2025 ANNUAL REPORT | Scotia Group Jamaica Limited

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

What's Inside

Scotia Group Jamaica Limited (SGJL) is a subsidiary of Scotiabank (Canada) and offers a diverse range of products and services including personal, commercial and small business banking, wealth management, insurance and mortgages. Our expert team of Scotiabankers are committed to assisting our clients to achieve their financial goals. SGJL is an award winning institution having been named on numerous occasions as the Bank of the Year and Best Bank in Jamaica by international financial publications – the Banker, Latin Finance, Euromoney, and Global Finance magazines. SGJL has $774 billion in assets as at October 31, 2025.

Corporate Data

Secretary

Maia Wilson
Vice President General Counsel,
Company Secretary

Auditors

KPMG
6 Duke Street
Kingston, Jamaica

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

firmmail@kpmg.com.jm

Registered Office

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

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

jm.scotiabank.com

Telex: 2297
SWIFT Bic Code: NOSCJMKN

Registrar

Jamaica Central Securities
Depository Limited
40 Harbour Street
Kingston, Jamaica

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

jamstockex.com

Why Invest in Scotiabank?

	2025	2024
Return On Equity (ROE)	13.18%	15.55%
Return On Assets (ROA)	2.57%	2.86%
Productivity Ratio	51.77%	46.49%
Earnings Per Share	$6.40	$6.48
NIAT (Billion)	$19.90	$20.16
Total Assets (Billion)	$773.78	$705.02
Total Loans (Billion)	$350.44	$312.76

Our 2025 Awards

Ten Year Statistical Review

Consolidated Balance Sheet	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Balance Sheet Data – $000				(Restated)	(Restated)					
Total Assets^	**773,776,402**	705,016,705	664,736,962	594,416,156 ~	584,296,467 ~	543,326,016 +	535,507,538	508,629,891	478,654,013	466,919,326
Performing Loans	**345,597,744**	307,760,150	264,325,238	230,641,432 ~	199,492,333 ~	215,961,142	201,902,111	178,919,287	161,979,917	162,446,895
Non-Performing Loans	**4,840,606**	4,995,054	4,504,480	4,016,110	6,029,612	4,765,692	3,723,273	3,687,971	4,513,674	4,379,885
Investments & Other Earning Assets^	**306,411,223**	277,595,857	265,348,380	253,958,380 ~	270,990,941	224,970,252	221,439,836	230,860,468	229,671,461	239,330,388
Deposits by the Public	**529,766,696**	476,060,200	444,875,527	397,176,483	378,473,110	336,660,438	312,968,147	287,948,379	260,559,467	248,416,381
Securities Sold Under Repurchase Agreement	**—**	—	—	—	—	—	—	31,152	20,666,065	31,634,237
Stockholders' Equity	**150,513,170**	138,469,577	126,548,087	106,362,825 ~	112,068,060 ~	110,919,149 +	118,114,076	115,647,730	102,431,566	91,855,773
Profits and Dividends – $000										
Profit Before Tax	**29,718,484**	29,703,702	25,440,171	15,365,747 ~	12,669,179	13,397,088	18,482,724	18,292,628	18,201,458	16,640,943
Net Profit After Tax Attributable to Stockholders	**19,901,494**	20,157,791	17,228,629	10,319,766 ~	8,638,852 +	9,215,562 +	13,190,054	12,770,916	12,174,742	11,300,599
Dividends Paid and Proposed	**5,600,867**	5,289,708	4,356,229	4,356,230	4,511,810	4,822,969	14,811,171	6,067,607	5,694,214	5,320,815
Number of Stock Units at Year End	**3,111,573**	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573
Financial Ratios										
Earnings Per Stock Unit	**6.40**	6.48	5.54	3.32 ~	2.78 +	2.96 +	4.24	4.10	3.91	3.63
Price Earnings Ratio	**8.43**	7.02	6.14	11.07 ~	12.76 +	15.16 +	12.96	13.09	13.10	8.67
Dividends Per Stock Unit	**1.80**	1.70	1.40	1.40	1.45	1.55	4.76 **	1.95	1.83	1.71
Dividend Yield	**3.30%**	3.92%	4.06%	3.89%	3.49%	3.11%	8.61% **	3.66%	4.28%	5.53%
Dividend Payout Ratio	**28.14%**	26.24%	25.28%	42.21% ~	52.23% +	52.34% +	112.29% **	47.51%	46.77%	47.08%
Return on Average Equity	**13.18%**	15.55%	15.27%	9.43% ~	7.47% +	8.13% +	11.25%	11.54%	12.58%	12.65%
Return on Assets at Year End^	**2.57%**	2.86%	2.59%	1.74% ~	1.48% +	1.70% +	2.46%	2.51%	2.54%	2.42%
Other Data										
Tier 1 Capital (Bank Only) (1) $000	**67,954,684**	53,946,964	51,939,245	47,932,451	47,958,609	47,954,917	47,931,662	39,909,535	33,900,498	27,391,052
Risk Based Capital Adequacy Ratio (Bank Only) (1)	**14.35%**	12.68%	13.55%	14.15%	16.28%	15.58%	16.04%	16.91%	15.28%	12.88%
Stock Price at Year End	**53.98**	45.48	34.03	36.75	35.48	44.88	54.95	53.72	51.25	31.48
Price Change from Last Year	**18.69%**	33.65%	(7.41%)	3.58%	(20.95%)	(18.33%)	2.29%	4.82%	62.83%	17.16%
JSE Index at Year End	**322,821**	314,993	318,788	347,651	403,965	375,386	495,188	365,134	292,895	166,759
Change in JSE Index from Last Year	**2.48%**	(1.19%)	(8.30%)	(13.94%)	7.62%	(24.20%)	35.62%	24.66%	75.64%	27.02%
Number of Staff	**1,545**	1,533	1,485	1,449	1,490	1,611	1,650	1,727	1,876	2,021
Exchange Rate US$1.00 = J$	**160.5254**	158.1163	155.2457	153.1594	154.6673	145.1010	138.9420	127.9971	126.6851	128.7033
Inflation Rate Year Over Year	**2.92%**	4.93%	5.10%	9.83%	8.51%	5.00%	3.26%	4.72%	4.68%	1.78%

