Streets, Kingston Attention: Ms. Maia Wilson Payments will be made to SGJL Minority Stockholders in accordance with the mandates existing at the Registrar, unless a SGJL Minority

	Stockholder gives precise and definitive instructions to the contrary to Jamaica Central Securities Depository Limited.
In what currency will I be paid?	SGJL Minority Stockholders will be paid the Consideration in Jamaican currency unless they elect to be paid in United States dollars converted at the Exchange Rate and complete the Currency Election Form annexed herewith, SGJL Minority Stockholders should submit their currency election forms in accordance with the instructions contained therein as soon as possible, and, no later than the 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing.
How can I elect to receive payment in United States dollars?	If you are a SGJL Minority Stockholder and you wish to be paid in United States dollars, then you should return your Currency Election Form, duly completed and signed, as follows: a) By overnight courier or hand delivery to: Scotia Group Jamaica Limited Office of the Secretary of the Company, Scotiabank Centre, Cnr. Duke & Port Royal Streets Kingston, Jamaica Or b) By overnight courier or hand delivery to any one of the following Scotiabank Jamaica branches in Jamaica: Scotiabank Jamaica Fairview Financial Centre Building 1 Port Avenue Fairview, Montego Bay St. James Attention: Branch Manager Scotiabank Jamaica 1A Caledonia Road Mandeville, Manchester Attention: Branch Manager Scotiabank Jamaica 19 Great Georges Street Savanna La Mar Westmoreland Attention: Branch Manager
What will happen if I do not complete a Currency Election Form?	If no Currency Election Form is received from a SGJL Minority Stockholder before 2:00 p.m. (Jamaica time) on the date of the Final Court Hearing; or if the Currency Election Form is incomplete or illegible, SGJL Minority Stockholders will receive payment in Jamaican

	dollars in accordance with the mandates existing at the Registrar for such SGJL Minority Stockholder.
Can I sell my SGJL Stock Units now?	Yes – you can sell your SGJL Stock Units before the Scheme becomes effective.
Will I receive any further dividend from SGJL?	The last dividend paid by SGJL was J\$0.45 per SGJL Stock Unit paid on April 14, 2026. The current policy of SGJL is to pay a dividend of J\$0.45 per SGJL Stock Unit each financial quarter after release of the quarterly financial statements. In the absence of any exceptional circumstances affecting SGJL, the Directors intend to continue that practice until the Effective Date. After the Scheme becomes effective, SGJL Minority Stockholders will no longer receive dividend payments from SGJL.
QUESTIONS RELATING TO THE COURT-ORDERED SCHEME MEETINGS, VOTING AND PAYMENT	
When and where will the Court Ordered Scheme Meetings be held?	Both Court Ordered Scheme Meetings will be held on October 7, 2026 at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica. The meeting for SCHL will start at 10:00 a.m. (Jamaica time) and the meeting for SGJL Minority Stockholders will start at 11:00 a.m. (Jamaica time).
What approvals are required by SGJL at the Meeting?	The Scheme of Arrangement will require approval of at least a majority in number, representing 75% in value, of the SGJL Stockholders present and voting either in person or by proxy at each of (i) the meeting of SGJL Minority Stockholders; and (ii) the meeting of SCHL, each convened by order of the Court. SCHL, which holds 72.76% of the SGJL Stock Units, will vote in favour of the resolution to approve the Scheme at the SCHL meeting.
What happens if the Scheme is not approved?	If the Scheme is not approved then it will not become effective. If the Scheme does not become effective then you would retain your SGJL Stock Units and you would not receive the Consideration.
Am I entitled to vote?	Each SGJL Stockholder who is on the SGJL Share Register as at Voting Record Time (being 48 hours before the applicable Court Ordered Scheme Meeting) is entitled to attend the applicable Court Ordered Scheme Meeting and vote or to appoint a proxy to vote on their behalf.
How do I return my Proxy Form?	Proxy Forms and the power of attorney or other authority or resolution in the case of a corporation which is a SGJL Stockholder, if any, under which it is signed, or a notarially certified or office copy of such power or authority must be returned to the registered office of the Company addressed to: Scotia Group Jamaica Limited

	Office of the Secretary of the Company, Scotiabank Centre, Cnr. Duke & Port Royal Streets Kingston, Jamaica Attention: Ms. Maia Wilson or any Scotiabank Jamaica location listed on page 3 of this Scheme Booklet.
When should my completed Proxy be returned?	Completed proxies should be returned as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the applicable Court Ordered Scheme Meeting. SGJL Minority Stockholders must return their completed proxies no later than 11:00 a.m. (Jamaica time) on October 5, 2026.
Can I tell my proxy how to vote?	Yes. The proxy form will allow you to instruct your proxy to vote for or against the Scheme Resolution at the applicable Court Ordered Scheme Meeting. If, in a signed and otherwise valid Form of Proxy, no proxy is named or the proxy named is not present at the applicable Court Ordered Scheme Meeting, the SGJL Stockholder to which the Form of Proxy relates shall be deemed to have appointed the Chairman of the meeting as their proxy. Where a SGJL Stockholder is deemed to have appointed the Chairman of the meeting as their proxy and no voting direction is given, the Chairman will vote such SGJL Stock Units in favour of the Scheme, in accordance with the recommendation of the SGJL Board.
If I appoint a proxy and change my mind and wish to attend the meeting, will I be allowed to do so?	Yes. If you appoint a proxy but you later attend the applicable Court Ordered Scheme Meeting in person then your proxy appointment will be automatically revoked. Note that in this case, if you attend the applicable Court Ordered Scheme Meeting, you should inform the clerk at the registration desk where meeting attendees are being registered.
When will the results of the meeting be known?	The results of the Court Ordered Scheme Meetings will be known shortly after the conclusion of the meetings. The votes will be counted by the Registrar certified by an independent scrutineer. Depending on the number of SGJL Stockholders in attendance, the results of the vote will generally be known on the day of the Court Ordered Scheme Meetings. The results will be announced and published on the SGJL website and in a newspaper circulating in Jamaica.
What if I have further questions?	If you have any further questions you may contact: Jamaica Central Securities Depository Limited 40 Harbour Street Kingston, Jamaica Tel: 1 (876) 967-3271

	E-mail: jcsdrs@jamstockex.com
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PART 10 - DEFINITIONS

In this Scheme Booklet, the following terms shall have the following meanings; unless stated otherwise:

TERM	DEFINITION
“Arrangement Agreement”	means the Arrangement Agreement dated June 11, 2026 between SGJL and SCHL, including all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.
“Business Day”	means any day other than a Saturday, a Sunday or public, statutory or civic holiday in Kingston, Jamaica, Toronto, Ontario, Canada or Bridgetown, Barbados.
“Companies Act”	means the Companies Act, 2004 of Jamaica as same may be amended or re-enacted from time to time.
“Consideration”	means the consideration to be received by SGJL Minority Stockholders pursuant to the Scheme of Arrangement consisting of J\$61.50 in cash per SGJL Stock Unit.
“Court”	means the Supreme Court of Judicature of Jamaica.
“Court Ordered Scheme Meeting”	means any meeting of SGJL Stockholders convened by the direction of the Court issued pursuant to Section 206 of the Companies Act, to consider and, if thought fit, approve the Scheme, including any adjournment or postponement of any such meeting.
“Effective Date”	means the date on which the Final Court Order sanctioning the Scheme is filed with the Companies Office of Jamaica and upon which the Scheme becomes effective.
“EY”	means Ernst & Young Services Limited.
“Exchange Rate”	means the weighted average selling rate of US\$ quoted by the Bank of Jamaica three (3) Business Days before the Settlement Date.
“Fairness Opinion”	has the meaning ascribed to such term under the heading <i>“Letter from the Chairman of the SGJL Board and the Independent Committee – Background to the Scheme”</i> .
“Final Court Hearing”	means the hearing by the Court of the petition to sanction the Scheme and to grant the Final Court Order.
“Final Court Order”	means the order of the Court sanctioning the Scheme under section 206 of the Companies Act, as the same may be

TERM	DEFINITION
	affirmed, amended, modified, supplemented or varied by the Court.
“Form of Proxy” or “Proxy Form”	means the form of proxy for use by SGJL Stockholders in relation to the Court Ordered Scheme Meetings.
“Independent Committee”	means the committee of independent directors of the SGJL Board, comprised of Vernon Douglas (Chair), Aileen Corrigan, Roxane De Freitas, Antony Mark Hart and Audrey Richards, which was constituted to consider, among other things, the Scheme.
“Initial Proposal”	has the meaning ascribed to such term under the heading “ <i>Letter from the Chairman of the SGJL Board and the Independent Committee – Background to the Scheme</i> ”.
“J\$”	means the lawful currency of Jamaica.
“JESOP Share Exchange”	has the meaning ascribed to such term under the heading “ <i>Explanatory Statement – Particulars of SGJL</i> ”.
“JSE”	means the Jamaica Stock Exchange.
“Meeting Order”	means the order of the Court contemplated by Section 2.2 of the Arrangement Agreement providing for, among other things, the convening of one or more Court Ordered Scheme Meetings, as the same may be affirmed, amended, modified, supplemented or varied by the Court;
“Overseas Stockholders”	means SGJL Stockholders who reside in, or are ordinarily resident in, or citizens of jurisdictions outside Jamaica.
“Paying Agent”	means Jamaica Central Securities Depository Limited or such other payment agent as may be appointed by SGJL to effect payment to SGJL Minority Stockholders in connection with the Scheme.
“Resolution”	means the resolution to be proposed at each Court Ordered Scheme Meeting to approve the Scheme.
“Restricted Jurisdictions”	means countries outside of Jamaica in which it would not be lawful for SGJL to send the Scheme Booklet and other Scheme Documents without complying with other legal requirements of such jurisdiction.
“Revised Proposal”	has the meaning ascribed to such term under the heading “ <i>Letter from the Chairman of the SGJL Board and the Independent Committee – Background to the Scheme</i> ”.

TERM	DEFINITION
“Scheme”	means the Scheme of Arrangement proposed to be made under section 206 of the Companies Act among SGJL, SCHL and the other SGJL Stockholders on the terms and subject to the conditions set out in the Scheme of Arrangement, subject to any amendments or variations to the Scheme of Arrangement made in accordance with the terms of the Scheme of Arrangement or at the direction of the Court in the Final Court Order (provided that any such amendment, modification or addition is acceptable to SCHL and SGJL, each acting reasonably).
“Scheme Document”	means this document sent to SGJL Stockholders in connection with the Court Ordered Scheme Meetings containing and setting out, among other things, the Explanatory Statement required to be furnished pursuant to Section 207 of the Companies Act and the notices convening Court Ordered Scheme Meetings and including all schedules, appendices and exhibits thereto and enclosures therewith.
“Scheme of Arrangement”	means the Scheme of Arrangement among SGJL, SCHL and the other SGJL Stockholders and any amendments or variations thereto made in accordance with the Scheme of Arrangement or upon the direction of the Court in the Final Court Order (provided that any such amendment, modification or addition is acceptable to SCHL and SGJL, each acting reasonably).
“Scheme Record Time”	means 3:00 p.m. Jamaica Time on the Business Day in Jamaica before the Effective Date.
“SCHL”	means Scotiabank Caribbean Holdings Ltd., a company existing under the laws of Barbados.
“Scotiabank”	means The Bank of Nova Scotia.
“Settlement Date”	means the Business Day which is ten (10) Business Days after the Effective Date.
“SGJL Available Cash Amount”	means the amount of SGJL’s available cash as is requested by SCHL at least five (5) days prior to the Effective Date to be deposited with the Paying Agent to satisfy payments to SGJL Minority Stockholders pursuant to the Scheme;
“SGJL Board”	means the board of directors of SGJL as the same is constituted from time to time.
“SGJL Minority Stockholder”	has the meaning ascribed to such term under the heading <i>“Letter from the Chairman of the SGJL Board and the Independent Committee”</i> .

TERM	DEFINITION
“SGJL” or the “Company”	means Scotia Group Jamaica Limited, a company existing under the laws of Jamaica.
“SGJL Share Register”	means the list of SGJL Stockholders.
“SGJL Stock Units”	means the ordinary stock units in the capital of SGJL.
“SGJL Stockholders”	means the registered holders of ordinary stock units in the capital of SGJL.
“SGJL Stockholder Approval”	means the affirmative vote or approval by way of written resolution, as applicable, at each Court Ordered Scheme Meeting of at least a majority in number, representing 75% in value, of the members of each Court Ordered Scheme Meeting present and voting either in person or by proxy.
“Subscription Agreement”	means the Subscription Agreement to be entered into by and between SCHL and SGJL, including all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms
“Support and Voting Agreements”	means the Support and Voting Agreements (including all amendments thereto) between SCHL and the directors of SGJL who own SGJL Stock Units setting forth the terms and conditions upon which they have agreed, among other things, to vote their SGJL Stock Units in favour of the Scheme.
“US\$”	means the lawful currency of the United States of America.

APPENDICES

1. **NOTICES OF COURT-ORDERED STOCKHOLDERS' MEETINGS**
2. **FAIRNESS OPINION**
3. **CURRENCY ELECTION FORM**
4. **SGJL MINORITY STOCKHOLDER FORM OF PROXY**
5. **AUDITED FINANCIALS OF SGJL FOR THE YEAR ENDED OCTOBER 31, 2025**

NOTICES OF COURT-ORDERED STOCKHOLDERS' MEETINGS

**NOTICE OF EXTRAORDINARY GENERAL MEETING FOR
SCOTIABANK CARIBBEAN HOLDINGS LTD.
TO CONSIDER SCHEME OF ARRANGEMENT OF
SCOTIA GROUP JAMAICA LIMITED**

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION
CLAIM NO. SU 2026 CD 00246**

**IN THE MATTER OF SCOTIA GROUP JAMAICA LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 2004**

NOTICE IS HEREBY GIVEN THAT, pursuant to an Order of the Supreme Court of Judicature of Jamaica made on July 15, 2026 in the above matter, the Court directed that a Meeting (the “Meeting”) be convened of Scotiabank Caribbean Holdings Ltd. (“SCHL”), a stockholder of Scotia Group Jamaica Limited (“SGJL” or the “Company”), for the purpose of considering and, if thought fit, approving, with or without modification, a proposed Scheme of Arrangement to be made among SGJL, SCHL and the other SGJL stockholders pursuant to section 206 of the Companies Act, 2004 of Jamaica (the “Companies Act”) and such Court-ordered Meeting will be held at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica on October 7, 2026 at 10:00 a.m. (Jamaica time) at which place and time SCHL is requested to attend. At such Meeting, SCHL will be asked to vote on the following resolution:

Scheme Resolution

To consider and if thought fit, to pass the following resolution in accordance with section 206 of the Companies Act:

“That pursuant to, and in accordance with, section 206 of the Companies Act, 2004 of Jamaica, the proposed scheme of arrangement among Scotia Group Jamaica Limited, Scotiabank Caribbean Holdings Ltd. and the other stockholders of Scotia Group Jamaica Limited, the terms of which are contained, and more particularly described, in the Scheme of Arrangement contained in the Scheme Booklet, be and is hereby approved.”

A copy of the Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 207(1) of the Companies Act are included in a Scheme Booklet which is available at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html> and <https://www.jamstockex.com> or may be obtained from any one of the following addresses in Jamaica, free of charge:

- a) Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston

Attention: Ms. Maia Wilson

- b) Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay

St. James

Attention: Branch Manager

- c) Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester

Attention: Branch Manager

- d) Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Attention: Branch Manager

SCHL may vote in person at such Meeting or it may appoint another person, whether a stockholder of the Company or not, as its proxy to attend and vote in its stead.

A form of proxy applicable for the Meeting is enclosed herewith.

Proxy forms must be returned to:

Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston

Attention: Ms. Maia Wilson

or any one of the Scotiabank Jamaica branches in Jamaica listed above.

A copy of the Scheme Booklet is available at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html> and <https://www.jamstockex.com>

By said Order, the Court has appointed Mr. Vernon Douglas, or failing him, Ms. Audrey Richards to act as Chairman of the said Meeting and has directed the Chairman to report the results of the said Meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated the 21 day of July 2026

BY ORDER OF THE BOARD



Maia Wilson (Ms.)
SECRETARY

**NOTICE OF EXTRAORDINARY GENERAL MEETING FOR
THE STOCKHOLDERS OF SCOTIA GROUP JAMAICA LIMITED OTHER THAN SCHL
TO CONSIDER SCHEME OF ARRANGEMENT OF
SCOTIA GROUP JAMAICA LIMITED**

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION
CLAIM NO. SU 2026 CD 00246**

**IN THE MATTER OF SCOTIA GROUP JAMAICA LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 2004**

NOTICE IS HEREBY GIVEN THAT, pursuant to an Order of the Supreme Court of Judicature of Jamaica made on July 15, 2026 in the above matter, the Court directed that a Meeting (the “Meeting”) be convened of the stockholders (the “SGJL Minority Stockholders”) of Scotia Group Jamaica Limited (“SGJL” or the “Company”), other than Scotiabank Caribbean Holdings Ltd. (“SCHL”), for the purpose of considering and, if thought fit, approving, with or without modification, a proposed Scheme of Arrangement to be made among SGJL, SCHL and the other SGJL stockholders pursuant to section 206 of the Companies Act, 2004 of Jamaica (the “Companies Act”) and such Court-ordered Meeting will be held at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica on October 7, 2026 at 11:00 a.m. (Jamaica time) at which place and time the SGJL Minority Stockholders are requested to attend. At such Meeting, the SGJL Minority Stockholders will be asked to vote on the following resolution:

Scheme Resolution

To consider and if thought fit, to pass the following resolution in accordance with section 206 of the Companies Act:

“That pursuant to, and in accordance with, section 206 of the Companies Act, 2004 of Jamaica, the proposed scheme of arrangement among Scotia Group Jamaica Limited, Scotiabank Caribbean Holdings Ltd. and the other stockholders of Scotia Group Jamaica Limited, the terms of which are contained, and more particularly described, in the Scheme of Arrangement contained in the Scheme Booklet, be and is hereby approved.”

A copy of the Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 207(1) of the Companies Act are included in a Scheme Booklet which is available at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html> and <https://www.jamstockex.com/> or may be obtained from any one of the following addresses in Jamaica, free of charge:

- a) Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston
Attention: Ms. Maia Wilson
- b) Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay

St. James

Attention: Branch Manager

- c) Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester

Attention: Branch Manager

- d) Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Attention: Branch Manager

SGJL Minority Stockholders may vote in person at such Meeting or they may appoint another person, whether a stockholder of the Company or not, as their proxy to attend and vote in their stead.

A form of proxy applicable for the Meeting is enclosed herewith. In the case of joint holders of ordinary stock units, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the SGJL Register of Members.

Proxy forms must be returned to:

Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston
Attention: Ms. Maia Wilson

or any one of the Scotiabank Jamaica branches in Jamaica listed above.

A copy of the Scheme Booklet is available at <https://jm.scotiabank.com/about-scotiabank/investor-relations.html> and <https://www.jamstockex.com/>

By said Order, the Court has appointed Mr. Vernon Douglas, or failing him, Ms. Audrey Richards to act as Chairman of the said Meeting and has directed the Chairman to report the results of the said Meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated the 21 day of July 2026

BY ORDER OF THE BOARD



Maia Wilson (Ms)
SECRETARY

FAIRNESS OPINION

11 June 2026

Board of Directors
Scotia Group Jamaica Limited
Scotiabank Centre
Corner of Duke and Port Royal Streets,
P.O. Box 709
Kingston,
Jamaica

Fairness Opinion to the Independent Committee of the Board of Directors of SGJ in relation to SGJ's offer to purchase its outstanding shares from the Minority Shareholders

Dear Sirs,

Engagement Background

A take-private transaction has been proposed, whereby Scotia Group Jamaica Limited ("SGJ") would repurchase the publicly traded outstanding shares of SGJ from its minority shareholders (the "minority shareholders") for an all-cash purchase price of J\$60.0 per share ("Offer") (the "Proposed Transaction").

In connection with the Proposed Transaction, the Independent Committee of the Board of Directors of SGJ (the "Independent Committee") have requested that Ernst & Young Services Limited ("EYSL") provide an opinion as to the fairness of the Proposed Transaction to the minority shareholders from a financial point of view (the "fairness opinion").