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

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

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

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

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

Notice of Annual General Meeting

SCOTIA GROUP JAMAICA LIMITED (THE "COMPANY)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **SCOTIA GROUP JAMAICA LIMITED** (the "Company") will be held on Wednesday, March 4, 2026 between 11 am – 1 pm at Iberostar Selection Rose Hall, Rose Hall Main Road, Montego Bay, St. James, in-person, to consider, and if thought fit, pass the following resolutions:

ORDINARY BUSINESS

1. **Resolution No. 1 – Audited Accounts**
   That the Directors' Report, the Auditors' Report and the Financial Statements of the Company for the year ended October 31, 2025 previously circulated be and are hereby received.

2. **Resolution No. 2 – Appointment of Auditors**
   That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

SPECIAL BUSINESS

3. **Resolution No. 3 – Directors' Remuneration**
   That the Directors be and are hereby authorised to fix their remuneration for the ensuing year.

ORDINARY BUSINESS

4. **Resolution No. 4 – Election of Directors**
   That each of the following persons shall be elected a Director of the Company for the term from the date of his or her election until the close of the next Annual General Meeting of the Company following election, subject always to earlier termination pursuant to the Articles of the Company:

   A. Aileen Corrigan
   B. Roxane De Freitas
   C. Vernon Douglas
   D. Antony Mark Hart
   E. James McPhedran
   F. Audrey Richards
   G. Jabar Singh
   H. Meigan Terry
   I. Audrey Tugwell Henry

BY ORDER OF THE BOARD

Maia A. Wilson
Company Secretary
January 16, 2026

REGISTERED OFFICE

Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston

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

Directors' Report

SCOTIA GROUP JAMAICA LIMITED

FINANCIAL RESULTS AND DIVIDENDS

The Directors submit herewith the Consolidated Statements of Revenue and Expenses, Comprehensive Income and Financial Position of the Group for the year ended October 31, 2025. The Consolidated Statement of Revenue and Expenses reports pre-tax profit for the year of $29.72 Billion from which there has been provided $9.82 Billion for corporate income tax, leaving a balance of $19.90 Billion.

The appropriation of earnings detailed in the financial statements includes: A final interim dividend of 45 cents per stock unit payable to stockholders on record as at December 30, 2025, payable on January 21, 2026. This brings the total distribution for the year to $1.80 per stock unit which represents an increase of 10 cents (6%) over the previous year 2024 - $1.70.

DIRECTORS

In accordance with the Company's Articles, the terms of Aileen Corrigan, Roxane De Freitas, Vernon Douglas, Antony Mark Hart, James McPhedran, Audrey Richards, Jabar Singh, Meigan Terry, Audrey Tugwell Henry, Anya Schnoor and William David McConnell expire at the close of the next Annual Meeting of Members. All directors, with the exception of Anya Schnoor and William David McConnell offer themselves for re-election for the term from the date of their election until the close of the first Annual General Meeting following their election, subject always to earlier termination in accordance with the Company's Articles.

On November 1, 2024, Anya Schnoor was appointed the EVP, Global Insurance at the parent bank, with an elevated mandate to build and lead a new global business line bringing together insurance businesses across the bank's footprint. Anya's proven track record of achieving success, growing markets, and leading transformation, in both international and Canadian markets, uniquely places her to take on this new leadership role and the Directors wish her continued success. With this new mandate, Anya has made the decision to step down from her role as Chair and not offer herself for re-election to the Board.

The Board wishes to express deep gratitude to Anya for her leadership and contribution to the board and the company over the years in her role as Chair of the Board. The board will continue to benefit from the significant impact she delivered through her expertise, strong focus on governance, risk management, and the support she provided to management on their execution of the Group's strategy. The Directors wish to express their gratitude to William David McConnell for his contribution to the Company over the years. David also served on several Scotia Group subsidiaries and his dedication and efforts have been instrumental to the success of the entire Group.

The Directors intend to elect Vernon Douglas as the incoming Chair of the Board effective March 4, 2026 after the Directors have been re-elected at the AGM. Vernon has been a member of the Board since December 2022 and has served as the Audit & Conduct Review Committee Chair and also as the Chair of the Board of The Bank of Nova Scotia Jamaica Limited. 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 leadership, finance, business development, mergers and acquisitions and process implementation and improvement in several countries across the Caribbean, Central America, and Europe. The Directors are pleased to welcome Vernon into this new role.

AUDITORS

The Auditors, KPMG, have signified their willingness to continue in office. Your Directors wish to thank the Management and Staff of the Company for their performance during the year under review.

ON BEHALF OF THE BOARD

Anya Schnoor
Chair
January 16, 2026

Chair's Message to Shareholders

Dear Shareholders,

Scotia Group delivered a solid performance for the financial year ending October 31, 2025. In 2025 we achieved Net Income after taxes of $19.9 Billion with a market leading ROE of 13.18%. We continue to have the most profitable commercial banking entity in the country and have also seen significant growth in our insurance and investment subsidiaries during the year.

This performance is a result of a carefully crafted strategy, exceptional execution which maintains a clear balance between short term shareholder returns and our long term commitment to the growth and development of the financial services industry in Jamaica.

This year, Scotiabank Jamaica earned multiple industry accolades, being named Best Bank from Euromoney and Global Finance, Bank of the Year from Latin Finance and The Banker and received the Best of Chamber (Extra Large Enterprise) Award from the Jamaica Chamber of Commerce. Scotia Investments was honored as the Best Pension Fund in Jamaica and the Caribbean by the Jamaica Chamber of Commerce, and the Bank was also named Best International Private Bank by Euromoney.

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

Social and Environmental Impact

Scotiabank plays a vital role in shaping the nation's economic and social landscape. Our sustainability and community engagement programmes create opportunities for collaboration between public and private sectors, driving growth and strengthening local communities. Over the past year, we broadened our efforts to improve the lives of those we serve. These initiatives covered education, healthcare, sports and community development, with a strong focus on encouraging volunteer participation from our employees.

In December 2024, the Scotia Foundation donated J$12.5 million to Project STAR, supporting social interventions and school programmes in underserved communities. Additional efforts included sign language training for front-line teams to enhance accessibility and a strategic partnership with Cyber Nations to upskill one hundred individuals for careers in cyber security, a programme valued at J$100 million. Sustainability also remained central, with the launch of the Children's Football Championship and financial literacy programmes, alongside significant investments in education—J$5 million for school repairs, J$22 million for back-to-school activities, and scholarships for twenty-two students.

In response to Hurricane Melissa, Scotia Group took decisive action to support recovery and resilience. The organisation allocated J$165 million toward national rebuilding efforts, partnered with trusted organisations, and introduced a Client Assistance Programme offering loan and credit card payment deferrals for up to three months. Substantial investments were also made to safeguard team members and restore branch operations promptly. Through these measures, Scotia Group reaffirms its role as a trusted partner in driving economic stability, social progress, and sustainable development across Jamaica and the region.

Focus on Governance

Throughout our rich history, we have built a reputation of trust, prudence and strong risk management. Our longstanding legacy and robust governance framework are particularly important as we address the challenges arising from the profound impact of Hurricane Melissa. Your Board has placed great emphasis on these areas to ensure we safeguard and protect our clients' interests, especially during periods of global geo-political uncertainty. We continually draw upon the expertise of our parent bank and Directors to provide effective oversight and strategic guidance, supporting the long-term success and sustainability of the business.

During the year, the Board continued to strengthen its composition, diversity of skills and experience as we welcomed the addition of Meigan Terry and Jabar Singh to the Board, following the approval of their election by shareholders at our last AGM.

As we look forward to the future and recognizing my changing executive role in the parent bank, I have made the decision to retire from the board at our upcoming AGM in March 2026. Serving on the Board, and as Chair of Scotia Group, has been the honour of a lifetime and I am grateful for both the opportunity and the shared commitment that marked my tenure. The Board of the Group has recommended the selection of Vernon Douglas as the incoming Chair of the Board, and we have no doubt that he will continue to provide the necessary leadership, with the board and management team to drive the organisation forward.

Anya Schnoor
Chair of the Board of Directors

Outlook

As we concluded a solid year, our focus remains on executing a strategy that aligns with the unique dynamics of our market. The year ahead promises opportunities for growth, even as we navigate global uncertainties, inflationary pressures, and climate-related risks. Our proven ability to adapt and respond with agility and foresight positions us to thrive in any environment.

This strength is driven by the dedication of our team, whose commitment to excellence and collaboration continues to inspire. By combining our global reach with deep local insight, we are equipped to deliver innovative solutions that meet the evolving needs of our clients. On behalf of the Board, I extend heartfelt thanks to our employees for their exceptional efforts and to our shareholders for their continued trust and support. I would also like to formally acknowledge our President and CEO Audrey Tugwell Henry for her steadfast leadership and dedication. This year, Audrey received several distinguished honors, including the Jamaica Independence Award for Business Leadership and the Award for Leadership and Sterling Contribution from the Jamaica Stock Exchange. Congratulations Audrey for setting a standard of excellence and inspiring others.

I believe 2026 will bring great opportunities for the Scotia Group as we continue to drive sustainable, profitable growth and maximize total shareholder return.

Anya Schnoor

President and CEO's Message to Shareholders

Dear Shareholders,

Scotia Group Jamaica Limited is proud to report another year of robust performance for the fiscal year 2024-2025. Our results are a direct outcome of disciplined strategy execution and our unwavering commitment to being our clients' most trusted financial partner.

Our continued growth is driven by our constant focus on delivering best-in-class financial services and solutions and always prioritizing the evolving needs of our clients. This strong performance is a testament to the dedication, professionalism and exemplary service consistently demonstrated by our team members. We remain committed to fostering a balanced financial portfolio for our clients, encompassing comprehensive banking, insurance protection and wealth management solutions.

Last year brought extraordinary challenges in the wake of the devastating category 5 Hurricane Melissa, that impacted our country. The hurricane's effects touched the lives of so many, leaving behind not only physical damage but also financial and emotional burdens and uncertainty. Scotiabank gave direct support through our Client Assistance Programme which offered deferrals on loan payments. In addition, emergency relief was provided through our Foundation to support residents of affected communities.

Business Performance

In 2025, Scotia Group entities received four international awards and one local industry award, among these accolades was the honour of being named 'Bank of the Year' by The Banker magazine.

These accolades underscore the effectiveness of our strategy and the outstanding calibre of our people. Inspired by these recognitions, we remain resolute in our pursuit of excellence and our ultimate objective: to be the most trusted financial partner for our clients.