Purpose of the fairness opinion

A fairness opinion is a professional statement on the result of a decision-making process, especially on the financial fairness of a transaction price. Determining a business value or the value of shares in an entity is therefore not the objective of a fairness opinion.

This fairness opinion has been prepared to provide information for consideration by the Independent Committee with respect to the Proposed Transaction but does not constitute a recommendation to any party as to any course of action they might take. Despite any conclusions reached herein, the Independent Committee will determine what course of action they will take in responding to the Proposed Transaction based on the evaluation factors they consider pertinent to that decision.

All dollar amounts presented herein are in Jamaican Dollars (J\$), unless otherwise noted.

Effective Date of the Fairness Opinion

The effective date of the fairness opinion is 11 June 2026 ("Effective Date").

EY Credentials and Independence

Ernst & Young Global

Ernst & Young (“EY”) is a global organization with over 300,000 people in 150 countries in 700 offices and more than 4,100 dedicated valuation professionals located across the world.

About Ernst & Young Caribbean (EYC) & Jamaica

Ernst & Young has been operating in Jamaica for over 30 years. The Ernst & Young offices in the Caribbean, including our EY practice in Jamaica, have been integrated into a single operating structure for over 25 years. Our Caribbean firm serves clients throughout the region: Barbados, Curacao, Aruba, St. Maarten, Suriname, Jamaica, Trinidad & Tobago, Guyana, Haiti, Belize and the OECS countries of Anguilla, Antigua and Barbuda, Dominica, Montserrat, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

Independence of EYSL

EYSL has developed this fairness opinion based on an independent review and analysis of the Proposed Transaction. The fairness conclusion reached is that of the valuation professionals within EYSL.

- i) To the best of our knowledge:
 - EYSL or the team on this engagement does not hold, or beneficially own, any interest in SGJ and/or its subsidiaries, its direct parent entity Scotiabank Caribbean Holdings Limited (“SCHL”) or its ultimate parent entity, The Bank of Nova Scotia (“BNS”).
 - EYSL has not provided audit services to SGJ and/or its subsidiaries, SCHL or BNS over the last two years.
- ii) EYSL has previously provided valuation services to SGJ and its subsidiaries.
- iii) In future, EYSL may provide professional services to SGJ and/or its subsidiaries, SCHL or BNS.
- iv) EY’s global network has provided, and is currently providing, certain professional services to BNS and its subsidiaries, including tax and advisory services.

We do not believe these services or the services provided by EYSL outlined in points ii) to iv) above impair the ability of EYSL to assess the fairness of the Proposed Transaction to the minority shareholders of SGJ in an independent and objective manner.

Our compensation is not contingent on the conclusions reached, an action or event resulting from the use of or relating to the Fairness Opinion or the outcome of the contemplated transaction or the opinion provided.

Scope of review

Our scope of review included the following activities:

1. Reviewed the terms of the Proposed Transaction presented in the Offer Letter dated 28th April 2026, as well as the Transaction Presentation to the Board of Directors of SGJ dated 29th April 2026
2. Reviewed the operating structure, performance, and business plan of SGJ based on information provided by SGJ's Management.
3. Reviewed historical annual audited financial statements of SGJ for the years ended October 31, 2021 to 2025 and interim financial results for the period ended April 30, 2026.
4. Reviewed historical annual audited stand-alone financial statements of the subsidiaries of SGJ for the years ended October 31, 2021 to 2025 and interim financial results for the period ended April 30, 2026.
5. Reviewed SGJ's forecast for the period ended October 31, 2026 and projections for years ended October 31, 2027 to October 31, 2030.
6. Reviewed various background materials concerning SGJ's business, as well as industry data and information considered relevant to assessing fairness from a financial point of view.
7. Reviewed regulatory capital requirements for each of SGJ's subsidiaries
8. Reviewed a range of economic, investment, stock market trading, and acquisition transaction data in the process of developing factors and rates of return relevant to assessing fairness from a financial point of view.
9. Evaluated the Proposed Transaction on the basis of fairness from a financial point of view to the minority shareholders of SGJ. Our assessment included: a sum of the parts valuation analysis, including the application of valuation methodologies considered to be applicable to each material/active subsidiary (income approach, market approach, cost approach); a market approach valuation analysis, and reviewing implied transaction multiples for the Proposed Transaction compared to publicly available trading and transaction data.

Fairness Considerations

Depending on circumstances and the nature of the business under review, the reasonability of transaction prices may be assessed through valuation analyses and through comparison of the financial metrics and factors implied by a proposed transaction. For example: implied transaction multiples may be compared to public company trading and transaction data; and implied internal rates of return and other return measures may be compared to return expectations for the subject business, in light of its risk profile.

As part of our review, EYSL has conducted independent analyses related to the active subsidiaries of SGJ, including valuation modelling and review of implied multiples relative to public data and our analyses, among other factors.

In assessing the fairness from a financial point of view of the Proposed Transaction, we note that:

- Our review of market information, including public company trading and transaction multiples data and other data for companies operating in similar industries, did not suggest that the Proposed Transaction offers insufficient financial value to SGJ's shareholders.
- The price for the Proposed Transaction does not appear inconsistent with the value inherent in the business in light of its attributes, including, its historical return levels and operating outlook, and our valuation analyses.

Fairness Conclusion

On the basis of our review and subject to the assumptions and limitations noted herein (included below), it is our opinion as of the date hereof that the Proposed Transaction is fair, from a financial point of view, to the minority shareholders of SGJ.

Yours truly,
Ernst & Young Services Limited



Maria Daniel
Managing Partner, EY Parthenon Caribbean

Assumptions and limitations

- SGJ's Management has represented to us that the financial information provided is true and correct in all material respects as of 30th April 2026 (the most recent date of available financial statements) and from that date to the date of this fairness opinion there have been no changes in financial results or other facts material to the fairness conclusions.
- The Fairness Opinion is not to be construed as a recommendation to participate in or reject the proposed transaction. The Fairness Opinion does not provide assurance that the Offer is the best price.
- EYSL believes that an evaluation of the fairness of a proposed transaction or value of a business from a financial point of view must be considered as a whole and that selecting portions of the analysis and report without considering the other factors and analyses may create a misleading view of the evaluation process. Our responsibility to assess fairness is only to the minority shareholders of SGJ and not the majority shareholder, SCHL.
- The projections were prepared by SGJ using a set of assumptions that include hypothetical assumptions about future events and management's actions. However, even if the events anticipated under the hypothetical assumptions described above occur, the actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no assurance that the projections will be achieved.
- Evaluations of transaction fairness are inherently and inescapably a matter of implicit or explicit perceptions of the potential future economic performance of the entity and the environment in which that performance will take place. Recognizing that those perceptions are developed under conditions where neither contractual nor other bases exist to ensure that actual operating results will conform to the assumptions employed for valuation purposes, this analysis necessarily works with contingent and uncertain information and there is a corresponding degree of uncertainty in the resultant estimates of value. It must accordingly be recognized that EYSL does not warrant that the projections and estimates employed in developing this fairness opinion represent commitments as to what the future performance of the entities will be. The fairness opinion is considered to be a reasonable evaluation on the basis of the information and assumptions upon which it is predicated and as of the time when it was developed. However, should significant deviations from these assumptions emerge in the future, the evaluation may cease to be representative.
- In completing the fairness opinion, EYSL has made assumptions with respect to economic, industry, and future performance of SGJ that are matters over which EYSL has no control.
- EYSL has prepared this fairness opinion solely for the purpose stated, and it should not be used for any other purpose. We understand that the Fairness Opinion Letter will form part of the Scheme of Arrangement Document, which will be made available to the public. In carrying out our work, we have worked solely on the instructions of the Independent Committee, and this fairness opinion has been prepared solely for the use of the Board and the Independent Committee. Our fairness opinion may not have considered issues relevant to third parties and EYSL shall have no responsibility whatsoever to any third party which obtains a copy of this fairness opinion. Any use such a third party may choose to make of this fairness opinion is entirely at its own risk.

- This fairness opinion is developed as of a specific date based on identifiable information and EYSL has not undertaken to update it to any other date.
- The conclusions and/or recommendations contained herein are not intended to apply at any time other than the effective date that is specifically stated in this fairness opinion. Changes in market conditions could result in recommendations substantially different than those presented at the stated effective date. We assume no responsibility for changes in market conditions or for the inability to realize the share values stated or implied herein.
- EYSL has relied upon the completeness, accuracy and fair presentation of information obtained from public sources for purposes of developing this fairness opinion. We have not attempted to verify the completeness, accuracy or fair presentation of any of the information relied upon in developing this assessment of financial fairness.
- In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form related to the structure, operation, and financial performance of the subject company and subject assets. We have relied upon this information in our analyses and in the preparation of this fairness opinion and have not independently verified its accuracy or completeness.
- Certain historical financial data used in our engagement were derived from unaudited financial statements and are the responsibility of management. These financial statements may not have included disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.
- No investigation of the title to the subject company and subject assets has been made, and the ownership claims to the subject company and subject assets are assumed to be valid. To the extent that EY's services include assets, properties or business interests, EY shall assume no responsibility for matters of legal description or title, and EY shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable government regulations and laws (including, without limitation, zoning regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any government, private entity or organization have been or can be obtained or renewed for any use to which EY services relate.
- Provision of conclusions and/or recommendations and considerations of the issues described herein are areas of valuation practice for which we believe that we have knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by EY or another Ernst & Young member firm.
- We reserve the right (but will not be obligated) to revise this fairness opinion in light of any relevant information (that we consider material to this fairness opinion) that comes to our attention after the date of issuance.
- EYSL was not required to assess the impact or the degree of risk associated with the occurrence of any events subsequent to the transaction.

CURRENCY ELECTION FORM

SCOTIA GROUP JAMAICA LIMITED
CURRENCY ELECTION FORM

Please carefully read the instructions below on how to complete and deliver this Currency Election Form¹

Stockholders' Name_____

Stockholder's Account No._____

IN THE MATTER of Scotia Group Jamaica Limited
AND IN THE MATTER of the Companies Act, 2004
CLAIM NO.SU 2026 CD 00246

**SCHEME OF ARRANGEMENT UNDER SECTION 206
OF THE COMPANIES ACT, 2004**

**AMONG: SCOTIA GROUP JAMAICA LIMITED (“SGJL” or “the Company”), SCOTIABANK
CARIBBEAN HOLDINGS LTD. and THE OTHER HOLDERS OF ITS ISSUED
ORDINARY STOCK UNITS**

Reference is made to the above-mentioned Scheme of Arrangement (herein called “the Scheme”).

I/We, being (a) SGJL Minority Stockholders(s) hereby elect to receive the Consideration for my/our SGJL Stock Units in United States dollars to the account indicated in the Banking Instructions in Appendix A.

I/We understand that this election will only apply and that Scotia Group Jamaica Limited will only be obliged to make payment to me/us in respect of my/our SGJL Stock Units to be repurchased by SGJL if the Scheme:

- (a) is approved by the requisite majorities of SGJL Stockholders at each of the Court Ordered Meetings of SGJL stockholders; and
- (b) is thereafter sanctioned by the Supreme Court of Judicature of Jamaica.

¹ This form only permits an election to receive USD for all Stock Units held by the SGJL Minority Stockholder in the Stockholder Account identified above. As such, a SGJL Minority Stockholder cannot elect to receive payment in JMD for some Stock Units and USD for other Stock Units comprised in the Stockholder Account identified above.

Date:

(For individual Stockholder)

Signed:

Print Name:

(Joint holder)

Signed:

Print Name:

Signed

Print Name:

(For use by Company)

Name of Company: _____

By: _____

Name:

Title:

Duly authorized person

INSTRUCTIONS FOR COMPLETING THIS CURRENCY ELECTION FORM:

1. This form must be executed by the SGJL Minority Stockholder or by his/her attorney duly authorised in writing. If the SGJL Minority Stockholder is a body corporate or other entity, the form must be executed by the officers or attorney thereof or the person duly authorised, in which case each signatory should state the capacity in which he/she signs.
2. This form must be dated in the space provided, if it is not dated it will be deemed to bear the date on which the Court Ordered Scheme Meetings referred to in the Scheme Booklet containing the Explanatory Statement were held.
3. Where the Banking Instructions set out in Appendix A are not completed, or are incomplete, inaccurate or otherwise improperly completed, the SGJL Minority Stockholder shall receive the Consideration payable to him/her/it in Jamaican dollars in accordance with the mandates existing at the Registrar.
4. Any invalid or improper election will be invalid and ineffective and the SGJL Minority Stockholder shall receive the Consideration payable to him/her/it in Jamaican dollars in accordance with the mandates existing at the Registrar.

5. In order for a Currency Election to be treated as valid by SGJL, the completed and executed Currency Election Form must be delivered to one of the addresses below by no later than 2:00 p.m. (Jamaica Time) on the date of the Final Court Hearing:

By overnight courier or hand delivery to:

Scotia Group Jamaica Limited
Office of the Secretary of the Company,
Scotiabank Centre, Cnr. Duke & Port Royal Streets
Kingston, Jamaica

Attention: Ms. Maia Wilson

Scotiabank Jamaica
Fairview Financial Centre Building
1 Port Avenue
Fairview, Montego Bay
St. James

Attention: Branch Manager

Scotiabank Jamaica
1A Caledonia Road
Mandeville, Manchester

Attention: Branch Manager

Scotiabank Jamaica
19 Great Georges Street
Savanna La Mar
Westmoreland

Attention: Branch Manager

6. Should you fail to return a validly completed and executed Currency Election Form in accordance with these Instructions you will be deemed to have not elected to receive the Consideration in United States dollars.

Capitalized terms not otherwise defined in this Currency Election Form shall have the meanings ascribed to such terms in the Part 10 of the Scheme Booklet sent to SGJL Stockholders.

Appendix A
Banking Instructions

Intermediary Bank Name	
Intermediary Bank Address	
ABA Routing No.	
SWIFT Code	
Beneficiary Bank Name	
Beneficiary Bank SWIFT Code	
Beneficiary Bank Account Name	
Beneficiary Bank Account No.	
Account Type	

SGJL MINORITY STOCKHOLDER FORM OF PROXY

FORM OF PROXY
IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION

CLAIM NO. SU 2026 CD 00246

IN THE MATTER OF SCOTIA GROUP JAMAICA LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT, 2004

FORM
OF PROXY

SCOTIA GROUP
JAMAICA LIMITED
(THE “COMPANY”)

SCOTIA GROUP JAMAICA LIMITED

I/We.....

of

in the parish of..... being a stockholder of the above

Company, hereby appoint

of

or failing him/her then.....

of

as my/our Proxy to vote for me/us on my/our behalf at the meeting of the holders of the issued ordinary stock units in Scotia Group Jamaica Limited (other than Scotiabank Caribbean Holdings Ltd.) to be held at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, Jamaica on **October 7, 2026** at **11:00 a.m.** (Jamaica time) for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution.

Please indicate by inserting a “X” 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.

		FOR the Scheme	AGAINST the Scheme
Resolution	That pursuant to, and in accordance with, section 206 of the Companies Act, 2004 of Jamaica, the proposed scheme of arrangement among Scotia Group Jamaica Limited, Scotiabank Caribbean Holdings Ltd. and the other stockholders of Scotia Group Jamaica Limited, the terms of which are contained, and more particularly described, in the Scheme of Arrangement contained in the Scheme Booklet, be and is hereby approved.		

As witness my hand this..... day of.....2026.

.....
Signature

NOTES:

1. Please insert the full name and address of your proxy.
2. To this form must be affixed a \$100.00 stamp in payment of stamp duty.
3. In the case of joint stockholders, 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.
4. If, in a signed and otherwise valid Form of Proxy, no proxy is named or the proxy named is not present at the applicable Court Ordered Scheme Meeting, the stockholder to which the Form of Proxy relates shall be deemed to have appointed the Chairman of the meeting as their proxy.
5. This proxy confers discretionary authority in respect of amendments or variations to the matters identified in the Notice of Meeting or in respect of any other matters that may properly come before the meeting or any adjournment or postponement thereof.
6. 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.
7. The person to whom this Proxy is given need not be a stockholder of the Company but must attend the Meeting in person to represent you.
8. Where a stockholder is deemed to have appointed the Chairman of the meeting as their proxy and no voting direction is given, the Chairman will vote such SGJL Stock Units in favour of the Scheme, in accordance with the recommendation of the SGJL Board.
9. 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 least 48 hours before the time appointed for the holding of the Meeting** at which the Proxy will be used, to one of the following locations:
 - i. Office of the Secretary of the Company,
Scotiabank Centre,
Cnr. Duke & Port Royal Streets,
Kingston, Jamaica,

Attention: Ms. Maia Wilson
 - ii. Scotiabank Jamaica,
Fairview Financial Centre Building,
1 Port Avenue,
Fairview, Montego Bay,
St. James,

Attention: Branch Manager
 - iii. Scotiabank Jamaica,
1A Caledonia Road,
Mandeville,
Manchester,

Attention: Branch Manager
 - iv. Scotiabank Jamaica,
19 Great Georges Street,
Savanna La Mar,
Westmoreland,

Attention: Branch Manager

SCOTIA GROUP JAMAICA LIMITED
FINANCIAL STATEMENTS
OCTOBER 31, 2025



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

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 8 to 118, which comprise the Group’s and Company’s statements of financial position as at October 31, 2025, 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, 2025, 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 in the manner required by 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The Group's insurance contract liabilities as at October 31, 2025, were \$51 billion. The Group determines the insurance contract liabilities by applying International Financial Reporting Standard 17, <i>Insurance Contracts</i> (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 such as mortality or longevity and mortality improvement. The complexity of the assumptions and judgements increases the risk that management's estimate could be materially misstated. [see notes 2(g), 3 (ii), 38 and 48(e), of the financial statements]	Engage KPMG actuarial specialist to perform the following: • Assist in understanding the nature of insurance contracts issued; • Tested underlying data used in the estimate and agreeing the terms to the data file provided to the actuarial specialist; • Assess the appropriateness of the assumption-setting process as described in the actuarial policy; • Assess mortality rates; • Examine the mortality studies to assess the factors considered in the studies as well as the appropriateness of retained assumptions; • Assess and challenge these assumptions by taking into consideration experience and industry knowledge; • Assess the balance of LRC at year end by evaluating the methods, assumptions and data used to determine the estimate; • Assess whether disclosures in the financial statements are adequate in respect of the company's exposure to insurance risk and the related balances and activity, in accordance with IFRS Accounting Standards.

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 45% or \$350 billion of the Group's total assets. Allowance for credit losses on loans of \$6 billion and a charge of \$3 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 <i>Financial Instruments</i>. 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, and the determination of when there has been a significant increase in credit risk. <i>[see notes 2(k), 3(i) and 25 of the financial statements]</i>	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 controls related to data flows between source systems and the ECL models. • With the assistance of our Financial Risk Management (FRM) specialist, we tested model validation and/or performance monitoring controls to ensure key parameters (Probability of Default, Loss Given Default, Exposure at Default and Significant Increase in Credit Risk (SICR) used in the models are appropriate and reasonable; • Involved KPMG FRM/economic specialists to challenge significant assumptions and judgements relating to the ECL Methodology; • Evaluated the completeness, accuracy and relevance of data on a sample basis; • On a sample basis, performed credit file reviews, assessed application of the SICR criteria to the loan portfolio and recalculated ECL; • Evaluated the appropriateness and tested the mathematical accuracy of models applied. • Assessed whether disclosures in the financial statements are adequate in respect of the Group's exposure to credit risk and measurement of allowance for expected credit losses.

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 in the manner required by 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.



Page 5

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 6-7, 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 Karen Ragoobirsingh.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a stylized, cursive-like font.