Scotia Group reported net income for the year ended October 31, 2025, of $19.9 billion. Our asset base grew by $68.8 billion or 9.8% to $773.8 billion for the same period, underpinned by the excellent performance of the loan portfolio.

The Scotia Plan Loan portfolio increased by 16% year over year with an impressive 20% increase in mortgages when compared with the prior year. Additionally, our commercial segment continues to advance on our strategic objective to grow primary client relationships. This approach has delivered steady growth in deposits, which increased by 10% year-over-year, underpinned by rising transaction volumes through our secure digital channels.

Total deposits increased to $529.8 billion, reflecting a significant year-over-year growth of 11.3%, indicating our clients' continued confidence in the strength and safety of the Scotia Group brand. Scotia Jamaica Life Insurance Company (SJLIC) reported a notable increase in net insurance business revenue of 33% year over year, driven by a combination of favorable factors including higher contractual service margin (CSM) releases from our strong in force book of business, and increases in premium revenue from Creditor Life. Gross written premiums also increased by 8% from the previous year. Scotia General Insurance Agency (ScotiaProtect) continued its strong performance, achieving a 59% increase in gross written premiums and a 54% increase in policy sales over the previous year.

Strategy

In 2025, we accelerated on year two of our five-year strategic plan in line with our global strategy and our results signal a strong base for continued success.

We will continue executing our strategy, based on four cornerstones:

- Earning primary client relationships
- Making it easier for our clients to do business with us
- Winning as one team – and ultimately
- Driving sustainable growth

There were a number of strategic initiatives that strengthened client relationships and deepened engagement for our clients.

Scotia Wealth launched the 'Total Wealth Approach' which holistically addresses clients' needs. The client experience was also modernised through improvements to the onboarding process; as well as enhancements to our mobile app with the inclusion of dynamic online statements showing daily investment balances.

Other improvements to our mobile app allow clients to have greater control over their debit cards, including the ability to lock and unlock cards at their convenience for greater security. This is in addition to previous functionalities that enabled clients to receive push notifications about activity on their accounts.

Clients also now benefit from enhanced digital accessibility for their insurance policies through the reintroduction of ScotiaProtect's digital platform which offers an online portal for policy purchase, providing flexibility to secure coverage anytime, anywhere.

Through our acceleration of e-consent, clients can now be remotely onboarded to our individual retirement plan, ScotiaBRIDGE, through smart automation.

We remain committed to innovation, inclusion and sustainability as we make meaningful progress for our clients and communities.

Audrey Tugwell Henry
President and
Chief Executive Officer

Sustainability

- Last November, we introduced bank cards made from 85% recycled plastic —underscoring our dedication to reducing environmental impact. The front of the cards also features a modern design without personal information, enhancing their security.
- The Scotia Foundation proudly contributed J$12.5 million to Project STAR in December 2024. This donation supported Project STAR's social intervention initiatives and funded the coordination of a new school intervention programme at two schools in underserved communities. The contribution was announced during the Scotia Christmas in the Park Concert, which attracted large crowds to the Emancipation Park for an evening of family entertainment.
- In January 2025, we were delighted to launch sign language training for our front-line teams, enhancing our ability to serve clients who are deaf. The programme received an enthusiastic response and will be extended to additional team members in the long term.
- In the aftermath of Hurricane Melissa, Scotia Group is actively contributing to the national rebuilding efforts by providing an initial allocation of J$165 million to facilitate relief and recovery in partnership with trusted organizations.

Economic Outlook

Fiscal year 2025 results were achieved in an environment shaped by economic uncertainty which resulted in periods of financial market volatility throughout the year. On the cusp of the change in the U.S. political administration, markets were forced to quickly price in the risk of higher U.S. tariffs, reciprocal trade measures and more stringent immigration policies in North America and Europe. These measures exposed economies to increased global production costs, disruption of supply chains, inflationary pressures and slowed pace of economic growth. Over time, as greater clarity around the scope and impact of the U.S. tariffs emerged with the completion of major bilateral trade deals; recession risks faded and market volatility eased. Meanwhile, sustained easing of inflation enabled major economies to gradually reduce their policy rates while navigating the risk of a re-escalation of trade uncertainty.

While these global developments created a backdrop of uncertainty, Jamaica continued to emerge from the supply shock coming from Hurricane Beryl in July 2024. Domestic financial markets remained broadly stable as gross domestic product (GDP) rebounded from a sharp post-Beryl contraction, and inflation trended down. The Bank of Jamaica (BOJ) pursued a cautious monetary stance, reducing rates only once in 2025 while maintaining foreign exchange (FX) market stability, supported by record reserve levels. Investor confidence was reinforced by the International Monetary Fund's (IMF) Article IV report which recognized the country's track record of strong institutions and macroeconomic stability – a buffer against external shocks and natural disasters. This was later supported by S&P Global's upgrade of Jamaica's credit rating from BB- to BB on the back of a strong institutional framework and an improving debt profile.

Jamaica's cautiously optimistic outlook was subsequently subdued by the passage of Hurricane Melissa, the first category 5 hurricane to make landfall in Jamaica. Preliminary estimates from the World Bank place the economic cost at approximately US$8.8 billion, equivalent to 41% of GDP. The hurricane devastated major sectors, most notably agriculture, tourism, mining and manufacturing, with severe implications for key macroeconomic variables. Consequently, we anticipate a rise in interest rates in the near term, creating headwinds for equities while supporting demand for fixed-income instruments.

In addition to widespread sectoral disruptions, infrastructure losses estimated at US$2.9 billion (reflecting damage across telecommunications, water networks and transport) will impact speed of recovery. The scale of the reconstruction as well as required social interventions are expected to place upward pressure on government expenditure, with adverse implications for debt servicing amid reduced revenue inflows from weaker economic activity. While the financial obligations arising from the hurricane are significant, proactive provisioning for disaster risk will go a far way in supporting the country's ability to fund these costs.

Future Outlook

Scotia Group will continue to invest in technology, to accelerate business growth, make it easy for our clients to do business with us and optimize our operating model. We will continue to leverage Scotiabank's global support to deliver best-in-class financial solutions and services to our clients.

We approach 2026 with optimism. Our long history has equipped us with unmatched expertise and deep institutional knowledge, enabling us to navigate economic cycles and capitalize on emerging opportunities. The Group is well positioned to support our clients and contribute to broader economic growth. Backed by our talented team, we will execute the third year of our five-year strategic plan with focus and precision. Building on the momentum we have created; we anticipate strong results in the coming fiscal year as we work together as one team.

Acknowledgment

We remain positive about the future and Jamaica's ability to recover from the current challenges. We are committed to positioning our business to support national development and long-term success by delivering superior value to all stakeholders. Our strong team ensures we are well equipped to achieve our strategic objectives. I extend my sincere gratitude to our loyal clients for choosing us as their trusted financial partner, to our Board of Directors for their guidance and governance, to our highly professional team for their unwavering commitment to meeting client needs, and to our shareholders for their confidence and trust in us. To all stakeholders, your future is safe with us.

Audrey Tugwell Henry

Corporate Governance

Group Corporate Structure

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

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

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

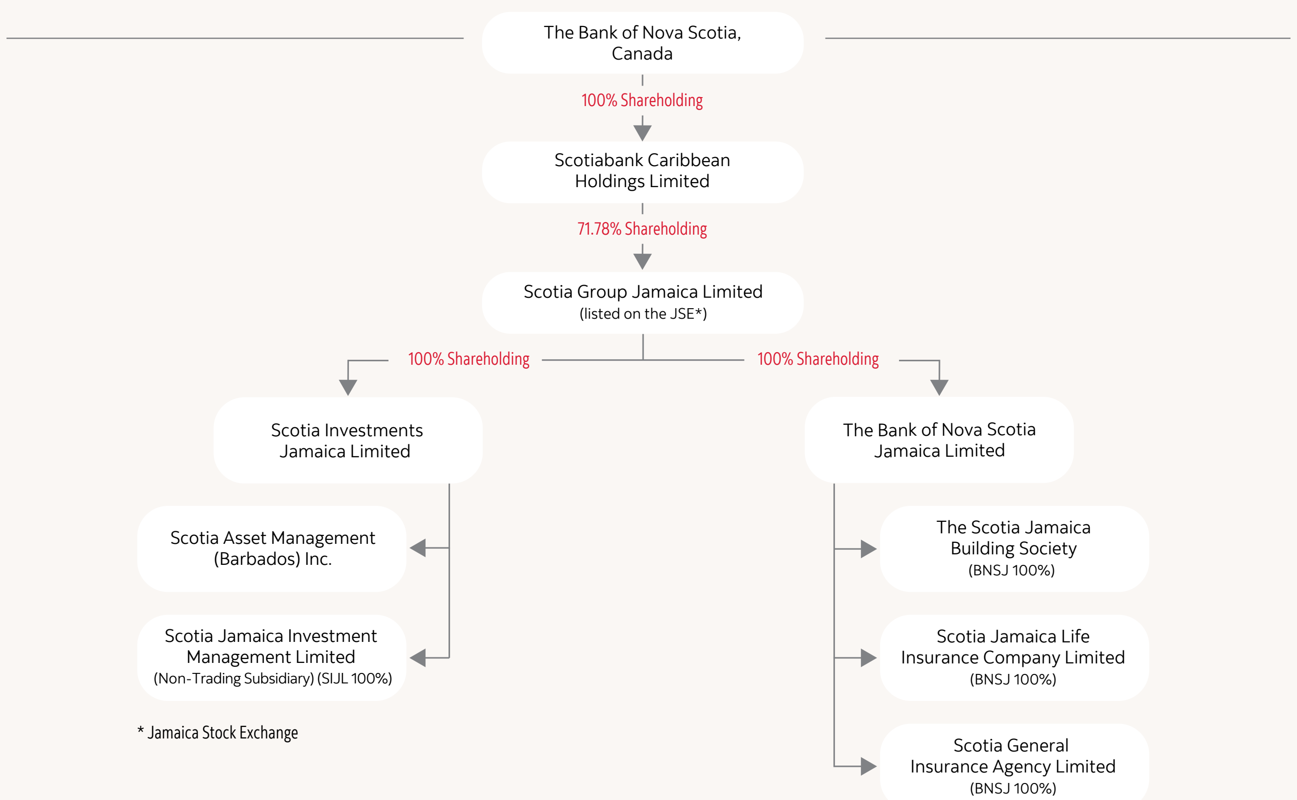
The Board of Directors of Scotia Group is committed to upholding the highest standards of corporate governance. Robust governance structures ensure the preservation of long-term financial sustainability, the creation of stakeholder value, and the promotion of transparency and accountability throughout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

As a regulated financial institution and a subsidiary of The Bank of Nova Scotia Canada, a global and publicly traded financial institution, Scotia Group recognizes the need to adhere to best practices in corporate governance. Good corporate governance remains integral to the core values of Scotia Group, fostering trust, integrity and ethical decision-making. These principles guide our strategies and reinforce the foundation of our success in serving clients, shareholders, and other stakeholders.