Chartered Accountants
Kingston, Jamaica

December 22, 2025

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, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
Net financial result and other revenue			
Net interest income calculated using the effective interest method			
Interest from loans and deposits with banks		41,263,939	38,081,174
Interest from securities		<u>10,766,755</u>	<u>10,059,988</u>
	6	52,030,694	48,141,162
Interest income on securities at fair value through profit and loss	6	<u>34,526</u>	<u>203,368</u>
Total interest income	6	52,065,220	48,344,530
Interest expense	6	(2,055,656)	(2,040,235)
Net interest income	6	50,009,564	46,304,295
Expected credit losses	25	(2,884,307)	(4,157,392)
Net interest income after expected credit losses		47,125,257	42,146,903
Net gains on financial assets	7	<u>526,540</u>	<u>417,033</u>
		47,651,797	42,563,936
Net finance expenses from insurance contracts	8	(3,156,870)	(2,784,381)
Net finance income from reinsurance held contracts	8	<u>38</u>	<u>78</u>
Total insurance/reinsurance held finance expenses		(3,156,832)	(2,784,303)
Net financial results	8	<u>44,494,965</u>	<u>39,779,633</u>
Insurance service result			
Insurance revenue	9	4,383,645	3,509,830
Insurance service expenses	14	(988,679)	(962,074)
Net expenses from reinsurance held contracts		(1,817)	(829)
		<u>3,393,149</u>	<u>2,546,927</u>
Other revenue			
Fee and commission income	10	25,742,061	23,418,227
Fee and commission expense	10	(18,529,337)	(16,189,428)
Net fee and commission income	10	<u>7,212,724</u>	<u>7,228,799</u>
Net gains on foreign currency activities	11	9,519,975	9,318,933
Other income	12	<u>91,048</u>	<u>244,423</u>
		<u>16,823,747</u>	<u>16,792,155</u>
		<u>64,711,861</u>	<u>59,118,715</u>
Expenses			
Salaries, pensions and other staff benefits	13	14,883,981	11,807,236
Property expenses, including depreciation		3,122,682	2,790,594
Amortisation of intangible assets	30	20,954	20,954
Asset tax		1,651,302	1,552,687
Other operating expenses		<u>15,314,458</u>	<u>13,243,542</u>
	14	<u>34,993,377</u>	<u>29,415,013</u>
Profit before taxation	15	29,718,484	29,703,702
Taxation	16	(9,816,990)	(9,545,911)
Profit for the year attributable to stockholders of the Company		<u>19,901,494</u>	<u>20,157,791</u>
EARNINGS PER STOCK UNIT (expressed in \$)			
attributable to stockholders of the Company	17	<u>6.40</u>	<u>6.48</u>

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

SCOTIA GROUP JAMAICA LIMITED**Consolidated Statement of Comprehensive Income****Year ended October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
Profit for the year		<u>19,901,494</u>	<u>20,157,791</u>
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefits plan asset and obligations	31(c)	(3,158,542)	(10,174,985)
Unrealised (losses)/gains on equity investments		(20,409)	403,245
Taxation	37(a)	<u>1,059,651</u>	<u>3,257,247</u>
		<u>(2,119,300)</u>	<u>(6,514,493)</u>
Items that are or will be reclassified subsequently to profit or loss:			
Unrealised (losses)/gains on investment securities		(361,880)	4,584,012
Realised (gains)/losses on investment securities		(3,796)	17,449
Foreign operations – foreign currency translation		1,733	2,161
Finance income from insurance contracts		137,418	371,310
Expected credit loss adjustments on investment securities		<u>14,888</u>	<u>(9,418)</u>
		<u>(211,637)</u>	<u>4,965,514</u>
Taxation	37(a)	<u>73,903</u>	<u>(1,553,193)</u>
		<u>(137,734)</u>	<u>3,412,321</u>
Other comprehensive loss, net of tax		<u>(2,257,034)</u>	<u>(3,102,172)</u>
Total comprehensive income attributable to stockholders of the Company		<u>17,644,460</u>	<u>17,055,619</u>

SCOTIA GROUP JAMAICA LIMITED**Consolidated Statement of Financial Position****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
ASSETS			
Cash resources			
Cash and balances at Bank of Jamaica	18	91,447,473	78,416,024
Government and bank notes other than Jamaican	21	1,034,956	1,727,579
Due from other banks	19	26,795,199	17,219,836
Accounts with parent and fellow subsidiaries	20	<u>82,491,892</u>	<u>63,388,442</u>
	21	<u>201,769,520</u>	<u>160,751,881</u>
Financial assets at fair value through profit or loss			
	22	<u>973,356</u>	<u>954,838</u>
Pledged assets			
	23	<u>4,259,906</u>	<u>3,399,080</u>
Loans, net of allowance for credit losses			
	24	<u>350,438,350</u>	<u>312,755,204</u>
Investment securities			
	26	<u>169,900,739</u>	<u>184,472,698</u>
Segregated fund assets			
	27	<u>2,257,632</u>	<u>1,768,210</u>
Insurance contract assets			
	38	<u>3,603</u>	<u>20,488</u>
Reinsurance held contract assets			
	38	<u>699</u>	<u>701</u>
Other assets			
Taxation recoverable		6,594,947	4,697,196
Other assets	28	7,143,382	4,186,358
Property and equipment	29	10,713,471	9,798,485
Goodwill and intangible assets	30	488,757	509,711
Retirement benefits asset	31(a)	18,064,854	20,190,737
Deferred tax assets	37(b)	<u>1,167,186</u>	<u>1,511,118</u>
		<u>44,172,597</u>	<u>40,893,605</u>
		<u>773,776,402</u>	<u>705,016,705</u>

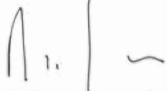
SCOTIA GROUP JAMAICA LIMITED

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Consolidated Statement of Financial Position (Continued)**October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

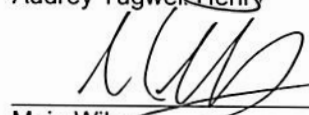
	Notes	2025	2024
LIABILITIES			
Deposits by the public	32	529,766,696	476,060,200
Due to other banks and financial institutions	33	2,338,805	2,453,839
Due to ultimate parent company	34	96,882	16,020
Due to fellow subsidiaries	35	<u>687,318</u>	<u>609,622</u>
		532,889,701	479,139,681
Other liabilities			
Cheques and other instruments in transit	21	3,307,639	3,470,303
Other liabilities	36	13,086,662	11,334,735
Provision for taxation		1,864,539	3,670,286
Deferred tax liabilities	37(b)	3,926,316	4,735,286
Retirement benefits obligations	31(b)(i)	3,976,182	4,024,363
Due to customers and clients		<u>10,552,399</u>	<u>8,236,504</u>
		36,713,737	35,471,477
Insurance contract liabilities	38	<u>51,401,711</u>	<u>50,166,509</u>
Reinsurance held contract liabilities	38	<u>451</u>	<u>1,251</u>
Segregated fund investment contract liabilities	27	<u>2,257,632</u>	<u>1,768,210</u>
EQUITY			
Share capital	39	6,569,810	6,569,810
Reserve fund	40	3,249,976	3,249,976
Retained earnings reserve	41	65,891,770	51,891,770
Capital reserve	42	11,340	11,340
Cumulative remeasurement result from investment securities	43	387,672	643,808
Loan loss reserve	44	428,172	314,649
Other reserves	45	9,964	9,964
Insurance and reinsurance held finance reserve	46	87,091	(269,708)
Translation reserve		42,151	40,418
Unappropriated profits		<u>73,835,224</u>	<u>76,007,550</u>
Total equity		150,513,170	138,469,577
Total liabilities and equity		<u>773,776,402</u>	<u>705,016,705</u>

The financial statements on pages 8 to 118 were approved for issue by the Board of Directors and signed on its behalf on December 19, 2025 by:


 Anya Schnoor Director


 Vernon Douglas Director


 Audrey Tugwell Henry Director


 Maia Wilson Secretary

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, 2025

(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, 2023	<u>6,569,810</u>	<u>3,249,976</u>	<u>49,891,770</u>	<u>11,340</u>	<u>(2,756,700)</u>	<u>269,386</u>	<u>9,964</u>	<u>(548,190)</u>	<u>38,257</u>	<u>69,812,474</u>	<u>126,548,087</u>
Profit for the year	-	-	-	-	-	-	-	-	-	<u>20,157,791</u>	<u>20,157,791</u>
Other comprehensive income/(loss):											
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	-	-	-	-	<u>3,400,508</u>	-	-	<u>278,482</u>	<u>2,161</u>	<u>(6,783,323)</u>	<u>(3,102,172)</u>
Total comprehensive income	-	-	-	-	<u>3,400,508</u>	-	-	<u>278,482</u>	<u>2,161</u>	<u>13,374,468</u>	<u>17,055,619</u>
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 54	-	-	-	-	-	-	-	-	-	<u>(5,134,129)</u>	<u>(5,134,129)</u>
Net movement for the year	-	-	<u>2,000,000</u>	-	-	<u>45,263</u>	-	-	-	<u>(7,179,392)</u>	<u>(5,134,129)</u>
Balances at October 31, 2024	<u>6,569,810</u>	<u>3,249,976</u>	<u>51,891,770</u>	<u>11,340</u>	<u>643,808</u>	<u>314,649</u>	<u>9,964</u>	<u>(269,708)</u>	<u>40,418</u>	<u>76,007,550</u>	<u>138,469,577</u>
Profit for the year	-	-	-	-	-	-	-	-	-	<u>19,901,494</u>	<u>19,901,494</u>
Other comprehensive (loss)/income:											
Remeasurement of retirement benefit plan/obligations	-	-	-	-	-	-	-	-	-	(2,105,695)	(2,105,695)
Foreign currency translation	-	-	-	-	-	-	-	-	1,733	-	1,733
Unrealised losses on investment securities, net of taxes and provisions	-	-	-	-	(253,606)	-	-	-	-	-	(253,606)
Realised gains on investment securities, net of taxes	-	-	-	-	(2,530)	-	-	-	-	-	(2,530)
Finance income on insurance contracts	-	-	-	-	-	-	-	103,064	-	-	103,064
Total other comprehensive loss	-	-	-	-	<u>(256,136)</u>	-	-	<u>103,064</u>	<u>1,733</u>	<u>(2,105,695)</u>	<u>(2,257,034)</u>
Total comprehensive income	-	-	-	-	<u>(256,136)</u>	-	-	<u>103,064</u>	<u>1,733</u>	<u>17,795,799</u>	<u>17,644,460</u>
Transfer between reserves:											
Transfer to retained earnings reserve	-	-	14,000,000	-	-	-	-	-	-	(14,000,000)	-
Transfer to loan loss reserve	-	-	-	-	-	113,523	-	-	-	(113,523)	-
Transfer to insurance finance reserve	-	-	-	-	-	-	-	253,735	-	(253,735)	-
Transaction with owners of the Company:											
Dividends paid 54	-	-	-	-	-	-	-	-	-	<u>(5,600,867)</u>	<u>(5,600,867)</u>
Net movement for the year	-	-	<u>14,000,000</u>	-	-	<u>113,523</u>	-	<u>253,735</u>	-	<u>(19,968,125)</u>	<u>(5,600,867)</u>
Balances at October 31, 2025	<u>6,569,810</u>	<u>3,249,976</u>	<u>65,891,770</u>	<u>11,340</u>	<u>387,672</u>	<u>428,172</u>	<u>9,964</u>	<u>87,091</u>	<u>42,151</u>	<u>73,835,224</u>	<u>150,513,170</u>

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

SCOTIA GROUP JAMAICA LIMITED**Consolidated Statement of Cash Flows****Year ended October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
Cash flows from operating activities			
Profit for the year		19,901,494	20,157,791
Adjustments for:			
Taxation	16	9,816,990	9,545,911
Depreciation	29	1,017,647	964,764
Amortisation of right of use assets	29	162,737	162,770
Amortisation of intangible assets	30	20,954	20,954
Expected credit losses		4,534,194	5,087,938
Gain on sale of property and equipment	12	(80,963)	(216,475)
Increase in retirement benefits asset/obligations, net		(909,176)	(1,981,826)
		34,463,877	33,741,827
Interest income	6	(52,065,220)	(48,344,530)
Interest expense	6	<u>2,055,656</u>	<u>2,040,235</u>
		(15,545,687)	(12,562,468)
Changes in operating assets and liabilities:			
Loans		(42,107,861)	(48,606,724)
Deposits by the public		53,698,007	31,159,607
Insurance contract liabilities		1,388,731	1,081,269
Statutory reserves at Bank of Jamaica		(4,320,286)	(2,473,913)
Other liabilities		1,415,103	1,182,924
Due to parent company		158,558	53,410
Accounts with fellow subsidiaries and related parties		(18,433,938)	(44,218,014)
Financial assets at fair value through profit or loss		(12,496)	1,852,887
Amounts due to other banks and financial institutions		(115,034)	(1,460,940)
Other assets		(2,957,023)	210,428
Due to customers and clients		2,315,895	(2,324,896)
Taxation recoverable		(1,897,750)	(1,599,045)
Retirement benefits		(171,664)	<u>1,855,500</u>
		(26,585,445)	(75,849,975)
Interest received		50,147,941	46,515,044
Interest paid		(1,949,255)	(1,979,888)
Taxation paid		<u>(10,952,613)</u>	<u>(8,294,731)</u>
Net cash provided by/(used in) operating activities (carried forward to page 14)		<u>10,660,628</u>	<u>(39,609,550)</u>

SCOTIA GROUP JAMAICA LIMITED**Consolidated Statement of Cash Flows (Continued)****Year ended October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
Cash flows from operating activities			
(brought forward from page 13)		<u>10,660,628</u>	<u>(39,609,550)</u>
Cash flows from investing activities			
Purchase of investment securities		(67,120,229)	(90,358,030)
Proceeds from maturity/disposal of investment securities		81,560,964	70,021,954
Pledged assets		(873,107)	102,493
Proceeds from disposal of property and equipment		177,153	323,326
Purchase of property and equipment	29	<u>(1,789,615)</u>	<u>(1,199,582)</u>
Net cash provided by/(used in) investing activities		<u>11,955,166</u>	<u>(21,109,839)</u>
Cash flows from financing activities			
Dividends paid to stockholders	54	(5,600,867)	(5,134,129)
Lease payments right of use assets	36(ii)(d)	<u>(216,000)</u>	<u>(188,489)</u>
Net cash used in financing activities		<u>(5,816,867)</u>	<u>(5,322,618)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>1,008,559</u>	<u>1,327,277</u>
Net increase/(decrease) in cash and cash equivalents		17,807,486	(64,714,730)
Cash and cash equivalents at beginning of year		<u>59,124,093</u>	<u>123,838,823</u>
Cash and cash equivalents at end of year	21	<u>76,931,579</u>	<u>59,124,093</u>

SCOTIA GROUP JAMAICA LIMITED**Separate Statement of Comprehensive Income****Year ended October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

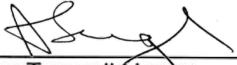
	Notes	2025	2024
Net interest income calculated using the effective interest method			
Interest from deposit with banks	6	<u>415,859</u>	<u>499,952</u>
Net gains on foreign currency activities		153,797	178,526
Dividend income	12,47	<u>5,803,710</u>	<u>5,197,785</u>
		<u>5,957,507</u>	<u>5,376,311</u>
Total operating income		<u>6,373,366</u>	<u>5,876,263</u>
Expenses			
Other operating expenses	14	<u>129,067</u>	<u>92,373</u>
Profit before taxation	15	6,244,299	5,783,890
Taxation	16	(<u>117,288</u>)	(<u>129,598</u>)
Profit for the year		<u>6,127,011</u>	<u>5,654,292</u>

SCOTIA GROUP JAMAICA LIMITED**Separate Statement of Financial Position****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
ASSETS			
Cash resources			
Accounts with subsidiaries	21	<u>10,591,703</u>	<u>10,120,435</u>
Investment in subsidiaries, at cost		<u>13,029,908</u>	<u>13,029,908</u>
Other assets			
Taxation recoverable		<u>101,042</u>	<u>101,042</u>
		<u>23,722,653</u>	<u>23,251,385</u>
LIABILITIES			
Accrued expenses and other liabilities		26,036	22,204
Taxation payable		100,125	158,374
Deferred tax liabilities	37(b)	<u>7,771</u>	<u>8,230</u>
		<u>133,932</u>	<u>188,808</u>
EQUITY			
Share capital	39	6,569,810	6,569,810
Unappropriated profits		<u>17,018,911</u>	<u>16,492,767</u>
Total stockholders' equity		<u>23,588,721</u>	<u>23,062,577</u>
Total liabilities and equity		<u>23,722,653</u>	<u>23,251,385</u>

The financial statements on pages 8 to 118 were approved for issue by the Board of Directors and signed on its behalf on December 19, 2025 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, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	<u>Notes</u>	<u>Share capital</u>	<u>Unappropriated profits</u>	<u>Total</u>
Balances at October 31, 2023		<u>6,569,810</u>	<u>15,972,604</u>	<u>22,542,414</u>
Profit for the year, being total comprehensive income		-	5,654,292	5,654,292
Transaction with owners:				
Dividends paid	54	<u>-</u>	<u>(5,134,129)</u>	<u>(5,134,129)</u>
Balances at October 31, 2024		<u>6,569,810</u>	<u>16,492,767</u>	<u>23,062,577</u>
Profit for the year, being total comprehensive income		-	6,127,011	6,127,011
Transaction with owners:				
Dividends paid	54	<u>-</u>	<u>(5,600,867)</u>	<u>(5,600,867)</u>
Balances at October 31, 2025		<u>6,569,810</u>	<u>17,018,911</u>	<u>23,588,721</u>

SCOTIA GROUP JAMAICA LIMITED**Separate Statement of Cash Flows****Year ended October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

	Notes	2025	2024
Cash flows from operating activities			
Profit for the year		6,127,011	5,654,292
Adjustments for:			
Interest income	6	(415,859)	(499,952)
Dividend Income	12,47	(5,803,710)	(5,197,785)
Taxation	16	<u>117,288</u>	<u>129,598</u>
		24,730	86,153
Changes in operating assets and liabilities			
Accounts with fellow subsidiaries		(569,082)	(673,686)
Other liabilities		<u>3,832</u>	<u>7,416</u>
		(540,520)	(580,117)
Interest received		417,237	501,517
Taxation paid		(175,997)	(59,673)
Net cash used in operating activities		(299,280)	(138,273)
Cash flows from investing activity			
Dividend received, being cash provided by investing activity	12	<u>5,803,710</u>	<u>5,197,785</u>
Cash flows from financing activity			
Dividends paid, being cash used in financing activity	54	(5,600,867)	(5,134,129)
Net decrease in cash and cash equivalents		(96,437)	(74,617)
Cash and cash equivalents at beginning of year		<u>409,934</u>	<u>484,551</u>
Cash and cash equivalents at end of year	21	<u>313,497</u>	<u>409,934</u>

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements

October 31, 2025

(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:

Subsidiaries	Principal Activities	Holding by		Financial Year-end
		Company	Subsidiary	
The Bank of Nova Scotia Jamaica Limited and 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, 2025.

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 provisions of 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(a) Basis of preparation (continued)****Presentation and functional currency**

The financial statements are presented in Jamaican dollars, which is the functional currency of the Group and Company, and are expressed in thousands of dollars unless otherwise stated.

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. None of these new pronouncements resulted in any significant changes to the amounts recognised or disclosed in the financial statements.

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

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the Group.

The Group has assessed the relevance of all such standards and amendments to standards and has determined that the following is likely to be relevant to its operations:

- IFRS 18, Presentation and Disclosure in Financial Statements, is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company's main business activities.

All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

The Group is assessing the impact that this standard will have on its future financial statements.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(a) Basis of preparation (continued)****New and amended standards and interpretations that are not yet effective (continued):**

- Amendments to IFRS 9 Financial Instruments will apply to annual periods beginning on or after January 1, 2026. Entities may choose to early adopt these amendments.

The amendments introduce an additional solely payments of principal and interest (“SPPI”) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an environmental, social or governance (ESG) target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the solely payments of principal and interest (“SPPI”) criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

Derecognition of a financial liability through electronic transfer:

The amendment allows the Group to deem a financial liability or part thereof that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The Group is assessing the impact that these amendments will have on its 2027 financial statements.

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(b) Basis of consolidation (continued)**

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 monetary items measured at fair value are translated into the functional currency using the rate of exchange at the date the fair value was determined.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(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 at initial recognition. When 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 interest rates.

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.

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:

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(e) Revenue recognition (continued)***Fee and commission income (continued)*

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:

<i>Type of service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	<i>Revenue recognition under IFRS 15</i>
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.

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 another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(i) Definitions and classifications (continued)**

Contracts held by the Group that 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 participating contracts or contracts without direct participation features. Insurance contracts with direct participation features are those for which:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The cash flows to policyholders substantially vary with the returns on those underlying items; and
- The Group's obligation to the policyholder is substantially reduced by changes in the fair value of the underlying items.

The Group applies judgment in determining whether these conditions are met, considering the nature of the underlying items and the variability of policyholder benefits. Contracts meeting these criteria are measured under the Variable Fee Approach (VFA). The General Measurement Model (GMM) is applied to most long-duration contracts without direct participation features

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) when the coverage period of each contract in the group is one year or less. Refer to the below table for the type of contracts that the Group accounts for in accordance with IFRS 17 *Insurance Contracts*.

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	114 Reinsurance held contract	Individual Universal Life	GMM

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(iii) Aggregation and recognition of insurance and reinsurance held contracts (continued)****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.

(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 recognise 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. 116

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(v) Contract boundaries (continued)****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.

(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 fulfilment 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***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)

Insurance contracts – Subsequent measurement (continued)

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.

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:

Insurance contracts without direct participation features

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)).

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***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)

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;
- (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 the amount recognised as insurance revenue because of the services provided in the year.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(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.

(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;

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(viii) Reinsurance held contracts (continued):**

- 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.

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(x) Presentation (continued)**

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(g) Insurance and reinsurance held contracts (continued)****(x) Presentation (continued)****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.

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.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and are levied by the same tax authority and where the Group has both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(i) Financial assets and liabilities (continued)****Classification and measurement, derecognition, and impairment of financial instruments (continued)****Classification and measurement (continued)***Debt instruments (continued)**Business model assessment (continued)*

- 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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(i) Financial assets and liabilities (continued)***Debt instruments measured at FVOCI (continued)*

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(i) Financial assets and liabilities (continued)***Equity instruments measured at FVOCI (continued)*

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(i) Financial assets and liabilities (continued)**

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(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.
- 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(k) Allowance for expected credit losses (continued)***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 its 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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(k) Allowance for expected credit losses (continued)***Assessment of significant increase in credit risk (SIR) (continued)*

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 (See note 48(b)(iii).

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(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 (continued)*

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.

(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, 2025 total \$28,341,809 (2024: \$23,459,446). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(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	3-10 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.

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(p) Goodwill and intangible assets (continued)***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.

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-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(q) Employee benefits (continued)**

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(q) Employee benefits (continued)***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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(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, except for short-term leases for assets that have a lease term of twelve months or less and leases of low value items. 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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(s) Leases (continued)***As a lessee (continued)*

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.

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***2. Summary of material accounting policies (continued)****(t) Impairment of non-financial assets (continued)**

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 (see note 52).

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.

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 48(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(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)****(a) Fulfilment cash flows (continued)***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.

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:

	2025					2024				
	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%	9%	5%	5%	5%	14%	8%	4%	4%	4%

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(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)****(a) Fulfilment cash flows (continued)***Estimates of future cash flows*

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.

(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, 2025, 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, 2025 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).

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(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 (continued)**

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

	2025					2024				
	1	5	10	20	30	1	5	10	20	30
Portfolio	year	years	years	years	years	year	years	years	years	years
Individual life	7.0%	7.3%	8.3%	12.5%	13.6%	7.8%	8.3%	9.4%	12.8%	13.3%
Individual Health	7.0%	7.3%	8.3%	12.5%	13.6%	7.8%	8.3%	9.4%	12.8%	13.3%
Group Creditor										
Combined Single	6.6%	6.9%	7.9%	12.2%	13.2%	7.8%	8.3%	9.4%	12.8%	13.3%
Individual Life										
savings and wealth	6.6%	6.9%	7.9%	12.2%	13.2%	7.3%	7.9%	8.9%	12.1%	12.6%
Individual Universal										
Life	6.6%	6.9%	7.9%	12.2%	13.2%	7.3%	7.9%	8.9%	12.1%	12.6%

(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:

	2025	2024
Insurance contracts	90.2%	89.5%

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(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)****(d) Contractual service margin (continued)****Determination of coverage units (continued)**

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 38(d).

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.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

5. Segmental financial information (continued)

	The Group 2025 Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	15,503,655	26,050,109	17,047,244	3,548,305	4,877,199	569,656	-	67,596,168
Revenues from other segments	(9,523,065)	1,135,474	7,380,235	534,463	520,602	-	(47,709)	-
Total revenues	5,980,590	27,185,583	24,427,479	4,082,768	5,397,801	569,656	(47,709)	67,596,168
Expenses	(998,857)	(23,181,067)	(10,976,564)	(1,966,301)	(691,716)	(129,067)	65,888	(37,877,684)
Profit before tax	<u>4,981,733</u>	<u>4,004,516</u>	<u>13,450,915</u>	<u>2,116,467</u>	<u>4,706,085</u>	<u>440,589</u>	<u>18,179</u>	29,718,484
Taxation								(9,816,990)
Profit for the period								<u>19,901,494</u>
Segment assets	<u>287,078,721</u>	<u>258,108,432</u>	<u>121,924,209</u>	<u>24,341,319</u>	<u>80,530,675</u>	<u>23,722,653</u>	<u>(50,128,826)</u>	745,577,183
Unallocated assets								<u>28,199,219</u>
Total assets								<u>773,776,402</u>
Segment liabilities	<u>1,268,958</u>	<u>296,173,633</u>	<u>273,424,959</u>	<u>11,470,744</u>	<u>54,180,836</u>	<u>133,933</u>	<u>(34,627,567)</u>	602,025,496
Unallocated liabilities								<u>21,237,736</u>
Total liabilities								<u>623,263,232</u>
Other Segment items:								
Net interest income 1	3,557,235	24,884,998	15,715,208	841,582	4,575,303	415,859	19,379	50,009,564
Capital expenditure	-	1,204,862	572,119	5,612	7,022	-	-	1,789,615
Expected credit losses	48,560	2,513,611	293,047	6,797	22,292	-	-	2,884,307
Depreciation and amortisation	<u>10,293</u>	<u>772,449</u>	<u>392,850</u>	<u>22,858</u>	<u>2,888</u>	<u>-</u>	<u>-</u>	<u>1,201,338</u>

Capital expenditure comprises additions to property and equipment excluding right-of-use assets (note 29) and intangible assets (note 30).

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***6. Net interest income**

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest income calculated using the effective interest method:				
Deposits with banks and other financial institutions	6,094,077	7,654,326	415,859	499,952
Investment securities	10,765,401	9,912,313	-	-
Reverse repurchase agreements	1,354	147,675	-	-
Loans and advances	<u>35,169,862</u>	<u>30,426,848</u>	<u>-</u>	<u>-</u>
	<u>52,030,694</u>	<u>48,141,162</u>	<u>415,859</u>	<u>499,952</u>
Interest income on financial assets at fair value through profit or loss	<u>34,526</u>	<u>203,368</u>	<u>-</u>	<u>-</u>
Total interest income	<u>52,065,220</u>	<u>48,344,530</u>	<u>415,859</u>	<u>499,952</u>
Interest expense measured using the effective interest method:				
Banks and customers	1,919,497	1,968,718	-	-
Paid to annuitants	39,068	36,089	-	-
Other	<u>97,091</u>	<u>35,428</u>	<u>-</u>	<u>-</u>
	<u>2,055,656</u>	<u>2,040,235</u>	<u>-</u>	<u>-</u>
Net interest income	<u>50,009,564</u>	<u>46,304,295</u>	<u>415,859</u>	<u>499,452</u>

7. Net gains on financial assets

	<u>The Group</u>	
	<u>2025</u>	<u>2024</u>
Gains on securities held for trading	522,744	434,481
Gains/(losses) on securities at FVOCI	<u>3,796</u>	<u>(17,448)</u>
	<u>526,540</u>	<u>417,033</u>

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

8. Net financial result

	2025				
	Contracts without direct participation features	Contracts with direct participation features	Contracts measured under the PAA	Other	Total
2025					
Investment securities	2,479,123	9,177	2,491	8,309,136	10,799,927
Deposits with Bank and other financial institutions	690,188	-	-	5,403,889	6,094,077
Government securities purchased under resale agreement	-	-	-	1,354	1,354
Loans and Advances	<u>49,782</u>	<u>-</u>	<u>-</u>	<u>35,120,080</u>	<u>35,169,862</u>
Total interest income	<u>3,219,093</u>	<u>9,177</u>	<u>2,491</u>	<u>48,834,459</u>	<u>52,065,220</u>
Net gains on financial assets	-	120,714	-	405,826	526,540
Expected credit losses	(18,110)	(52)	(14)	(2,866,131)	(2,884,307)
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	(94,880)	-	-	(94,880)
Interest accreted	(2,316,225)	-	-	-	(2,316,225)
Effects of changes in interest rates and other financial assumptions	(745,765)	-	-	-	(745,765)
Effects of changes in interest rates and other financial assumptions OCI	137,252	-	-	-	137,252
Other interest expense	(39,068)	-	-	(2,016,588)	(2,055,656)
Total net finance expenses from insurance contracts	<u>(2,963,806)</u>	<u>(94,880)</u>	<u>-</u>	<u>(2,016,588)</u>	<u>(5,075,274)</u>
Net finance income from reinsurance contracts					
Interest accreted	-	38	-	-	38
Other	-	166	-	-	166
The effect of financial risk and changes in financial risk- OCI	<u>-</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>204</u>
Total financial result	<u>237,177</u>	<u>35,163</u>	<u>2,477</u>	<u>44,357,566</u>	<u>44,632,383</u>
Represented by:					
Amounts recognized in profit or loss	99,759	35,163	2,477	44,357,566	44,494,965
Amounts recognized in OCI	<u>137,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,418</u>
	<u>237,177</u>	<u>35,163</u>	<u>2,477</u>	<u>44,357,566</u>	<u>44,632,383</u>
Insurance finance income and expenses					
Net finance expenses from insurance contracts					
Recognized in profit or loss	(3,061,990)	(94,880)	-	-	(3,156,870)
Recognized in OCI	<u>137,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,252</u>
	<u>(2,924,738)</u>	<u>(94,880)</u>	<u>-</u>	<u>-</u>	<u>(3,019,618)</u>
Net finance income from reinsurance held contracts					
Recognized in profit or loss	-	38	-	-	38
Recognized in OCI	<u>-</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>166</u>
	<u>-</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>204</u>

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

8. Net financial results (continued)

	Group 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, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***9. Insurance revenue**

	<u>The Group</u>	
	<u>2025</u>	<u>2024</u>
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
- CSM recognised for insurance services provided	1,784,176	1,247,567
- Change in risk adjustment for non-financial risk for risk expired	247,371	210,424
- Expected incurred claims and other insurance service expenses	1,006,080	871,848
Recovery of insurance acquisition cash flows	<u>213,425</u>	<u>145,874</u>
	3,251,052	2,475,713
Contracts measured under the PAA	<u>1,132,593</u>	<u>1,034,117</u>
Total insurance revenue	<u>4,383,645</u>	<u>3,509,830</u>

10. Net fee and commission income

	<u>The Group</u>	
	<u>2025</u>	<u>2024</u>
Fee and commission income:		
Retail banking fees	9,855,869	9,246,830
Credit related fees	1,564,306	1,574,641
Commercial and depository fees	11,282,536	10,012,122
Insurance related fees	461,989	416,493
Trust and other fiduciary fees	83,655	67,504
Asset management and related fees	<u>2,493,706</u>	<u>2,100,637</u>
	25,742,061	23,418,227
Fee and commission expense	<u>(18,529,337)</u>	<u>(16,189,428)</u>
	<u>7,212,724</u>	<u>7,228,799</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Gain on sale of property and equipment	80,963	216,475	-	-
Dividend and other income	<u>10,085</u>	<u>27,948</u>	<u>5,803,710</u>	<u>5,197,785</u>
	<u>91,048</u>	<u>244,423</u>	<u>5,803,710</u>	<u>5,197,785</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***13. Salaries, pensions and other staff benefits**

	<u>The Group</u>	
	<u>2025</u>	<u>2024</u>
Wages and salaries	12,003,392	10,527,248
Statutory payroll contributions	1,085,705	1,006,880
Other staff benefits	<u>2,704,060</u>	<u>2,254,934</u>
	<u>15,793,157</u>	<u>13,789,062</u>
Post-employment benefits:		
Credit on defined benefit plan [note 31(a)(v)]	(1,427,682)	(2,657,620)
Other post-retirement benefits [note 31(b)(ii)]	<u>518,506</u>	<u>675,794</u>
	<u>(909,176)</u>	<u>(1,981,826)</u>
Total	<u>14,883,981</u>	<u>11,807,236</u>

14. Expenses by nature

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Staff benefits	15,138,738	11,992,883	-	-
Property expenses, including depreciation	3,179,634	2,810,107	-	-
Amortisation of intangibles (note 30)	20,954	20,954	-	-
System related expenses	2,453,808	2,117,202	-	-
Insurance claims and benefits	323,679	312,139	-	-
Transportation & communication	2,197,653	1,693,193	3,033	96
Marketing and advertising	664,168	686,106	-	-
Professional, legal and consultancy fees	662,081	522,539	110,941	76,961
Technical and support services	7,122,154	6,371,944	-	-
Asset tax	1,651,302	1,552,687	-	-
Licencing and fees paid to regulators	193,050	229,050	7,787	6,770
Deposit insurance	790,739	718,977	-	-
Stationery	480,499	312,896	3,795	7,303
Other expenses	895,385	752,696	3,511	1,243
Losses on onerous insurance contracts	(5,213)	137,840	-	-
Amortization of insurance acquisition cash flows	<u>213,425</u>	<u>145,874</u>	<u>-</u>	<u>-</u>
	<u>35,982,056</u>	<u>30,377,087</u>	<u>129,067</u>	<u>92,373</u>
Represented by:				
Insurance service expenses	988,679	962,074	-	-
Non-insurance operating expenses	<u>34,993,377</u>	<u>29,415,013</u>	<u>129,067</u>	<u>92,373</u>
	<u>35,982,056</u>	<u>30,377,087</u>	<u>129,067</u>	<u>92,373</u>

15. Profit before taxation

In arriving at the profit before taxation, the following are among the items that have been charged:

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Auditors' remuneration	190,266	136,090	21,005	14,075
Non-audit fees	2,703	10,379	-	798
Depreciation of property and equipment (note 29)	1,017,647	964,764	-	-
Amortisation of right-of-use-assets (note 29)	162,737	162,770	-	-
Amortisation of intangible assets (note 30)	20,954	20,954	-	-
Directors' emoluments:				
Fees	96,548	63,899	60,000	33,750
Management remuneration	<u>106,598</u>	<u>107,323</u>	<u>-</u>	<u>-</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***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	
	2025	2024	2025	2024
Current income tax:				
Income tax at 33 $\frac{1}{3}$ %	7,705,280	8,043,209	117,747	79,271
Income tax at 30%	281,022	333,067	-	-
Income tax 25%	1,159,828	1,170,353	-	48,660
Other tax rates (1% to 5.5%)	-	17,776	-	-
Adjustment for under/(over) provision of prior year's charge	736	551	-	-
	<u>9,146,866</u>	<u>9,564,956</u>	<u>117,747</u>	<u>127,931</u>
Deferred income tax [note 37(c)]	<u>670,124</u>	<u>(19,045)</u>	<u>(459)</u>	<u>1,667</u>
	<u>9,816,990</u>	<u>9,545,911</u>	<u>117,288</u>	<u>129,598</u>

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 $\frac{1}{3}$ %, which is the income tax rate for regulated entities.

(b) Reconciliation of applicable tax charge to effective tax charge:

	The Group		The Company	
	2025	2024	2025	2024
Profit before taxation	<u>29,718,484</u>	<u>29,703,702</u>	<u>6,244,299</u>	<u>5,783,890</u>
Tax calculated at 33 $\frac{1}{3}$ %	10,301,233	8,854,109	2,081,433	579,861
Tax calculated at 30%	276,423	319,446	-	-
Tax calculated at 25%	1,120,527	2,201,864	-	1,011,077
Other tax rates (1% to 5.5%)	-	17,776	-	-
Income not subject to tax	(2,714,217)	(2,355,090)	(1,985,836)	(1,470,899)
Expenses not deductible for tax purposes	832,288	507,255	21,691	9,559
Prior period under/(over) provision	736	551	-	-
	<u>9,816,990</u>	<u>9,545,911</u>	<u>117,288</u>	<u>129,598</u>
Effective tax rate	<u>33.03%</u>	<u>32.14%</u>	<u>1.88%</u>	<u>2.24%</u>

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.

	2025	2024
Consolidated profit for the year attributable to stockholders of the Company	<u>19,901,494</u>	<u>20,157,791</u>
Weighted average number of ordinary stock units in issue ('000)	<u>3,111,573</u>	<u>3,111,573</u>
Earnings per stock unit (expressed in \$)	<u>6.40</u>	<u>6.48</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***18. Cash and balances at Bank of Jamaica**

	The Group	
	<u>2025</u>	<u>2024</u>
Statutory reserves – non-interest bearing (note 21)	49,324,414	45,004,128
Cash in hand and other balances at Bank of Jamaica	<u>42,123,059</u>	<u>33,411,896</u>
	<u>91,447,473</u>	<u>78,416,024</u>

At the reporting date, statutory reserves with Bank of Jamaica represent the required primary reserve ratios.

Relevant legislation	Entity	Reserve percentage			
		Jamaican		Foreign currency	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Banking Services Act, Section 14(i)	BNSJ	6%	6%	14%	14%
Building Society Regulations, Section 31	SJBS	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>

These balances are not available for investment, lending or other use by the Group.

19. Due from other banks

	The Group	
	<u>2025</u>	<u>2024</u>
Items in course of collection from other banks	133,771	594,567
Placements with other banks	<u>26,661,428</u>	<u>16,625,269</u>
	<u>26,795,199</u>	<u>17,219,836</u>

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 47).

21. Cash and cash equivalents

	The Group		The Company	
	<u>2025</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
Cash resources	201,769,520	160,751,881	10,591,703	10,120,435
Less amounts not considered cash and cash equivalents:				
Statutory reserves (note 18)	(49,324,414)	(45,004,128)	-	-
Cheques and other instruments in transit	(3,307,639)	(3,470,303)	-	-
Accounts with parent and fellow subsidiaries greater than ninety days	(69,328,242)	(51,902,854)	(10,254,894)	(9,685,812)
Expected credit losses	51,323	38,467	-	-
Accrued interest	(2,928,969)	(1,288,970)	(23,312)	(24,689)
	<u>76,931,579</u>	<u>59,124,093</u>	<u>313,497</u>	<u>409,934</u>
Cash and cash equivalents is comprised of:				
Cash and balances with Bank of Jamaica other than statutory reserves	42,174,382	33,450,363	-	-
Government and bank notes other than Jamaican	1,034,956	1,727,579	-	-
Amounts due from other banks	26,795,199	17,219,836	-	-
Accounts with parent and fellow subsidiaries	13,163,650	11,485,588	336,809	434,623
Accrued interest	(2,928,969)	(1,288,970)	(23,312)	(24,689)
	<u>80,239,218</u>	<u>62,594,396</u>	<u>313,497</u>	<u>409,934</u>
Cheques and other instruments in transit	(3,307,639)	(3,470,303)	-	-
	<u>76,931,579</u>	<u>59,124,093</u>	<u>313,497</u>	<u>409,934</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***22. Financial assets at fair value through profit or loss**

	The Group	
	<u>2025</u>	<u>2024</u>
Government of Jamaica Securities	573,512	520,698
Unit trusts	372,048	400,841
Corporate bonds	3,225	21,637
Quoted shares	<u>11,694</u>	<u>4,807</u>
	960,479	947,983
Accrued interest	<u>12,877</u>	<u>6,855</u>
	<u>973,356</u>	<u>954,838</u>

23. Pledged assets

Assets are pledged to regulators, the clearing house, other financial institutions, and as collateral for repurchase agreements, as well as investments and other assets securing client trust and settlement accounts.