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

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

In 2025 Scotia Group continued to receive recognitions and received the 1st Runner Up for the PSOJ/JSE Corporate Governance Award (Main Market) which is a testament to our consistent delivery of good governance.



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

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

The Role and Responsibility of the Board Directors

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

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

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

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

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

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

Board Composition

As at October 31, 2025, the Board comprised of eleven Directors chaired by Anya Schnoor.

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

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

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

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

Committees of Scotia Group and Subsidiary Boards

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

Audit and Conduct Review Committee

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

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

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

Risk Committee

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

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

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

Human Resources and Governance Committee

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

- Review of matters concerning staff welfare,
- Review of staff continuing development and education programmes and staff engagement activities,
- Review of Employee Relations Matters,
- Review of staff compensation, including incentive programmes,
- Review of Board and Senior Management Succession Planning,
- Review of Board nominees prior to appointment,
- Review of the Corporate Governance Policy,
- Review of Board performance,
- Review of Board Education Programme,
- Senior level organisational structure and staffing needs,
- Mandates for the negotiation of collective bargaining agreements,
- Performance of the Executive Team and Board appointed officers.

Directors' Orientation and Training Opportunities

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

Attendance Record for Directors for Financial Year Ended October 31, 2025	Annual General Meeting	Board of Directors' Meeting	Audit & Conduct Review Committee	Risk Committee	Human Resources & Governance Committee
Number of Meetings	**1**	**8**	**4**	**4**	**4**
Aileen Corrigan*	1	6		2	4
Roxane De Freitas*		6	4	2	
Vernon Douglas	1	8	4		
A. Mark Hart*		6	2		3
W. David McConnell		5	3		
James McPhedran*	1	8	2	2	
Audrey Richards*	1	7		4	1
Anya Schnoor	1	8			4
Meigan Terry	1	1		2	2
Audrey Tugwell Henry	1	8		3	4
Jabar Singh		2			
Eric Crawford		4	2		
Angela Fowler		4	2		
Evelyn Smith		4	2		

Meigan Terry and Jabar Singh were appointed to the Board March 7, 2025.
Eric Crawford, Angela Fowler and Evelyn Smith resigned from the Board March 7, 2025.
* Committee Member Appointment and/or Rotation March 7, 2025

Board Training & Presentations

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

- Scotiabank Code of Conduct
- Global Mandatory AML & Compliance Training on the following areas:
  - Compliance & the Responsibilities of the Board
  - Conduct & Risk
  - Culture AML/ATF & Sanctions
  - Privacy, Digital & Security
- Digital Strategy Initiatives & Products
- ICAJ Annual IFRS Workshop: 'Building Resilience'
- JIFS Training on Goverance & Leadership Accountability in AML Compliance
- IFRS 17 Training
- Cyber Risk Training

Appointment, Term, Election and Retirement of Directors

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

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

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

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

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

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

Directors' Compensation

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

Director fees for 2025 are as reflected in the Table below:

Table of Fees

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

*Not applicable to internal Chairperson.

Scotiabank Code of Conduct

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

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

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

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

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

Board Annual Self-Evaluation

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

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

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

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

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

Policies Implemented During the Year

Some of the key policies implemented this year include:

- Capital Management and Dividend Policy
- Enterprise Anti-Money Laundering/Anti-Terrorist Financing & Sanctions Policy
- Liquidity Risk and Collateral Management
- Environmental Social Risk Management Framework
- Internal Capital Adequacy Assessment Report
- Liquidity Monitoring and Contingency Plan
- SGJ Risk Management Framework
- Cyber Security Policy
- Credit Risk Policy
- Enterprise Reputational Risk

Customer Experience Council

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

Whistleblower Policy

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

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

Our Leadership

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Board of Directors

1. Anya Schnoor

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

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

From 2017 to 2020, Anya held the position of Executive Vice President, Retail Products in Canadian Banking, overseeing Retail Deposits, Credit Cards, Unsecured Lending, and Insurance.

She currently holds directorship and chair positions on various Scotiabank subsidiary boards and is an active member of the International Women's Forum (IWF), an organisation committed to nurturing emerging women leaders.

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

Scotiabank Board Details:

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

OUR LEADERSHIP | BOARD OF DIRECTORS

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2. Aileen Corrigan

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

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

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

Scotiabank Board Details:

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

3. 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.

Ms. De Freitas 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.

Ms. De Freitas served on the Board of Scotiabank Trinidad and Tobago Limited from February 2009 until her retirement in 2023. In December 2017, she assumed the role of Chairperson of the Scotiabank Trinidad and Tobago Foundation, which manages the bank's philanthropic initiatives. She is also a past Board member of the Trinidad and Tobago Chamber of Commerce.

Ms. De Freitas holds a Bachelor of Business Administration degree from the University of Western Ontario, Canada.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited Risk Committee since March 7, 2025.
- Director: Scotia Group Jamaica Limited (SGJ) since June 6, 2024; Scotia Jamaica Life Insurance Company Limited (SJLIC) since September 3, 2024.
- Member: SGJ Audit & Conduct Review Committee; SJLIC Audit & Conduct Review Committee ; and SJLIC Investment, Loan & Risk Committee.

4. Vernon Douglas

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

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

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

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

Scotiabank Board Details:

- Chair: The Bank of Nova Scotia Jamaica Limited since March 7, 2025; Scotia Group Jamaica Limited Audit & Conduct Review Committee since March 7, 2024; Scotia Jamaica Life Insurance Company Limited Audit & Conduct Review Committee since February 28, 2024; Scotia Jamaica Building Society, Audit & Conduct Review Committee since February 27, 2023.
- Director: Scotia Group Jamaica Limited (SGJ) since December 14, 2022; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 14, 2022; Scotia Jamaica Life Insurance Company Limited since March 3, 2023.
- Member: BNSJ Audit & Conduct Review Committee; BNSJ Human Resources & Pension Committee; SJLIC, Investment, Loan & Risk Committee.