	The Group	
	<u>2025</u>	<u>2024</u>
Securities with regulators, clearing houses and other financial institutions	3,392,022	3,399,080
Client trust and settlement accounts	<u>867,884</u>	<u>-</u>
	<u>4,259,906</u>	<u>3,399,080</u>

Included in pledged assets are the following categories of assets:

	The Group	
	<u>2025</u>	<u>2024</u>
Government issued securities:		
Fair value through OCI	3,458,166	2,692,146
Unitised funds:		
Fair value through profit or loss	<u>801,740</u>	<u>706,934</u>
	<u>4,259,906</u>	<u>3,399,080</u>

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	
	<u>2025</u>	<u>2024</u>
Business and Government	121,038,392	118,278,594
Personal and credit cards	119,386,336	104,930,637
Residential mortgages	117,944,589	97,842,468
Interest receivable	<u>1,709,308</u>	<u>1,678,160</u>
	360,078,625	322,729,859
Less: Deferred origination fees	(3,700,689)	(3,410,175)
Allowance for expected credit losses (note 25)	<u>(5,939,586)</u>	<u>(6,564,480)</u>
	<u>350,438,350</u>	<u>312,755,204</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(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	
	<u>2025</u>	<u>2024</u>
Current	<u>322,069,642</u>	<u>302,682,613</u>
Number of days past due:		
Past due 1-30 days	28,096,536	10,300,530
Past due 31-60 days	2,167,648	2,016,438
Past due 61-90 days	<u>1,194,885</u>	<u>1,057,064</u>
	<u>31,459,069</u>	<u>13,374,032</u>
Impaired:		
Past due more than 90 days	<u>4,840,606</u>	<u>4,995,054</u>
Interest receivable	<u>1,709,308</u>	<u>1,678,160</u>
Gross loan portfolio	<u>360,078,625</u>	<u>322,729,859</u>
Deferred origination fees	(3,700,689)	(3,410,175)
Less: Allowance for credit losses	(5,939,586)	(6,564,480)
Loans, net of allowance for credit losses	<u>350,438,350</u>	<u>312,755,204</u>

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***25. Expected credit losses on loans (continued)**

	The Group			
	2025			
	Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year	2,183,816	1,803,531	2,577,133	6,564,480
Provided during the year:				
Remeasurement	(718,191)	89,138	4,655,412	4,026,359
Newly originated or purchased financial assets	1,519,905	(2,932)	-	1,516,973
Derecognition of financial assets and maturities	(586,788)	(500,682)	-	(1,087,470)
Bad debts written-off	-	-	(5,084,577)	(5,084,577)
Foreign exchange movement	(756,933)	250,175	510,579	3,821
Transfer to/(from) stages				
Stage 1	978,660	(686,730)	(291,930)	-
Stage 2	(193,175)	794,511	(601,336)	-
Stage 3	(25,280)	(496,219)	521,499	-
Allowance at end of year(note 24)	<u>2,402,014</u>	<u>1,250,792</u>	<u>2,286,780</u>	<u>5,939,586</u>
Provided during the year	214,926	(414,476)	4,655,412	4,455,862
Recoveries of bad debts	-	-	(1,649,887)	(1,649,887)
Expected credit losses reported in profit for the year	<u>214,926</u>	<u>(414,476)</u>	<u>3,005,525</u>	<u>2,805,975</u>

	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:				
Remeasurement	(527,305)	935,375	4,485,192	4,893,262
Newly originated or purchased financial assets	1,331,154	-	-	1,331,154
Derecognition of financial assets and maturities	(457,296)	(656,379)	-	(1,113,675)
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)	<u>2,183,816</u>	<u>1,803,531</u>	<u>2,577,133</u>	<u>6,564,480</u>
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	<u>346,553</u>	<u>278,996</u>	<u>3,554,646</u>	<u>4,180,195</u>

Uncollected interest not accrued on loans in default is estimated at \$828,412 (2024: \$862,824) 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	
	2025	2024
Allowance based on IFRS	5,939,586	6,564,480
Additional allowance based on Bank of Jamaica (BOJ) regulations	<u>428,172</u>	<u>314,649</u>
	<u>6,367,758</u>	<u>6,879,129</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***25. Expected credit losses on loans (continued)**

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	
	2025	2024
Expected credit losses:		
Loans	2,805,975	4,180,195
Investment securities	14,129	(7,274)
Cash resources	12,882	(3,527)
Acceptance, guarantees & letters of credit	51,321	(12,002)
	<u>2,884,307</u>	<u>4,157,392</u>

26. Investment securities

	The Group	
	2025	2024
Fair value through other comprehensive income:		
Unquoted shares	387,865	408,275
Government securities	115,671,459	137,919,664
Bank of Jamaica securities	49,281,299	40,921,014
Treasury bills	1,853,978	2,576,831
Corporate bonds	634,800	899,715
Interest receivable	2,071,338	1,747,199
	<u>169,900,739</u>	<u>184,472,698</u>

Included in investment securities are Government of Jamaica Benchmark Investment Notes with a book value of \$90,000 (2024: \$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. Segregated fund assets & liabilities

The table below shows a reconciliation of the opening to closing balance for the investment component of insurance contract liabilities.

	The Group	
	2025	2024
Segregated assets		
Fixed Income Fund	888,541	676,916
Money Market Fund	363,736	279,168
Growth Fund	1,005,355	812,126
	<u>2,257,632</u>	<u>1,768,210</u>
Segregated fund investment contract liabilities		
Opening balance	1,768,210	1,290,656
Contributions received	596,164	495,709
Benefits paid	(155,735)	(118,220)
Investment return from underlying assets	79,627	121,312
Asset management fees charged	(30,634)	(21,247)
Closing balance	<u>2,257,632</u>	<u>1,768,210</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***27. Segregated fund assets & liabilities (continued)**

In the above reconciliation, the investment return from the underlying assets represents changes in the fair value of the investment component of insurance 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.

28. Other assets

	The Group	
	2025	2024
Accounts receivable and prepayments	1,750,259	216,619
Deferred charges	3,804,464	2,821,335
Investment properties	793	867
Other	<u>1,587,866</u>	<u>1,147,537</u>
	<u>7,143,382</u>	<u>4,186,358</u>

Accounts receivables include amounts due from related parties totalling \$273,242 (2024: 117,717).

29. 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, 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	<u>17,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,660</u>
October 31, 2024	<u>1,979,910</u>	<u>7,210,917</u>	<u>1,311,944</u>	<u>10,678,880</u>	<u>782,167</u>	<u>21,963,818</u>
Additions	545,097	86,258	82,328	396,333	1,081,982	2,191,998
Disposals	(15,630)	(33,883)	-	(64,911)	(17,630)	(132,054)
Transfers	-	333,840	2,766	1,027,740	(1,364,346)	-
Translation adjustment	<u>18,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,234</u>
Write off	<u>-</u>	<u>-</u>	<u>(13,513)</u>	<u>(310,001)</u>	<u>(2,146)</u>	<u>(325,660)</u>
October 31, 2025	<u>2,527,611</u>	<u>7,597,132</u>	<u>1,383,525</u>	<u>11,728,041</u>	<u>480,027</u>	<u>23,716,336</u>
Depreciation:						
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	<u>6,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,435</u>
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>-</u>	<u>282</u>
October 31, 2024	<u>799,498</u>	<u>1,737,214</u>	<u>922,727</u>	<u>8,705,894</u>	<u>-</u>	<u>12,165,333</u>
Charge for the year	162,737	174,863	120,487	722,297	-	1,180,384
Eliminated on disposals	(5,185)	(7,134)	-	(60,971)	-	(73,290)
Impairment	-	(7,241)	-	(4,630)	-	(11,871)
Translation adjustment	<u>6,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,526</u>
Write-off	<u>-</u>	<u>-</u>	<u>(12,300)</u>	<u>(251,917)</u>	<u>-</u>	<u>(264,217)</u>
October 31, 2025	<u>963,576</u>	<u>1,897,702</u>	<u>1,030,914</u>	<u>9,110,673</u>	<u>-</u>	<u>13,002,865</u>
Net book values:						
October 31, 2025	<u>1,564,035</u>	<u>5,699,430</u>	<u>352,611</u>	<u>2,617,368</u>	<u>480,027</u>	<u>10,713,471</u>
October 31, 2024	<u>1,180,412</u>	<u>5,473,703</u>	<u>389,217</u>	<u>1,972,986</u>	<u>782,167</u>	<u>9,798,485</u>
October 31, 2023	<u>1,218,466</u>	<u>5,414,467</u>	<u>353,869</u>	<u>1,824,564</u>	<u>716,481</u>	<u>9,527,84</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***30. Goodwill and intangible assets**

	The Group					
	Customer relationships	Contract- based intangibles	License	Goodwill	Computer software	Total
Cost:						
October 31 2023	1,382,582	348,987	49,470	136,892	581,346	2,499,277
Additions during the year	-	-	-	-	-	-
October 31 2024	<u>1,382,582</u>	<u>348,987</u>	<u>49,470</u>	<u>136,892</u>	<u>581,346</u>	<u>2,499,277</u>
Additions during the year	-	-	-	-	-	-
October 31 2025	<u>1,382,582</u>	<u>348,987</u>	<u>49,470</u>	<u>136,892</u>	<u>581,346</u>	<u>2,499,277</u>
Amortisation/impairment:						
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
Amortisation for the year	-	-	-	-	20,954	20,954
October 31, 2025	<u>1,382,582</u>	<u>71,574</u>	<u>5,333</u>	<u>61,724</u>	<u>489,307</u>	<u>2,010,520</u>
Net book values:						
October 31, 2025	-	<u>277,413</u>	<u>44,137</u>	<u>75,168</u>	<u>92,039</u>	<u>488,757</u>
October 31, 2024	-	<u>277,413</u>	<u>44,137</u>	<u>75,168</u>	<u>112,993</u>	<u>509,711</u>
October 31, 2023	-	<u>277,413</u>	<u>44,137</u>	<u>75,168</u>	<u>133,947</u>	<u>530,665</u>

31. 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	
	2025	2024
Defined benefit pension plan (a)	18,064,854	20,190,737
Other post-retirement benefits (b)	(3,976,182)	(4,024,363)
	<u>14,088,672</u>	<u>16,166,374</u>

(a) Defined benefit pension plan

- (i) The amounts recognised in the statement of financial position are determined as follows:

	The Group	
	2025	2024
Present value of funded obligations (iii)	(45,402,474)	(40,519,114)
Fair value of plan assets (iv)	<u>88,125,652</u>	<u>83,531,979</u>
	42,723,178	43,012,865
Limitation of economic benefits	(24,658,324)	(22,822,128)
Asset in the statement of financial position	<u>18,064,854</u>	<u>20,190,737</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***31. 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	
	2025	2024
Balance at beginning of year	20,190,737	31,094,511
Contributions paid	500	(1,999,500)
Pension income recognised in statement of revenue and expenses (v)	1,427,682	2,657,620
Remeasurement recognised in other comprehensive income (vi)	(3,554,065)	(11,561,894)
Balance at end of year	<u>18,064,854</u>	<u>20,190,737</u>

(iii) Movement in the present value of obligation:

	The Group	
	2025	2024
Balance at beginning of year	(40,519,114)	(43,026,332)
Current service costs	(643,013)	(775,437)
Interest cost	(4,339,261)	(4,839,782)
Employees' contributions	(808,315)	(742,896)
Benefits paid	2,057,626	2,056,712
Actuarial gains arising from:		
Experience adjustments	(980,258)	1,653,377
Changes in financial assumptions	(170,139)	5,155,244
Balance at end of year	<u>(45,402,474)</u>	<u>(40,519,114)</u>

(iv) Movement in fair value of pension plan assets:

	The Group	
	2025	2024
Fair value of plan assets at beginning of year	83,531,979	79,403,777
Contributions	808,815	(1,256,604)
Benefits paid	(2,057,626)	(2,056,712)
Interest income on plan assets	9,102,071	9,054,235
Administrative fees	(188,015)	(171,397)
Remeasurement loss on plan assets included in other comprehensive income	(3,071,572)	(1,441,320)
Fair value of plan assets at end of year	<u>88,125,652</u>	<u>83,531,979</u>

Plan assets consist of the following:

	The Group	
	2025	2024
Government stocks and bonds	47,467,048	45,014,137
Quoted equities	22,195,005	21,340,120
Reverse repurchase agreements	4,240,139	3,632,049
Certificates of deposit	7,769,732	7,353,593
Real estate	5,556,110	5,313,906
Net current assets	<u>897,618</u>	<u>878,174</u>
	<u>88,125,652</u>	<u>83,531,979</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***31. 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	
	<u>2025</u>	<u>2024</u>
Current service costs	643,013	775,437
Interest cost on obligation	4,339,261	4,839,782
Interest income on plan assets	(9,102,071)	(9,054,235)
Interest on effect of ceiling	2,510,434	607,537
Administrative fees	<u>181,681</u>	<u>173,859</u>
	<u>(1,427,682)</u>	<u>(2,657,620)</u>

(vi) Components of defined benefit charge/(credit) recognised in other comprehensive income:

	The Group	
	<u>2025</u>	<u>2024</u>
Remeasurement of defined benefit obligations	1,150,397	(6,808,621)
Remeasurement of plan assets	3,077,906	1,438,858
Change in effect on asset ceiling	<u>(674,238)</u>	<u>16,931,657</u>
	<u>3,554,065</u>	<u>11,561,894</u>

(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			
	<u>2025</u>	<u>2024</u>		
	1%	1%	1%	1%
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	(4,876,000)	6,023,000	(4,412,000)	5,452,000
Future pension increases	4,111,000	(3,482,000)	3,748,000	(3,175,000)
Future salary increases	<u>(1,164,000)</u>	<u>(1,055,000)</u>	<u>1,095,000</u>	<u>(991,000)</u>

(viii) Liability duration

The average liability duration is as follows:

	The Group	
	<u>2025</u>	<u>2024</u>
Active members and all participants (years)	<u>13.0</u>	<u>13.4</u>

(ix) The estimated pension contributions to be paid into the defined benefit and contribution plans during the next financial year is \$500 (2024: \$500).

(x) The principal actuarial assumptions used were as follows:

	The Group	
	<u>2025</u>	<u>2024</u>
Discount rate	9.50%	11.00%
Future salary increases	6.50%	8.50%
Future pension increases	<u>3.00%</u>	<u>4.50%</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***31. Retirement benefits asset/obligations (continued)**

(b) Medical and group life obligations

(i) Movement in the present value of unfunded obligations:

	The Group	
	2025	2024
Balance at beginning of year	(4,024,363)	(4,879,478)
Current service costs	(79,899)	(124,603)
Interest cost	(432,568)	(551,191)
Benefits paid	165,125	144,000
Actuarial gains/(losses) arising from:		
Experience adjustments	27,999	56,007
Changes in financial and demographic assumptions	<u>367,524</u>	<u>1,330,902</u>
Balance at end of year	<u>(3,976,182)</u>	<u>(4,024,363)</u>

(ii) Components of benefit costs recognised in the statement of revenue and expenses:

	The Group	
	2025	2024
Current service costs	79,899	124,603
Interest on obligation	<u>432,568</u>	<u>551,191</u>
	<u>512,467</u>	<u>675,794</u>

(iii) Credit recognised in other comprehensive income:

	The Group	
	2025	2024
Experience adjustments	(27,999)	(56,007)
Changes in financial and demographic assumptions	<u>(367,524)</u>	<u>(1,330,902)</u>
	<u>(395,523)</u>	<u>(1,386,909)</u>

(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 4.00% (2024: 6%) 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			
	2025		2024	
	1% Increase	1 % Decrease	1 % Increase	1% Decrease
Discount rate	(438,000)	537,000	(450,000)	552,000
Medical/dental trend rate	478,000	(397,000)	512,000	(423,000)
Future salary increases	<u>11,000</u>	<u>(10,000)</u>	<u>9,000</u>	<u>(8,000)</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***31. Retirement benefits asset/obligations (continued)**

(b) Medical and group life obligations (continued)

(vi) Liability duration

The average liability duration is as follows:

The Group	
<u>2025</u>	<u>2024</u>

Active members and all participants (years)

<u>13.3</u>	<u>13.7</u>
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(c) Charge/(credit) recognised in other comprehensive income:

The Group	
<u>2025</u>	<u>2024</u>

Retirement benefit pension plan [note 31(a)(vi)]

3,554,065	11,561,894
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Medical and group life obligation [note 31(b)(iii)]

(395,523)	(1,386,909)
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<u>3,158,542</u>	<u>10,174,985</u>
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32. Deposits by the public

The Group	
<u>2025</u>	<u>2024</u>

Personal

294,815,928	262,633,214
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Business

234,884,202	213,368,909
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Interest payable

<u>66,566</u>	<u>58,077</u>
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<u>529,766,696</u>	<u>476,060,200</u>
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Deposits include \$1,101,830 (2024: \$1,553,371) 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.

33. 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.

34. Due to ultimate parent company

The Group	
<u>2025</u>	<u>2024</u>

Deposits held with Bank

<u>96,882</u>	<u>16,020</u>
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SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***35. Due to fellow subsidiaries**

These represent accounts held by fellow subsidiaries in the normal course of business.

36. Other liabilities

	The Group	
	2025	2024
Accrued staff benefits	2,733,890	2,382,035
Provisions [note 36(i)]	585,317	4,500
Other payables	427,496	397,866
Expected credit losses on guarantees and letters of credit	134,366	86,020
Lease liabilities [note 36(ii)(b)]	1,668,210	1,240,207
Accrued liabilities	<u>7,537,383</u>	<u>7,224,107</u>
	<u>13,086,662</u>	<u>11,334,735</u>

Accrued liabilities consist of accruals for credit card, information systems and technical service billings, insurance premium payable, short-term client settlement account balances as well as accruals for operating expenses.

Accrued liabilities include amounts due to related parties totalling \$680,759 (2024: \$710,259).

(i) Provisions

The following table sets out the movement in provisions:

	The Group		
	Restructuring	Other	Total
Balance at November 1, 2024	<u>-</u>	<u>4,500</u>	<u>4,500</u>
Provisions made during the year	582,117	5,000	587,117
Provisions used during the year	-	(3,305)	(3,305)
Provisions reversed during the year	<u>-</u>	<u>(2,995)</u>	<u>(2,995)</u>
Balance at October 31, 2025	<u>582,117</u>	<u>3,200</u>	<u>585,317</u>

(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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***36. 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).

	The Group	
	<u>2025</u>	<u>2024</u>
(b) Lease liabilities		
Lease liabilities included in the statements of financial position	<u>1,668,210</u>	<u>1,240,207</u>
Lease liabilities are classified as follows:		
Current	152,827	157,427
Non-current	<u>1,515,383</u>	<u>1,082,780</u>
	<u>1,668,210</u>	<u>1,240,207</u>
Maturity analysis of contractual undiscounted cash flows:		
Less than one year	211,758	188,359
One to five years	792,321	708,541
Over five years	<u>1,075,532</u>	<u>502,143</u>
	<u>2,079,611</u>	<u>1,399,043</u>

(c) Amounts recognised in profit or loss:

	The Group	
	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	97,912	35,281
Depreciation on right-of-use assets (note 29)	162,737	162,770
Expenses related to short-term leases	<u>16,116</u>	<u>23,785</u>

(d) Amounts recognised in statement of cash flows:

	The Group	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	<u>216,000</u>	<u>188,489</u>

(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 \$393,088 (2024: \$344,902).

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***37. 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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
At beginning of year	(3,224,168)	(4,949,066)	(8,230)	(6,563)
Other	(147)	(165)	-	-
Exchange rate adjustment	1,755	1,964	-	-
Recognised in the profit for the year [note 16(a)]	(670,124)	19,045	459	(1,667)
Recognised in other comprehensive income:				
Remeasurement of retirement benefits				
asset/obligations	1,052,848	3,391,662	-	-
Equity securities	6,803	(134,415)	-	-
Net finance expenses	(34,355)	(92,827)	-	-
Fair value through OCI:				
- fair value remeasurement	106,993	(1,454,548)	-	-
- transfer to profit	1,265	(5,818)	-	-
	<u>1,133,554</u>	<u>1,704,054</u>	<u>-</u>	<u>-</u>
At end of year	<u>(2,759,130)</u>	<u>(3,224,168)</u>	<u>(7,771)</u>	<u>(8,230)</u>

(b) Deferred income tax assets and liabilities are attributable to the following items:

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Pension benefits	(6,021,618)	(6,730,247)	-	-
Other post-retirement benefits	1,325,394	1,341,454	-	-
Investment securities	(295,355)	(379,173)	-	-
Equity securities	(127,612)	(134,415)	-	-
Vacation accrued	288,892	248,374	-	-
Accelerated tax depreciation	(133,740)	(25,816)	-	-
Insurance contracts	553,062	644,029	-	-
Allowances for expected credit losses	1,319,736	1,410,207	-	-
Interest receivable	(269,392)	(197,446)	(7,771)	(8,230)
Unrealised foreign exchange gains	472	268	-	-
Unrealised premiums/discounts on investment securities	599,932	594,832	-	-
Unrealised trading gains on securities	(22,432)	(6,702)	-	-
Leases	34,707	19,943	-	-
Exchange rate adjustments on expected credit losses	(11,010)	(9,458)	-	-
Other	(166)	(18)	-	-
Net deferred income tax liability	<u>(2,759,130)</u>	<u>(3,224,168)</u>	<u>(7,771)</u>	<u>(8,230)</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***37. Deferred tax assets and liabilities (continued)**

(b) Deferred income tax assets and liabilities are attributable to the following items: (continued)

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
This is comprised of:				
Deferred income tax asset	1,167,186	1,511,118	-	-
Deferred income tax liability	(3,926,316)	(4,735,286)	(7,771)	(8,230)
	<u>(2,759,130)</u>	<u>(3,224,168)</u>	<u>(7,771)</u>	<u>(8,230)</u>

(c) The deferred tax charge/(credit) recognised in profit for the year relates to the following temporary differences:

	<u>The Group</u>		<u>The Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Accelerated tax depreciation	107,924	30,390	-	-
Pensions and other post-retirement benefits	360,280	42,110	-	-
Allowances for expected credit losses	90,471	(261,395)	-	-
Vacation accrued	(40,518)	(18,669)	-	-
Interest receivable	71,946	(24,525)	(459)	1,667
Insurance contracts	56,612	18,365	-	-
Unrealised foreign exchange gains/losses	-	(735)	-	-
Unrealised premiums & discounts on investment	(5,100)	152,374	-	-
Investment securities	24,441	33,270	-	-
Trading assets	15,730	15,167	-	-
Leases	(14,764)	(3,199)	-	-
Other	<u>3,102</u>	<u>(2,198)</u>	<u>-</u>	<u>-</u>
	<u>670,124</u>	<u>(19,045)</u>	<u>(459)</u>	<u>1,667</u>

38. Insurance and reinsurance held contracts

	<u>2025</u>			
	<u>Contracts without direct participation features</u>	<u>Contracts with direct participation features</u>	<u>Contracts measured under the PAA</u>	<u>Total</u>
October 31, 2025				
Insurance contracts				
Insurance contract liabilities	(51,359,409)	(22,996)	(19,306)	(51,401,711)
Insurance contract assets	3,603	-	-	3,603
Reinsurance held contracts				
Reinsurance held contract assets	699	-	-	699
Reinsurance held contract liabilities	(451)	-	-	(451)
	<u>2024</u>			
	<u>Contracts without direct participation features</u>	<u>Contracts with direct participation features</u>	<u>Contracts measured under the PAA</u>	<u>Total</u>
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)

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***38. Insurance and reinsurance held contracts (continued)**

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:

	<u>2025</u>	<u>2024</u>
Insurance contract assets	15,261	14,476
Insurance contract liabilities	(48,368,125)	(45,795,979)
Reinsurance contract assets	225	-
Reinsurance held contract liabilities	<u>-</u>	<u>(517)</u>

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**

	<u>2025</u>				<u>2024</u>			
	<u>Liabilities for remaining coverage</u>		<u>Liability for incurred claims</u>	<u>Total</u>	<u>Liabilities for remaining coverage</u>		<u>Liability for incurred claims</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>			<u>Excluding loss component</u>	<u>Loss component</u>		
Opening assets	(20,488)	-	-	(20,488)	(14,469)	-	-	(14,469)
Opening liabilities	48,299,561	306,988	1,356,512	49,963,061	47,565,023	198,877	1,585,192	49,349,092
Net opening balance	<u>48,279,073</u>	<u>306,988</u>	<u>1,356,512</u>	<u>49,942,573</u>	<u>47,550,554</u>	<u>198,877</u>	<u>1,585,192</u>	<u>49,334,623</u>
Changes in statement of profit or loss and OCI Insurance revenue								
Contracts under the fair value transition approach	(2,208,154)	-	-	(2,208,154)	(1,673,889)	-	-	(1,673,889)
Other contracts	(823,939)	-	-	(823,939)	(638,754)	-	-	(638,754)
	<u>(3,032,093)</u>	<u>-</u>	<u>-</u>	<u>(3,032,093)</u>	<u>(2,312,643)</u>	<u>-</u>	<u>-</u>	<u>(2,312,643)</u>
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(47,232)	588,185	540,953	-	(131,459)	544,166	412,707
Amortization of insurance acquisition cash flows	142,696	-	-	142,696	102,365	-	-	102,365
Losses and reversals of losses on onerous contracts	-	(44,748)	-	(44,748)	-	225,987	-	225,987
Adjustment to liabilities for incurred claims	-	-	2,745	2,745	-	-	6,137	6,137
	<u>142,696</u>	<u>(91,980)</u>	<u>590,930</u>	<u>641,646</u>	<u>102,365</u>	<u>94,528</u>	<u>550,303</u>	<u>747,196</u>
Investment components	(5,730,343)	-	5,730,343	-	(5,968,124)	-	5,968,124	-
Insurance service result	(8,619,740)	(91,980)	6,321,273	(2,390,447)	(8,178,402)	94,528	6,518,427	(1,565,447)
Net finance expenses from insurance contracts	<u>2,910,965</u>	<u>13,773</u>	<u>-</u>	<u>2,924,738</u>	<u>2,303,271</u>	<u>13,583</u>	<u>-</u>	<u>2,316,854</u>
Total changes in the statement of profit and loss and OCI	<u>(5,708,775)</u>	<u>(78,207)</u>	<u>6,321,273</u>	<u>534,291</u>	<u>(5,875,131)</u>	<u>108,111</u>	<u>6,518,427</u>	<u>751,407</u>
Cash flows								
Premiums received	7,144,742	-	295,916	7,440,658	6,926,712	-	119,232	7,045,944
Claims and other insurance service expenses paid including investment components	-	-	(6,029,392)	(6,029,392)	-	-	(6,866,339)	(6,866,339)
Insurance acquisition cash flows	(280,081)	-	-	(280,081)	(290,490)	-	-	(290,490)
Total cash flows	<u>6,864,661</u>	<u>-</u>	<u>(5,733,476)</u>	<u>1,131,185</u>	<u>6,636,222</u>	<u>-</u>	<u>(6,747,107)</u>	<u>(110,885)</u>
Other changes in the net carrying amount of the insurance contract	(233,782)	-	-	(233,782)	(58,882)	-	-	(58,882)
Policy loan	(18,461)	-	-	(18,461)	26,310	-	-	26,310
Net closing balance	<u>49,182,716</u>	<u>228,781</u>	<u>1,944,309</u>	<u>51,355,806</u>	<u>48,279,073</u>	<u>306,988</u>	<u>1,356,512</u>	<u>49,942,573</u>
Closing assets	(3,603)	-	-	(3,603)	(20,488)	-	-	(20,488)
Closing liabilities	<u>49,186,319</u>	<u>228,781</u>	<u>1,944,309</u>	<u>51,359,409</u>	<u>48,299,561</u>	<u>306,988</u>	<u>1,356,512</u>	<u>49,963,061</u>
Net closing balance	<u>49,182,716</u>	<u>228,781</u>	<u>1,944,309</u>	<u>51,355,806</u>	<u>48,279,073</u>	<u>306,988</u>	<u>1,356,512</u>	<u>49,942,573</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***38. Insurance and reinsurance held contracts (continued)****(a) Analysis by remaining coverage and incurred claims (continued)****Contracts with direct participation features**

	2025				2024			
	Liabilities for remaining coverage		Liability for incurred claims		Liabilities for remaining coverage		Liability for incurred claims	
	Excluding loss component	Loss component		Total	Excluding loss component	Loss component		Total
Opening assets	-	-	-	-	-	-	-	-
Opening liabilities	54,844	136,433	21,583	212,860	(127,920)	213,078	6,441	91,599
Net opening balance	<u>54,844</u>	<u>136,433</u>	<u>21,583</u>	<u>212,860</u>	<u>(127,920)</u>	<u>213,078</u>	<u>6,441</u>	<u>91,599</u>
Changes in the statement of profit or loss and OCI								
Insurance revenues								
Contracts under the fair value transition approach	(46,232)	-	-	(46,232)	(49,053)	-	-	(49,053)
Other contracts	(172,727)	-	-	(172,727)	(114,017)	-	-	(114,017)
	<u>(218,959)</u>	<u>-</u>	<u>-</u>	<u>(218,959)</u>	<u>(163,070)</u>	<u>-</u>	<u>-</u>	<u>(163,070)</u>
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(6,734)	73,160	66,426	-	(5,736)	52,454	46,718
Amortisation of insurance acquisition cash flows	70,728	-	-	70,728	43,509	-	-	43,509
Losses and reversal of losses on onerous contracts	-	47,293	-	47,293	-	(74,708)	-	(74,708)
Adjustment to liabilities for incurred claims	-	-	(954)	(954)	-	-	(736)	(736)
	<u>70,728</u>	<u>40,559</u>	<u>72,206</u>	<u>183,493</u>	<u>43,509</u>	<u>(80,444)</u>	<u>51,718</u>	<u>14,783</u>
Investment components	(280,360)	-	280,360	-	(244,736)	-	244,736	-
Insurance service result	<u>(428,591)</u>	<u>40,559</u>	<u>352,566</u>	<u>(35,466)</u>	<u>(364,297)</u>	<u>(80,444)</u>	<u>296,454</u>	<u>(148,287)</u>
Net finance expenses from insurance contracts	94,880	-	-	94,880	91,878	3,799	-	95,677
Total changes in the statement of profit or loss and OCI	<u>(333,711)</u>	<u>40,559</u>	<u>352,566</u>	<u>59,414</u>	<u>(272,419)</u>	<u>(76,645)</u>	<u>296,454</u>	<u>(52,610)</u>
Cash flows								
Premiums received	895,813	-	-	895,813	716,927	-	-	716,927
Claims and other insurance service expenses paid, including investment components	-	-	(351,551)	(351,551)	-	-	(281,312)	(281,312)
Insurance acquisition cash flows	(233,118)	-	-	(233,118)	(162,151)	-	-	(162,151)
Total cash flows	<u>662,695</u>	<u>-</u>	<u>(351,551)</u>	<u>311,144</u>	<u>554,776</u>	<u>-</u>	<u>(281,312)</u>	<u>273,464</u>
Other changes in the net carrying amount of the insurance contract	(560,422)	-	-	(560,422)	(99,593)	-	-	(99,593)
Net closing balance	<u>(176,594)</u>	<u>176,992</u>	<u>22,598</u>	<u>22,996</u>	<u>54,844</u>	<u>136,433</u>	<u>21,583</u>	<u>212,860</u>
Closing insurance contract assets	-	-	-	-	-	-	-	-
Closing liabilities	(176,594)	176,992	22,598	22,996	54,844	136,433	21,583	212,860
Net closing balance	<u>(176,594)</u>	<u>176,992</u>	<u>22,598</u>	<u>22,996</u>	<u>54,844</u>	<u>136,433</u>	<u>21,583</u>	<u>212,860</u>

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. Insurance and reinsurance held contracts (continued)

(a) Analysis by remaining coverage and incurred claims (continued)

Contracts measured under the PAA

	2025					2024				
	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	-	-	-	-	-	-	-	-	-	-
Opening liabilities	(45,723)	4,438	29,072	2,801	(9,412)	(13,902)	4,746	16,936	1,838	9,618
Net opening balance	(45,723)	4,438	29,072	2,801	(9,412)	(13,902)	4,746	16,936	1,838	9,618
Changes in the statement of profit or loss and OCI										
Insurance revenue										
Contracts under the fair value transition approach	(625,322)	-	-	-	(625,322)	(681,268)	-	-	-	(681,268)
Other contracts	(507,209)	-	-	-	(507,209)	(349,510)	-	-	-	(349,510)
	(1,132,531)	-	-	-	(1,132,531)	(1,030,778)	-	-	-	(1,030,778)
Insurance service expenses										
Incurred claims and other insurance service expenses	-	(3,242)	134,577	1,516	132,851	-	(1,688)	198,201	890	197,403
Losses and reversal of losses on onerous contracts	-	3,150	-	-	3,150	-	1,380	-	-	1,380
Adjustment to liabilities for incurred claims	-	-	(672)	(67)	(739)	-	-	(693)	73	(620)
	-	(92)	133,905	1,449	135,262	-	(308)	197,508	963	198,163
Insurance service result	(1,132,531)	(92)	133,905	1,449	(997,269)	(1,030,778)	(308)	197,508	963	(832,615)
Total changes in the statement of profit or loss and OCI	(1,132,531)	(92)	133,905	1,449	(997,269)	(1,030,778)	(308)	197,508	963	(832,615)
Cash flows										
Premiums received	1,132,501	-	-	-	1,132,501	1,008,360	-	-	-	1,008,360
Claims and other insurance service expenses paid, including investment components	-	-	(105,933)	-	(105,933)	-	-	(185,372)	-	(185,372)
Total cash flows	1,132,501	-	(105,933)	-	1,026,568	1,008,360	-	(185,372)	-	822,988
Other changes in the net carrying amount of the insurance contract	(581)	-	-	-	(581)	(9,403)	-	-	-	(9,403)
Net closing balance	(46,334)	4,346	57,044	4,250	19,306	(45,723)	4,438	29,072	2,801	(9,412)
Closing assets	-	-	-	-	-	-	-	-	-	-
Closing liabilities	(46,334)	4,346	57,044	4,250	19,306	(45,723)	4,438	29,072	2,801	(9,412)
Net closing balance	(46,334)	4,346	57,044	4,250	19,306	(45,723)	4,438	29,072	2,801	(9,412)

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Notes to the Financial Statements (Continued)

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(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. Insurance and reinsurance held contract (continued)

(a) Analysis by remaining coverage and incurred claims (continued)

The following table summarises the movement in the reinsurance held contract balances:

Roll forward of asset and liability for reinsurance held contracts

	2025				2024			
	Excluding loss recovery component	Loss recovery component	Incurred claims component	Total	Excluding loss recovery component	Loss recovery component	Incurred claims component	Total
Opening assets	701	-	-	701	1,356	-	-	1,356
Opening liabilities	(1,474)	223	-	(1,251)	(2,672)	544	-	(2,128)
Net opening balance	(773)	223	-	(550)	(1,316)	544	-	(772)
Changes in the statement of profit or loss and OCI								
Allocation of reinsurance premiums paid	(1,776)	-	-	(1,776)	(1,291)	-	-	(1,291)
Amounts recoverable from reinsurers								
Recoveries of incurred claims and other insurance service expenses	-	(91)	-	(91)	-	(127)	-	(127)
Recoveries and reversals of recoveries of losses on onerous	-	280	-	280	-	(189)	-	(189)
Total amounts recovered from reinsurance	-	189	-	189	-	(316)	-	(316)
Effect of changes in non-performance risk of reinsurers	(231)	-	-	(231)	780	-	-	780
Net expense from reinsurance contracts	(2,007)	189	-	(1,818)	(511)	(316)	-	(827)
Net finance income from reinsurance contracts	191	14	-	205	(457)	(5)	-	(462)
Total changes in the statement of profit or loss and OCI	(1,816)	203	-	(1,613)	(968)	(321)	-	(1,289)
Cash flows								
Premiums paid	2,411	-	-	2,411	1,511	-	-	1,511
Total cash flows	2,411	-	-	2,411	1,511	-	-	1,511
Net closing balance	(178)	426	-	248	(773)	223	-	(550)
Closing assets	699	-	-	699	701	-	-	701
Closing liabilities	(877)	426	-	(451)	(1,474)	223	-	(1,251)
Net closing balance	(178)	426	-	248	(773)	223	-	(550)

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Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. 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

	2025						2024					
	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	(20,488)	-	-	-	-	(20,488)	(14,469)	-	-	-	-	(14,469)
Opening liabilities	<u>43,183,722</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,963,061</u>	<u>44,128,862</u>	<u>2,020,209</u>	<u>2,664,681</u>	<u>535,340</u>	<u>3,200,021</u>	<u>49,349,092</u>
Net opening balance	<u>43,163,234</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,942,573</u>	<u>44,114,393</u>	<u>2,020,209</u>	<u>2,664,681</u>	<u>535,340</u>	<u>3,200,021</u>	<u>49,334,623</u>
Changes that relate to current services												
CSM recognised for service provided	-	-	(1,421,417)	(358,240)	(1,779,657)	(1,779,657)	-	-	(944,431)	(290,539)	(1,234,970)	(1,234,970)
Change in risk adjustment for non-financial risk for risk expired	-	(221,274)	-	-	-	(221,274)	-	(201,486)	-	-	-	(201,486)
Experience adjustment	(347,514)	-	-	-	-	(347,514)	(361,115)	-	-	-	-	(361,115)
Changes that relate to future services												
Contracts initially recognised in the year	(524,175)	103,303	-	420,555	420,555	(317)	(437,763)	101,184	-	366,164	366,164	29,585
Changes in estimates that adjust the CSM	(4,167,655)	168,182	3,856,288	143,185	3,999,473	-	(1,977,686)	(1,205,586)	3,092,112	91,160	3,183,272	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(49,502)	5,071	-	-	-	(44,431)	92,423	103,979	-	-	-	196,402
Changes that relate to past services												
Adjustments to liabilities for incurred claims	<u>2,496</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,746</u>	<u>5,672</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,138</u>
Insurance service result	(5,086,350)	55,532	2,434,871	205,500	2,640,371	(2,390,447)	(2,678,469)	(1,201,443)	2,147,681	166,785	2,314,466	(1,565,446)
Net finance expenses from insurance contracts	<u>2,407,565</u>	<u>134,300</u>	<u>306,882</u>	<u>75,991</u>	<u>382,873</u>	<u>2,924,738</u>	<u>1,870,769</u>	<u>198,788</u>	<u>191,641</u>	<u>55,657</u>	<u>247,298</u>	<u>2,316,855</u>
Total changes in the statement of profit or loss and OCI	<u>(2,678,785)</u>	<u>189,832</u>	<u>2,741,753</u>	<u>281,491</u>	<u>3,023,244</u>	<u>534,291</u>	<u>(807,700)</u>	<u>(1,002,655)</u>	<u>2,339,322</u>	<u>222,442</u>	<u>2,561,764</u>	<u>751,409</u>
Cash flows												
Premiums received	7,440,658	-	-	-	-	7,440,658	7,045,944	-	-	-	-	7,045,944
Claims and other insurance service expenses paid, including investment components	(6,029,392)	-	-	-	-	(6,029,392)	(6,866,340)	-	-	-	-	(6,866,340)
Insurance acquisition cash flows	(280,081)	-	-	-	-	(280,081)	(290,491)	-	-	-	-	(290,491)
Total cash flows	<u>1,131,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131,185</u>	<u>(110,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,887)</u>
Other changes in the net carrying amount of the insurance contract	(233,782)	-	-	-	-	(233,782)	(58,882)	-	-	-	-	(58,882)
Policy Loan	(18,461)	-	-	-	-	(18,461)	26,310	-	-	-	-	26,310
Net closing balance	<u>41,363,391</u>	<u>1,207,386</u>	<u>7,745,756</u>	<u>1,039,273</u>	<u>8,785,029</u>	<u>51,355,806</u>	<u>43,163,234</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,942,573</u>
Closing insurance contract assets	(3,603)	-	-	-	-	(3,603)	(20,488)	-	-	-	-	(20,488)
Closing liabilities	<u>41,366,994</u>	<u>1,207,386</u>	<u>7,745,756</u>	<u>1,039,273</u>	<u>8,785,029</u>	<u>51,359,409</u>	<u>43,183,722</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,963,061</u>
Net closing balance	<u>41,363,391</u>	<u>1,207,386</u>	<u>7,745,756</u>	<u>1,039,273</u>	<u>8,785,029</u>	<u>51,355,806</u>	<u>43,163,234</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,942,573</u>

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Notes to the Financial Statements (Continued)

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(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. Insurance and reinsurance held contracts (continued)

(b) Analysis by measurement component (continued)