5. Antony Mark Hart

Mark Hart is the founder of Caribbean Producers (Jamaica) Limited and served in the role of Chief Executive Officer and Executive Chairman before relinquishing his role in 2024 and now serves as a Director on the Board. He is Chairman of Airports Authority of Jamaica, Cargo Handlers Limited and

the Montego Bay Freezone Company Limited. Mark serves as a Director on the We Care for Cornwall Regional Hospital's Board.

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

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited (SGJ) since August 5, 2016.
- Member: SGJ, Human Resources and Governance Committee; SGJ Audit & Conduct Review Committee.

6. William David McConnell

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

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

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited since May 4, 2018.
- Member: SGJ Audit & Conduct Review Committee.

7. James McPhedran

James McPhedran is a senior executive with a wide range of experience spanning over 31 years in financial services. He is a Supervisory Board Director, Maduro & Curiel's Bank (Dutch Caribbean) where he is Chair of the Risk and Compliance and also sits on the Board of Directors of Call2Recycle Canada and the Independent Review Committee of CI Financial in Toronto, Canada. James is past Chair of UNICEF Canada and serves on the St Michael's Hospital Foundation Board in Toronto.

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

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

Scotiabank Board Details:

- Chair: The Bank of Nova Scotia Jamaica Limited (BNSJ), Risk Committee since June 8, 2022; Scotia Investments Jamaica Limited (SIJL), Risk Committee since March 4, 2025.
- Director: Scotia Group Jamaica Limited since June 8, 2022; BNSJ since June 8, 2022.
- Member: SGJ Audit & Conduct Review Committee.

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8. 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.

Mrs. Richards has held executive leadership positions in the Jamaican capital markets and has consulted for both private and public sector institutions, including the Inter-American Development Bank, Bank of Jamaica, Jamaica Stock Exchange, and the Financial Services Commission. Mrs. Richards sits on the Boards of 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.

Scotiabank Board Details:

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

9. Jabar Singh

Jabar Singh is Country Head of the Dominican Republic and the Caribbean. He provides executive leadership for Scotiabank's broader Caribbean footprint, including The Bahamas, Barbados, Cayman, Guyana, Dominican Republic, Trinidad & Tobago, and Turks & Caicos. He also manages Scotiabank's equity interests and strategic partnerships with Davivienda in Colombia and Central America, and Maduro & Curiel's Bank (MCB) in the Dutch Caribbean.

Since joining Scotiabank in 2009, Jabar has held multiple senior leadership roles across Latin America and the Caribbean. Most recently, he served as President and CEO of Scotiabank Colpatria, where he spearheaded one of the most relevant transactions in Colombia's banking history and successfully guided a workforce of over 5,000 employees through a complex transformation, ensuring stability and sustainable growth. He also brings extensive experience from positions such as Senior Vice President & Head of Wholesale Banking in Chile, Vice President & Head of Wholesale Banking in Colombia, Director of Corporate Finance for Latin America (based in Toronto), and Head of Corporate & Commercial Banking in the Dominican Republic.

Throughout his career, Jabar has demonstrated a proven ability to navigate complex transitions, lead high-performing teams, and deliver transformational business results. His leadership style emphasizes client centricity, operational excellence, and alignment with market dynamics.

He also actively contributes to industry development and the arts, serving as a board member of Davivienda Bank in Colombia and the Museum of Modern Art in Bogotá. He is also a member of the Young Presidents' Organisation (YPO). In addition, Jabar serves on the boards of Scotiabank Dominican Republic, and Scotiabank Trinidad & Tobago. He is an integral member of Scotiabank's International Banking Executive Committee and other strategic global committees.

Jabar holds a Master's degree in International Commerce from L'Université Paris-Sorbonne, a Bachelor's degree in Industrial Engineering from the Pontificia Universidad Católica Madre y Maestra in Santo Domingo, and an Associate's degree in International Business from the State University of New York. He has also completed an Executive Programme at Duke University, further strengthening his expertise in global business strategy and leadership.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited since March 7, 2025.

10. Meigan Terry

Meigan Terry is the Executive Vice President and Chief Global Corporate and Public Affairs Officer at Scotiabank, leading the Bank's Global Communications, Government Affairs, Social Impact, Indigenous Relations and Reconciliation, and Sustainable Business teams. In her role, she is responsible for leveraging the Bank's position in the marketplace to deliver client value and business line growth through strategic thought leadership and engagement.

Meigan joined Scotiabank in 2018 and has since expanded her mandate, leading transformative initiatives that have shaped the Bank's purpose-driven strategy. Among her achievements are the launch of ScotiaRISE, our 10-year, $500 million commitment to fostering economic resilience for disadvantaged groups; the introduction of Spark, the bank's employee giving and volunteering platform; the development of Scotiabank's Trust and Reconciliation Action Plan; and the creation of Scotiabank's Climate Strategy.

Prior to joining Scotiabank, she was Senior Vice President, Corporate Affairs and Communications with Virgin Atlantic in the U.K. where she managed all aspects of communications, brand management, public policy, government affairs and social media. Meigan also led Virgin Atlantic's sustainability, environment and community investment programmes, in addition to acting as executive sponsor for the Virgin Atlantic Foundation. Meigan has also held senior communications roles at BlackBerry, and WPP Consultancy Hill & Knowlton in London.