Contracts with direct participation features

	2025						2024					
	Contractual Service Margin						Contractual Service Margin					
	Estimate of Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of Value of future cash flow	Risk Adjustment non- financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening assets	-	-	-	-	-	-	-	-	-	-	-	-
Opening liabilities	11,706	125,295	-	75,859	75,859	212,860	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599
Net opening balance	11,706	125,295	-	75,859	75,859	212,860	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599
Changes in the statement of profit or loss and OCI												
Changes that relate to current services												
CSM recognised for service provided	-	-	-	(4,520)	(4,520)	(4,520)	-	-	(4,943)	(7,654)	(12,597)	(12,597)
Change in risk adjustment for non-financial risk for risk expired	-	(32,646)	-	-	-	(32,646)	-	(25,836)	-	-	-	(25,836)
Experience adjustment	(44,638)	-	-	-	-	(44,638)	(34,410)	-	-	-	-	(34,410)
Changes that relate to future services												
Contracts initially recognised in the year	(101,514)	50,206	-	79,979	79,979	28,671	(129,959)	46,119	-	87,474	87,474	3,634
Changes in estimates that adjust the CSM	106,071	(23,351)	-	(82,720)	(82,720)	-	(93,368)	68,830	60,860	(36,322)	24,538	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(8,329)	26,951	-	-	-	18,622	2,999	(81,341)	-	-	-	(78,342)
Changes that relate to past services												
Adjustments to liabilities for incurred claims	(868)	(87)	-	-	-	(955)	(611)	(125)	-	-	-	(736)
Insurance service result	(49,278)	21,073	-	(7,261)	(7,261)	(35,466)	(255,349)	7,647	55,917	43,498	99,415	(148,287)
Net finance expenses from insurance contracts	94,880	-	-	-	-	94,880	97,228	(449)	(500)	(602)	(1,102)	95,677
Total changes in the statement of profit or loss and OCI	45,602	21,073	-	(7,261)	(7,261)	59,414	(158,121)	7,198	55,417	42,896	98,313	(52,610)
Cash flows												
Premiums received	895,813	-	-	-	-	895,813	716,927	-	-	-	-	716,927
Claims and other insurance service expenses paid, including investment components	(351,551)	-	-	-	-	(351,551)	(281,312)	-	-	-	-	(281,312)
Insurance acquisition cash flows	(233,118)	-	-	-	-	(233,118)	(162,151)	-	-	-	-	(162,151)
Total cash flows	311,144	-	-	-	-	311,144	273,464	-	-	-	-	273,464
Other changes in the net carrying amount of the insurance	(560,422)	-	-	-	-	(560,422)	(99,593)	-	-	-	-	(99,593)
Net closing balance	(191,970)	146,368	-	68,598	68,598	22,996	11,706	125,295	-	75,859	75,859	212,860
Closing assets	-	-	-	-	-	-	-	-	-	-	-	-
Closing liabilities	(191,970)	146,368	-	68,598	68,598	22,996	11,706	125,295	-	75,859	75,859	212,860
Net closing balance	(191,970)	146,368	-	68,598	68,598	22,996	11,706	125,295	-	75,859	75,859	212,860

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Notes to the Financial Statements (Continued)

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(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. 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

	2025						2024					
	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	-	701	-	-	-	701	-	1,356	-	-	-	1,356
Opening liabilities	(2,308)	557	1,344	(844)	500	(1,251)	(1,371)	(41)	(350)	(366)	(716)	(2,128)
Net opening balance	(2,308)	1,258	1,344	(844)	500	(550)	(1,371)	1,315	(350)	(366)	(716)	(772)
Changes in the statement of profit or loss and OCI												
Changes that relate to current services												
CSM recognised for service provided	-	-	(156)	229	73	73	-	-	(315)	98	(217)	(217)
Change in risk adjustment for non-financial risk for risk expired	-	(181)	-	-	-	(181)	-	(143)	-	-	-	(143)
Experience adjustment	(1,759)	-	-	-	-	(1,759)	(1,057)	-	-	-	-	(1,057)
Changes that relate to future services												
Contracts initially recognised in the year	(11)	510	-	(499)	(499)	-	(95)	282	-	(187)	(187)	-
Changes in recoveries of losses on onerous underlying contracts	-	-	(272)	(113)	(385)	(385)	-	-	(252)	(122)	(374)	(374)
Changes in estimates that adjust the CSM	(124)	63	69	(8)	61	-	(2,310)	377	2,194	(261)	1,933	-
Changes in estimates that results in losses and reversal of losses on onerous contracts	630	35	-	-	-	665	1,015	(830)	-	-	-	185
Changes that relate to past services												
Adjustments to assets for incurred claims	-	-	-	-	-	-	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	(231)	-	-	-	-	(231)	779	-	-	-	-	779
Net expense from reinsurance contracts	(1,495)	427	(359)	(391)	(750)	(1,818)	(1,668)	(314)	1,627	(472)	1,155	(827)
Net finance income from reinsurance contracts	77	151	76	(99)	(23)	205	(780)	257	67	(6)	61	(462)
Total changes in the statement of profit or loss and OCI	(1,418)	578	(283)	(490)	(773)	(1,613)	(2,448)	(57)	1,694	(478)	1,216	(1,289)
Cash flow												
Premiums paid	2,411	-	-	-	-	2,411	1,511	-	-	-	-	1,511
Total cash flows	2,411	-	-	-	-	2,411	1,511	-	-	-	-	1,511
Net closing balance	(1,315)	1,836	1,061	(1,334)	(273)	248	(2,308)	1,258	1,344	(844)	500	(550)
Closing assets	-	699	-	-	-	699	-	701	-	-	-	701
Closing liabilities	(1,315)	1,137	1,061	(1,334)	(273)	(451)	(2,308)	557	1,344	(844)	500	(1,251)
Net closing balance	(1,315)	1,835	1,061	(1,334)	(273)	248	(2,308)	1,258	1,344	(844)	500	(550)

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***38. 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

2025								
	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	843,055	696,318	602,931	538,679	492,054	1,979,262	3,632,729	8,785,028
With direct participation features	<u>3,777</u>	<u>3,225</u>	<u>2,812</u>	<u>2,521</u>	<u>2,319</u>	<u>10,308</u>	<u>43,637</u>	<u>68,599</u>
Total	<u>846,832</u>	<u>699,543</u>	<u>605,743</u>	<u>541,200</u>	<u>494,373</u>	<u>1,989,570</u>	<u>3,676,366</u>	<u>8,853,627</u>
Reinsurance held contracts	(25)	(22)	(20)	(18)	(16)	(62)	(111)	(274)
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	<u>7,359</u>	<u>5,588</u>	<u>5,128</u>	<u>4,306</u>	<u>3,323</u>	<u>10,432</u>	<u>39,723</u>	<u>75,859</u>
Total	<u>612,693</u>	<u>469,046</u>	<u>368,693</u>	<u>295,470</u>	<u>251,390</u>	<u>999,757</u>	<u>2,840,594</u>	<u>5,837,643</u>
Reinsurance held contracts	<u>30</u>	<u>23</u>	<u>17</u>	<u>13</u>	<u>9</u>	<u>33</u>	<u>373</u>	<u>498</u>

- (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

2025		
	Profitable contracts issued	Onerous contracts issued
Insurance contracts without direct participation features		Total
Insurance acquisition cash flows	209,946	210,613
Claims and other insurance service expenses payable	<u>1,327,436</u>	<u>8,808</u>
Estimates of present value of cash outflows	1,537,382	1,546,857
Estimates of present value of cash inflows	(2,060,955)	(2,071,032)
Risk adjustment for non-financial risk	103,018	103,303
CSM	<u>420,555</u>	<u>420,555</u>
Losses recognised on initial recognition	<u>-</u>	<u>(317)</u>
2024		
	Profitable contracts issued	Onerous contracts issued
Insurance contracts without direct participation features		Total
Insurance acquisition cash flows	172,482	251,937
Claims and other insurance service expenses payable	<u>1,097,008</u>	<u>352,948</u>
Estimates of present value of cash outflows	1,269,490	1,701,893
Estimates of present value of cash inflows	(1,719,833)	(2,139,656)
Risk adjustment for non-financial risk	84,179	101,184
CSM	<u>366,164</u>	<u>366,164</u>
Losses recognised on initial recognition	<u>-</u>	<u>29,585</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***38. 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)

Breakdown by insurance/reinsurance risk (continued)

	2025		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance contracts with direct participation features			
Insurance acquisition cash flows	103,399	82,520	185,919
Claims and other insurance service expenses payable	<u>1,055,059</u>	<u>300,127</u>	<u>1,355,186</u>
Estimates of present value of cash outflows	1,158,458	382,647	1,541,105
Estimates of present value of cash inflows	(1,272,792)	(369,828)	(1,642,620)
Risk adjustment for non-financial risk	34,355	15,852	50,207
CSM	<u>79,979</u>	<u>-</u>	<u>79,979</u>
Losses recognised on initial recognition	<u>-</u>	<u>28,671</u>	<u>28,671</u>
2024			
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	133,273	8,405	141,678
Claims and other insurance service expenses payable	<u>1,477,309</u>	<u>21,329</u>	<u>1,498,638</u>
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	<u>87,662</u>	<u>-</u>	<u>87,662</u>
Losses recognised on initial recognition	<u>-</u>	<u>3,673</u>	<u>3,673</u>
2025			
	Contracts Initiated without loss recovery component	Contracts Initiated with loss recovery component	Total
Reinsurance held contracts			
Estimates of present value of cash inflows	8,050	-	8,050
Estimates of present value of cash outflows	(8,061)	-	(8,061)
Risk adjustment for non-financial risk	<u>510</u>	<u>-</u>	<u>510</u>
CSM	<u>(499)</u>	<u>-</u>	<u>(499)</u>
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	<u>282</u>	<u>-</u>	<u>282</u>
CSM	<u>(187)</u>	<u>-</u>	<u>(187)</u>

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***38. 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***38. 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.

39. Share capital

	<u>Number of Units ('000) &</u>		<u>Carrying value</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Authorised:				
Ordinary stock units of no par value	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>
Issued and fully paid:				
Ordinary stock units	<u>3,111,573</u>	<u>3,111,573</u>	<u>6,569,810</u>	<u>6,569,810</u>

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.

40. 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.

41. 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.

42. Capital reserve

This represents the gain on liquidation of Scotia Jamaica General Insurance Brokers Limited.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

43. 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.

44. 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.

45. Other reserves

This represents reserves arising on consolidation of subsidiaries.

46. Insurance and reinsurance held finance reserve

This insurance and reinsurance held finance reserve comprises the cumulative insurance finance income and expenses recognized in OCI.

47. 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 34.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***47. 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 2025	Total 2024
Loans ⁽¹⁾						
Balance at October 31	-	-	1,796,702	2,773,201	4,569,903	5,439,234
Interest income earned	-	-	92,488	136,129	228,617	264,446
Deposit liabilities ⁽²⁾						
Balance at October 31	(96,882)	(687,317)	(597,617)	(3,383,726)	(4,765,542)	(4,076,229)
Interest expense on deposits	-	(190)	(1,588)	(5,211)	(6,989)	(5,130)
Investments/repurchase agreements ⁽³⁾						
Other investments	-	372,048	-	-	372,048	346,214
Interest earned/(paid) on other investments	-	197,233	-	-	197,233	146,089
Deposits with banks ⁽²⁾						
Due from banks and other financial institutions	2,309,799	80,182,093	-	-	82,491,892	63,388,441
Interest earned from banks and other financial institutions	-	3,186,479	-	-	3,186,479	2,606,570
Other						
Fees and commission, net	-	-	202,801	-	202,801	(171,222)
Insurance products	-	-	23,086	-	23,086	22,004
Technical fees paid, net	(3,051,393)	-	-	-	(3,051,393)	(2,586,995)
Other operating expenses, net	(1,267,309)	(2,573,089)	-	-	(3,840,398)	(3,487,512)

	The Group	
	2025	2024
Key management compensation		
Salaries and other short-term benefits	1,140,348	1,072,987
Post-employment benefits	(157,666)	(84,082)
	<u>982,682</u>	<u>988,905</u>

	The Company				Totals	
	Subsidiaries	Fellow subsidiaries	Directors and Key management personnel	Connected companies	2025	2024
Subsidiaries						
Deposits ⁽²⁾						
Balance at October 31	10,278,208	313,495	-	-	10,591,703	10,120,435
Interest income on deposits	<u>415,859</u>	-	-	-	<u>415,859</u>	<u>499,952</u>
Other operating (expense)/income	<u>5,803,710</u>	-	(60,000)	-	<u>5,743,710</u>	<u>5,164,035</u>

- (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% - 5.75% (2024: 0% - 4.9%).
- (3) These balances have fixed maturities and bear interest at market rates.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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.

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**

Credit risk is the risk of loss resulting from the failure of the borrower or counterparty to honour its financial or contractual obligations to the Group. 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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:

<u>IG Code rating</u>	<u>External rating: Standard & Poor's equivalent.</u>
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

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(b) Credit risk (continued)****(iii) Credit quality (continued)****Retail loans including all credit card segments:**

		The Group			
		2025			
Category of PD Grade	PD Range	Stage 1	Stage 2	Stage 3	Total
Very Low	< 0.2%	10,082,078	-	-	10,082,078
Low	0.200% >= to < 1%	120,936,462	78,123	-	121,014,585
Medium	1% >= to < 3%	70,372,723	277,633	-	70,650,356
High	3% >= to < 20%	25,703,764	3,979,607	-	29,683,371
Very High	20% >= to < 99.99%	112,673	2,874,870	-	2,987,543
Subtotal: PD Grades (Advanced Models)		<u>227,207,700</u>	<u>7,210,233</u>	<u>-</u>	<u>234,417,933</u>
Loans not graded (Intermediate or Simplified or Gross-up)		2,360,845	87,146	-	2,447,991
Default		-	-	4,581,871	4,581,871
Total		<u>229,568,545</u>	<u>7,297,379</u>	<u>4,581,871</u>	<u>241,447,795</u>
Expected credit loss allowance retail		(1,942,471)	(784,050)	(2,243,983)	(4,970,504)
Deferred origination fee		-	-	-	(3,505,559)
Carrying Amount		<u>227,626,074</u>	<u>6,513,329</u>	<u>2,337,888</u>	<u>232,971,732</u>

		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)		<u>188,076,418</u>	<u>7,128,021</u>	<u>-</u>	<u>195,204,439</u>
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		<u>194,096,255</u>	<u>7,348,267</u>	<u>4,787,010</u>	<u>206,231,532</u>
Expected credit loss allowance		(1,663,671)	(1,634,166)	(2,535,278)	(5,833,115)
Deferred origination fees		-	-	-	(3,217,069)
Carrying amounts		<u>192,432,584</u>	<u>5,714,101</u>	<u>2,251,732</u>	<u>197,181,348</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(b) Credit risk (continued)****(iii) Credit quality (continued)****Commercial loans excluding all credit card segments:**

The Group						
2025						
Internal Grade	IG Code	S&P	Stage 1	Stage 2	Stage 3	Total
Investment grade	99 - 98	AAA to AA+	2,234	1,002,823	-	1,005,057
	95	AA to A+	-	153,528	-	153,528
	90	A to A-	-	674,447	-	674,447
	87	BBB+	-	14,028	-	14,028
	85	BBB	12,371,223	1,582,414	-	13,953,637
	83	BBB-	16,764,239	2,161,113	-	18,925,352
Non-Investment	80	BB+	23,788,715	5,697,072	-	29,485,787
	77	BB	7,566,666	1,573,871	-	9,140,537
	75	BB-	19,476,893	1,518,438	-	20,995,331
	73	B+	13,453,845	323,585	-	13,777,430
	70	B to B-	2,331,538	658,484	-	2,990,022
Watch	65	CCC+	-	6,181,130	-	6,181,130
	60	CCC	-	799,461	-	799,461
	40	CCC- to CC	-	297,726	-	297,726
	30	-	-	-	-	-
Default			-	-	237,357	237,357
Total			95,755,353	22,638,120	237,357	118,630,830
Expected credit loss allowance			(459,509)	(467,687)	(41,886)	(969,082)
Deferred origination fee			-	-	-	(195,130)
Carrying amount			95,295,844	22,170,433	195,471	117,466,618

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

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(b) Credit risk (continued)****(iii) Credit quality (continued)****Commercial loans excluding all credit card segments (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
2025	3.7	4.0	4.4	4.7	1.6	4.4	(0.6)	4.9
2024	3.6	3.8	4.2	4.5	2.5	4.2	0.6	4.7

Relative to the base case scenario, the weighting of these multiple scenarios increased the reported allowance for credit losses for financial assets in Stage 1 and Stage 2 to \$4,130,286 (2024: \$4,269,994) from \$4,008,138 (2024: \$4,150,570).

If the Group was to apply a probability weighted average of its two pessimistic scenarios for the measurement of allowance for credit losses for such assets, the allowance for credit losses on performing financial instruments would be \$355,772 (2024: \$307,768) higher than the reported allowance for credit losses as at October 31, 2025, excluding the consideration of changes in qualitative overlays or expert credit judgement. Actual results will differ as this does not consider the migration of exposures or incorporate changes that would occur in the portfolio due to risk mitigation actions and other factors.

Under our current probability-weighted scenarios, if all of our performing financial assets were in Stage 1, reflecting a 12 month expected loss period, the allowance for credit losses would be \$274,099 (2024: \$262,997) lower than the reported allowance for credit losses on performing financial assets.

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			
	2025		2024	
	Stage 1	Total	Stage 1	Total
AAA to AA+	40,716,604	40,716,604	45,333,009	45,333,009
AA to A+	4,824,398	4,824,398	12,284,061	12,284,061
A to A-	3,226	3,226	-	-
BBB+ to BB+	-	-	16,016	16,016
BB to B-	130,779,346	130,779,346	140,691,785	140,691,785
Unrated	5,084,882	5,084,882	4,159,705	4,159,705
	<u>181,408,456</u>	<u>185,181,408,456</u>	<u>202,484,576</u>	<u>202,484,576</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(b) Credit risk (continued)****(iii) Credit quality (continued)****Commercial loans excluding all credit card segments (continued):**

Classified as follows:

	The Group	
	<u>2025</u>	<u>2024</u>
Amortized cost	7,846,096	12,810,634
Fair value through OCI	169,515,724	184,064,423
Fair value through profit or loss	589,614	549,190
Pledged assets:		
Fair value through OCI	<u>3,457,022</u>	<u>5,060,329</u>
	<u>181,408,456</u>	<u>202,484,576</u>

Expected credit losses on investment securities carried at amortized cost and fair value through the profit and loss was (\$14,129) (2024: \$7,274).

(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 \$248,333,822 (2024: \$210,336,490) for the Group. The estimated fair value of the collateral with enforceable legal right pursuant to impaired loans approximates \$1,729,185 (2024: \$1,643,391) for the Group.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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.

	<u>The Group</u>	
	<u>Total</u> <u>2025</u>	<u>Total</u> <u>2024</u>
Agriculture, fishing & mining	379,182	349,868
Construction and real estate	2,727,939	2,929,706
Distribution	35,361,755	30,126,787
Financial institutions	1,670,701	2,495,611
Government & public entities	4,311,227	5,312,105
Manufacturing	20,206,177	20,988,600
Transportation, electricity, water & other	26,089,731	24,237,703
Personal	237,330,925	202,773,105
Professional and other services	16,358,200	16,339,151
Tourism & entertainment	13,933,480	15,499,063
Interest receivable	<u>1,709,308</u>	<u>1,678,160</u>
Total	360,078,625	322,729,859
Deferred origination fees	(3,700,689)	(3,410,175)
Total allowance for credit losses	<u>(5,939,586)</u>	<u>(6,564,480)</u>
	<u>350,438,350</u>	<u>312,755,204</u>

(c) Market risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices and foreign exchange rates), the 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 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 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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						
	2025						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	98,548,868	28,635,130	24,161,005	31,705,931	-	18,718,586	201,769,520
Financial assets at fair value through revenue and expenses	-	25,792	3,210	72,552	475,183	396,619	973,356
Pledged assets	-	3,358,996	-	64,334	-	836,576	4,259,906
Loans	255,939,846	24,770,867	28,490,979	31,296,061	5,230,123	4,710,474	350,438,350
Investment securities	-	8,594,474	56,559,033	59,843,032	41,124,676	3,779,524	169,900,739
Segregated funds assets	-	-	-	-	-	2,257,632	2,257,632
Insurance & Re-Insurance contract assets	-	-	-	-	-	4,302	4,302
Other assets	-	-	-	-	-	44,172,597	44,172,597
Total assets	354,488,714	65,385,259	109,214,227	122,981,910	46,829,982	74,876,310	773,776,402
Deposits	512,486,616	11,497,033	8,091,282	801,791	-	12,979	532,889,701
Due to customers and clients	9,431,548	-	-	-	-	1,120,851	10,552,399
Other liabilities	-	-	-	-	-	26,161,338	26,161,338
Insurance Contract Liabilities	45,993,673	2,070,656	7,511,316	-	-	(4,173,934)	51,401,711
Reinsurance Contract Liabilities	-	-	-	-	-	451	451
Segregated fund investment contract liabilities	-	-	-	-	-	2,257,632	2,257,632
Stockholders' equity	-	-	-	-	-	150,513,170	150,513,170
Total liabilities and stockholders' equity	567,911,837	13,567,689	15,602,598	801,791	-	175,892,487	773,776,402
Total interest rate & sensitivity gap	(213,423,123)	51,817,570	93,611,629	122,180,119	46,829,982	(101,016,177)	-
Cumulative gap	(213,423,123)	(161,605,553)	(67,993,924)	54,186,195	101,016,177	-	-

	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)	51,817,570	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	-	-

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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					
	2025					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.2	3.11	4.31	4.55	-	1.77
Financial assets at fair value through profit and loss	-	2.62	4.65	6.39	9.77	5.33
Pledged assets	-	5.75	-	-	-	4.53
Loans	9.91	7.45	8.87	12.28	7.83	9.70
Investment securities	-	6.36	4.68	5.11	6.54	5.19
LIABILITIES						
Deposits	0.11	1.38	0.91	1.22	-	0.15
Insurance contract liabilities	<u>2.22</u>	<u>2.30</u>	<u>2.36</u>	<u>-</u>	<u>-</u>	<u>2.24</u>

	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	<u>2.22</u>	<u>2.29</u>	<u>2.35</u>	<u>-</u>	<u>-</u>	<u>2.24</u>

(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					
	2025					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive
Cash resources	313,495	-	10,254,895	-	-	23,313
Investment in subsidiaries	-	-	-	-	-	13,029,908
Other assets	-	-	-	-	-	101,042
Total assets	<u>313,495</u>	<u>-</u>	<u>10,254,895</u>	<u>-</u>	<u>-</u>	<u>13,154,263</u>
Other liabilities	-	-	-	-	-	133,932
Stockholders' equity	-	-	-	-	-	23,588,721
Total liabilities and stockholders' equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,722,653</u>
Total interest rate sensitivity gap	<u>313,495</u>	<u>-</u>	<u>10,254,895</u>	<u>-</u>	<u>-</u>	<u>(10,568,390)</u>
Cumulative gap	<u>313,495</u>	<u>905,892</u>	<u>10,568,390</u>	<u>10,568,390</u>	<u>10,568,390</u>	<u>-</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(c) Market risk (continued)****(i) Interest rate risk (continued)**

	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	-	-

Average effective yields by the earlier of the contractual repricing and maturity dates:

	The Company					
	2025					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	1.0-	3.72	-	-	-	3.64

	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

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 2024.

	The Group			
	2025		2024	
JMD Interest rates	Increase/decrease by 300 bps		Increase/decrease by 300 bps	
USD Interest rates	by 150 bps		by 200 bps	

	The Group		The Company	
	2025	2024	2025	2024
Effect on profit or loss	6,608,675	6,018,183	127,149	140,800
Effect on stockholders' equity	16,978,612	16,248,268	70,773	83,827

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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:

	2025		2024	
	Profit and loss Increase	Decrease	Profit and loss Increase	Decrease
Insurance and reinsurance held contracts	(4,942)	4,942	(7,369)	7,369
Financial Instruments	-	-	-	-
	(4,942)	4,942	(7,369)	7,369

(ii) Currency risk

Currency risk is the risk of loss resulting from changes in currency exchange rates and volatility. Foreign currency denominated debt and other securities as well as future cashflows in foreign currencies are exposed to this type of risk. 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						
	2025						
	JMD	USD	CAD	GBP	EUR	Other	Total
Assets							
Cash resources	64,087,791	125,459,522	4,123,003	6,730,798	1,145,325	223,081	201,769,520
Financial assets at FVPL	864,803	108,553	-	-	-	-	973,356
Pledged assets	4,194,552	65,354	-	-	-	-	4,259,906
Loans	317,915,501	32,522,779	15	55	-	-	350,438,350
Segregated fund asset	2,257,632	-	-	-	-	-	2,257,632
Investment securities	122,688,955	46,066,098	1,145,686	-	-	-	169,900,739
Reinsurance contract assets	699	-	-	-	-	-	699
Insurance contract assets	3,603	-	-	-	-	-	3,603
Other assets	42,111,773	1,980,330	24,183	47,143	8,310	858	44,172,597
	<u>554,125,309</u>	<u>206,202,636</u>	<u>5,292,887</u>	<u>6,777,996</u>	<u>1,153,635</u>	<u>223,939</u>	<u>773,776,402</u>
Liabilities							
Deposits	338,043,444	182,336,235	5,048,265	6,279,096	1,181,878	783	532,889,701
Other liabilities	22,775,573	3,213,333	72,874	60,278	28,613	10,667	26,161,338
Segregated fund liabilities	2,257,632	-	-	-	-	-	2,257,632
Reinsurance contract liabilities	451	-	-	-	-	-	451
Insurance contract liabilities	51,401,711	-	-	-	-	-	51,401,711
Due to customers and clients	2,157,333	8,149,211	25,186	204,136	16,533	-	10,552,399
	<u>416,636,144</u>	<u>193,698,779</u>	<u>5,146,325</u>	<u>6,543,510</u>	<u>1,227,024</u>	<u>11,450</u>	<u>623,263,232</u>
Net position	<u>137,489,165</u>	<u>12,503,857</u>	<u>146,562</u>	<u>234,486</u>	<u>(73,389)</u>	<u>212,489</u>	<u>150,513,170</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(c) Market risk (continued)****(ii) Currency risk (continued)**

	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	<u>40,046,030</u>	<u>847,728</u>	<u>(84)</u>	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>40,893,605</u>
	<u>502,935,502</u>	<u>188,699,814</u>	<u>5,325,194</u>	<u>6,845,644</u>	<u>922,929</u>	<u>287,622</u>	<u>705,016,705</u>
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	<u>24,313,362</u>	<u>2,745,074</u>	<u>110,791</u>	<u>58,076</u>	<u>(7,066)</u>	<u>14,736</u>	<u>27,234,973</u>
	<u>376,239,150</u>	<u>177,355,181</u>	<u>5,300,849</u>	<u>6,734,140</u>	<u>901,304</u>	<u>16,504</u>	<u>566,547,128</u>
Net position	<u>126,696,352</u>	<u>11,344,633</u>	<u>24,345</u>	<u>111,504</u>	<u>21,625</u>	<u>271,118</u>	<u>138,469,577</u>

The following significant exchange rates were applied during the year:

	Average rate for the period		Reporting date spot rate	
	2025	2024	2025	2024
USD	158.5657	155.9591	160.5254	158.1163
CAD	113.1509	115.0212	115.7984	115.8545
GBP	207.0532	198.0970	213.4734	203.2752
EUR	<u>176.6648</u>	<u>169.2544</u>	<u>186.6664</u>	<u>170.7621</u>

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 2024. 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	
	2025 Increase/decrease	2024 Increase/decrease
USD	by 1.74%	by 1.66%
CAD	by 11.32%	by 6.07%
GBP	by 8.50%	by 6.94%
EUR	<u>by 8.91%</u>	<u>by 6.38%</u>
	<u>2025</u>	<u>2024</u>
Effect on profit and stockholders' equity	<u>(39,468)</u>	<u>(28,590)</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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	
	2025	2024
Effect on profit and stockholders' equity	(50,047)	(147,876)

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.

	2025		2024	
	Profit and loss		Profit and loss	
	Increase	Decrease	Increase	Decrease
Insurance and reinsurance held contracts	(22,695)	22,695	12,836	(12,836)

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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 2025					Total	Carrying amounts
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity		
Financial liabilities							
Deposits by the public, due to financial institutions, parent company and fellow subsidiaries	524,132,499	8,008,216	801,303	-	-	532,942,018	532,889,701
Due to customers and clients	10,552,399	-	-	-	-	10,552,399	10,552,399
Cheques and other instruments in transit	3,307,639	-	-	-	-	3,307,639	3,307,639
Insurance contract liabilities	51,624,801	8,916,297	-	-	-	60,541,098	51,401,711
Reinsurance held contract liabilities	-	-	-	-	451	451	451
Segregated fund investment contract liabilities	-	-	-	-	2,257,632	2,257,632	2,257,632
Guarantees and letters of credit	9,994,192	7,735,444	727,584	191,237	-	18,648,457	-
Total liabilities	599,611,530	24,659,957	1,528,887	191,237	2,258,083	628,249,694	600,409,533

	2024					Total	Carrying amounts
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity		
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

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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.

	2025						
	Estimate of present value of future cash flows						
	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Insurance contracts							
Liabilities- direct participating	47,605	44,334	41,745	40,272	39,313	1,074,023	1,287,292
Liabilities- other	3,257,186	2,955,087	2,708,007	2,502,726	2,325,969	27,078,454	40,827,429
Assets	(8,940)	(8,863)	(8,527)	(7,299)	(6,456)	(63,715)	(103,800)
	<u>3,295,851</u>	<u>2,990,558</u>	<u>2,741,225</u>	<u>2,535,699</u>	<u>2,358,826</u>	<u>28,088,762</u>	<u>42,010,921</u>
Reinsurance held contracts							
Assets	(120)	(106)	(95)	(86)	(77)	(830)	(1,314)
Liabilities	-	-	-	-	-	-	-
	<u>(120)</u>	<u>(106)</u>	<u>(95)</u>	<u>(86)</u>	<u>(77)</u>	<u>(830)</u>	<u>(1,314)</u>
	2024						
	Estimate of present value of future cash flows						
	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>More than 5 years</u>	<u>Total</u>
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)
	<u>2,780,612</u>	<u>2,400,640</u>	<u>2,159,017</u>	<u>1,925,956</u>	<u>1,775,518</u>	<u>32,747,058</u>	<u>43,788,801</u>
Reinsurance held contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(115)	(87)	(66)	(49)	(34)	(1,956)	(2,307)
	<u>(115)</u>	<u>(87)</u>	<u>(66)</u>	<u>(49)</u>	<u>(34)</u>	<u>(1,956)</u>	<u>(2,307)</u>

(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 38(a)].

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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			
	2025		2024	
Individual Life Benefits assured per life	Before Reinsurance	%	Before Reinsurance	%
0 to 250,000	3,205,896	3%	3,363,934	3%
250,001 to 500,000	3,019,205	3%	3,070,814	3%
500,001 to 750,000	7,141,924	6%	7,224,447	8%
750,001 to 1,000,000	3,240,213	3%	3,409,024	4%
1,000,001 to 1,500,000	13,646,105	12%	13,810,133	14%
1,500,001 to 2,000,000	8,052,739	7%	8,294,948	9%
Over 2,000,000	<u>72,237,920</u>	<u>66%</u>	<u>56,991,870</u>	<u>59%</u>
Total	<u>110,544,002</u>	<u>100%</u>	<u>96,165,170</u>	<u>100%</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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)

Group benefits assured per Life	The Group			
	Total Benefits Assured			
	2025		2024	
	Before Reinsurance	%	Before Reinsurance	%
0 to 250,000	13,847,907	12%	12,919,133	12%
250,001 to 500,000	6,980,955	6%	6,900,257	6%
500,001 to 750,000	8,630,314	7%	10,154,577	9%
750,001 to 1,000,000	7,730,865	7%	8,490,031	8%
1,000,001 to 1,500,000	13,067,284	11%	14,123,205	13%
1,500,001 to 2,000,000	11,748,595	10%	11,395,835	11%
over 2,000,000	55,988,684	47%	43,867,683	41%
Total	<u>117,994,604</u>	<u>100%</u>	<u>107,850,721</u>	<u>100%</u>

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.

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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. 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.

	2025					
	CSM		Profit and loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Insurance contracts without direct participation features						
Mortality						
(3% increase)	(30,197)	(30,197)	(4,583)	(4,583)	(6,872)	(6,872)
Mortality						
(3% decrease)	30,253	30,253	4,637	4,637	6,963	6,963
Morbidity						
(5% increase)	(1,782)	(1,782)	3,718	3,718	(3,285)	(3,285)
Morbidity						
(5% decrease)	1,661	1,661	(3,708)	(3,708)	3,317	3,317
Expense						
(10% increase)	(12,838)	(12,838)	(24,129)	(24,129)	(19,482)	(19,482)
Expense						
(10% decrease)	13,311	13,311	23,882	23,882	19,531	19,531
Lapse						
(10% increase)	(583,002)	(583,002)	(58,210)	(58,210)	(21,178)	(21,178)
Lapse						
(10% decrease)	591,567	591,567	56,002	56,002	23,294	23,294
Insurance contracts with direct participation features						
Mortality						
(3% increase)	(695)	(531)	(3,243)	(3,321)	-	76
Mortality						
(3% decrease)	698	549	3,218	3,303	-	(48)
Morbidity						
(5% increase)	(379)	(381)	202	203	-	-
Morbidity						
(5% decrease)	379	381	(212)	(214)	-	(4)
Expense						
(10% increase)	(1,372)	(1,369)	(23,680)	(23,683)	-	8
Expense						
(10% decrease)	19,188	19,185	5,867	5,870	-	-
Lapse						
(10% increase)	(1,609)	(1,720)	(28,245)	(28,186)	-	(4)
Lapse						
(10% decrease)	6,484	6,607	23,673	23,604	-	20

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***48. Financial risk management (continued)****(e) Key risks arising from insurance contracts issued (continued)****(i) Sensitivity analysis (continued)**

			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)

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.

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

48. 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
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49. 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***49. 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***49. 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							
2025							
	Carrying amount			Fair value			
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Unquoted shares	-	387,865	-	387,865	-	-	387,865
Quoted shares	-	-	11,694	11,694	-	11,694	-
Government securities	-	118,091,499	586,389	118,677,888	43,032,660	75,645,228	-
Bank of Jamaica securities	-	49,635,618	-	49,635,618	708,795	48,926,823	-
Treasury Bills	-	1,145,686	-	1,145,686	1,145,686	-	-
Corporate bonds	-	640,071	3,225	643,296	3,225	640,071	-
Unitised funds	-	-	372,048	372,048	-	372,048	-
	-	169,900,739	973,356	170,874,095	44,890,366	125,595,864	387,865
Pledged assets measured at fair value:							
Government securities	-	3,458,166	-	3,458,166	-	3,458,166	-
Bank of Jamaica securities	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-
Unitised funds	-	801,740	-	801,740	-	801,740	-
	-	4,259,906	-	4,259,906	-	4,259,906	-
Financial assets not measured at fair value							
Loans and receivables	109,448,989	-	-	109,448,989	-	-	107,091,403
	109,448,989	-	-	109,448,989	-	-	107,091,403
2024							
	Carrying amount			Fair value			
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Unquoted shares	-	408,275	-	408,275	-	-	408,275
Quoted shares	-	-	4,807	4,807	-	4,807	-
Government securities	-	137,772,001	527,196	138,299,197	44,324,636	93,974,561	-
Bank of Jamaica securities	-	42,815,633	-	42,815,633	-	42,815,633	-
Treasury Bills	-	2,576,830	-	2,576,830	2,276,830	300,000	-
Corporate bonds	-	899,959	21,994	921,953	-	921,953	-
Unitised funds	-	-	400,841	400,841	-	400,841	-
	-	184,472,698	954,838	185,427,536	46,601,466	138,417,795	408,275
Pledged assets measured at fair value:							
Government securities	-	2,691,235	-	2,691,235	-	2,691,235	-
Unitised funds	-	-	706,934	706,934	-	706,934	-
	-	2,691,235	706,934	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

Valuation technique

All Government of Jamaica securities and international bonds are valued using the bid price from Bloomberg to estimate the fair value.

SCOTIA GROUP JAMAICA LIMITED

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(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. 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.

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***50. 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.

	<u>Regulated by the BOJ¹</u>		<u>Regulated by the FSC²</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Tier 1 Capital	73,134,684	59,126,964	12,213,303	11,344,712
Tier 2 Capital	-	-	464,162	464,162
	<u>73,134,684</u>	<u>59,126,964</u>	<u>12,677,465</u>	<u>11,808,874</u>
Less prescribed deductions	<u>(2,790,000)</u>	<u>(2,790,000)</u>	<u>-</u>	<u>-</u>
Total regulatory capital	<u>70,344,684</u>	<u>56,336,964</u>	<u>12,677,465</u>	<u>11,808,874</u>
	<u>Regulated by the BOJ¹</u>		<u>Regulated by the FSC²</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Risk weighted assets				
On-balance sheet	391,380,395	345,103,657	8,590,915	9,376,285
Off-balance sheet	68,566,654	64,006,190	-	-
Foreign exchange exposure	<u>2,081,481</u>	<u>2,611,765</u>	<u>4,381,609</u>	<u>5,141,620</u>
Total risk weighted assets	<u>462,028,530</u>	<u>411,721,612</u>	<u>12,972,524</u>	<u>14,517,905</u>
Actual regulatory capital to risk weighted assets	<u>15.23%</u>	<u>13.68%</u>	<u>97.73%</u>	<u>81.34%</u>
Regulatory requirement	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>

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, 2023, 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, 2025, was evaluated using the revised risk-based assessment measure LICAT.

	<u>2025</u>	<u>2024</u>
Net capital required	<u>6,585,418</u>	<u>5,107,529</u>
Total capital available	<u>26,890,405</u>	<u>19,010,271</u>
Surplus allowance	<u>1,356,982</u>	<u>2,399,444</u>
Total capital ratio	<u>429%</u>	<u>419%</u>
Regulatory requirement	<u>100%</u>	<u>100%</u>

SCOTIA GROUP JAMAICA LIMITED**Notes to the Financial Statements (Continued)****October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***51. Commitments**

	The Group	
	<u>2025</u>	<u>2024</u>
(a) Capital expenditure - authorised and contracted	<u>84,209</u>	<u>150,976</u>
(b) Commitments to extend credit:		
Originated term to maturity of more than one year	<u>62,491,240</u>	<u>64,195,880</u>

52. 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, 2025, the Group had assets under administration amounting to approximately \$390,238,938 (2024: \$352,733,506).

53. 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.

54. Dividends

(a) Paid to stockholders:

	The Group and Company	
	<u>2025</u>	<u>2024</u>
In respect of 2025	4,200,659	-
In respect of 2024	1,400,208	3,889,500
In respect of 2023	<u>-</u>	<u>1,244,629</u>
	<u>5,600,867</u>	<u>5,134,129</u>

(b) Proposed

At the Board of Directors meeting on December 10, 2025, a dividend in respect 2025 of \$0.45 (2024 of \$0.45 per share) amounting to \$1,400,208 (2024: \$1,400,208) 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, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)***55. 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 \$37,373 (2024: \$34,447).

At the reporting date, the shares acquired with the employer's contributions and held in trust pending allocation to employees and/or vesting were:

	<u>The Group</u>	
	<u>2025</u>	<u>2024</u>
Number of shares	<u>765,736</u>	<u>992,364</u>
Fair value of shares \$'000	<u>41,331</u>	<u>45,128</u>

56. Impact of Hurricane Melissa

On October 28, 2025, Jamaica was impacted by the passing of Hurricane Melissa, a Category 5 hurricane, resulting in extensive damage to infrastructure, housing stock, as well as disruption in business operations. The impact was more severe in western parishes, where the hurricane made landfall. In accordance with the Disaster Risk Management Act, the Prime Minister of Jamaica declared the island a disaster area effective October 28, 2025.

Management has assessed the impact of this event on the entity's operations, including potential effects on expected credit loss provisions, asset impairment and key financial statement items. In keeping with IFRS 9, forward-looking macroeconomic indicators were reviewed and additional expected credit loss provisions relating to same were incorporated as at October 31, 2025.

The Bank continues to monitor the impact of Hurricane Melissa on its members/customers and has implemented customer support and forbearance measures inclusive of the granting of moratoria, which allows for loan payment deferrals for up to three months.

While the full effect is still being evaluated, the Group remains well-positioned to manage potential risks arising from this event.



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