Meigan chairs Scotiabank's Climate Steering Committee, serves on the Advisory Board for the Institute for Sustainable Finance (Queen's University).

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited (SGJ) since March 7, 2025.
- Member: SGJ Risk Committee; SGJ Human Resources & Governance Committee.

11. Audrey Tugwell Henry

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

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

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

Outside of the Scotia Group, Audrey is the President of the Jamaica Bankers' Association, appointed in October 2023.

She serves on the board of the Mona School of Business and Management and in 2023 received the Mona School of Business and Management Distinguished Alumnus Award.

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

Scotiabank Board Details:

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

Executive/Senior Management Team


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1. Audrey Tugwell Henry
President and
Chief Executive Officer

2. Yvett Anderson
Head, Sales Distribution

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

4. Tricia Davies
Vice President,
Business Support

5. Yanique Forbes-Patrick
Head, Caribbean Corporate Affairs

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

7. Marcette McLeggon
Chief Risk Officer

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


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9. Gabrielle O'Connor
Vice President,
Finance and Chief Financial Officer

10. Adrian Reynolds
Vice President,
Treasury

11. Tonya Russell
Head of Marketing

12. Sheila Segree-White
Vice President,
Human Resources

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

14. Naadia White
Vice President, Compliance

15. Shelee Wilkie-Channer
Chief Auditor

16. Maia Wilson
Vice President
General Counsel &
Company Secretary

Saluting Anya's Sterling Leadership

After 5 years of exemplary service, Anya Schnoor will retire from her role as Chair of the Board of Scotia Group Jamaica Limited. Anya joined the Board of Directors in November 2020 and assumed the role of Chair in December 2022.

Throughout her tenure, Anya's clear strategic vision and steady leadership helped to position the company for long-term, sustainable growth. Her commitment, insight and determination have left a lasting legacy, and the Board wishes to formally acknowledge her exceptional stewardship.

The Board of Directors extends its heartfelt gratitude to Anya for her invaluable contributions and unwavering dedication. We wish her continued success in her substantive role as Scotiabank's Executive Vice President, Global Insurance.

Management Discussion and Analysis

Introduction

Scotia Group Jamaica Limited (Scotia Group), a diversified financial services institution, established in 1889 and headquartered in Kingston is one of the largest banking and financial service organisations in Jamaica. As at October 31, 2025, the Group had assets totaling $774 billion. We offer a wide range of industry-leading financial solutions through our five subsidiaries to a broad range of corporations, governments, institutions, and individual clients across all sectors within the Jamaican economy, supported by a network of 28 branches, 294 ATMs, 1,545 team members and a best-in-class digital banking platform.

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

This year we proudly celebrated our 136th anniversary of unwavering commitment to Jamaica, a remarkable milestone on our journey of growth, resilience, and impact. We are proud of our unbroken years of service to our nation, and we continue to leverage our strength, experience, and resilience to execute on our strategic plans and make a difference for our clients, support their financial well-being, and help them plan for the future.

Our Operating Environment

Macroeconomic Environment

Scotia Group operated in a relatively stable local macroeconomic environment during the 2025 financial year supported by generally positive trends in key indicators. Globally, the economic landscape was shaped by developments in US trade policy. While greater clarity has emerged in relation to tariffs, uncertainties persist regarding the broader implications for global markets. At the end of the financial year, Jamaica was impacted by Hurricane Melissa, a category 5 storm, the strongest to make landfall in the country's history. Team members, clients, and communities in which we operate were significantly affected. The Group responded swiftly with the activation of our client assistance programme, provision of support for team members, as well as donations to disaster relief efforts in affected areas. Our diversified business model demonstrated resilience in the face of adversity and allowed us to deliver a strong financial performance.

Inflation was largely contained and trended downwards throughout the year, and approached target rates in some global economies, resulting in central banks moderating policy rates to support economic activities. Point-to-point (P-T-P) inflation trended downward throughout the financial year and was 2.9% as at October 31, 2025, and in line with the Bank of Jamaica's (BOJ) projections, but below the target range of 4.0% to 6.0%. The performance was mainly influenced by the divisions; Food and Non-Alcoholic Beverages' (3%), 'Housing, Water, Electricity, Gas and Other Fuels' (4%) and 'Restaurants and Accommodation Services' (4%). The Bank of Jamaica (BOJ) indicated that inflation is expected to rise over the short term due to the effects of Hurricane Melissa, and same is not forecasted to return to the 4%-6% target range until early 2027.

The country's credit rating improved, resulting in increased access to capital markets. In September 2025 Standard & Poor's (S&P) affirmed the Government of Jamaica's (GOJ) Long-Term Foreign and Local Currency Issuer Default Rating (IDR) to 'BB' from 'BB-' with a Positive outlook. The agency cited that the positive outlook reflects the expectation that continued primary fiscal surpluses will allow the government to meet its fiscal responsibility ahead of schedule. Subsequent to the passing of Hurricane Melissa, in December 2025, S&P affirmed their BB long term rating with a revision in the outlook from Positive to Stable, in line with their expectation of continued prudent management of recovery and rebuilding efforts by the government.

The Jamaican economy expanded 5.1% in the third quarter of 2025 underscored by growth in the Goods Producing and Services Industries, which expanded by 10.9% and 3.3% respectively, compared to a contraction of 3.5% recorded for the comparative prior year period. The expansion was driven by higher output in the Goods Producing industries due to improved performance in 'Agriculture, Forestry, & Fishing' (20.9%), 'Manufacturing' (8.4%), 'Construction' (5.5%), and 'Mining and Quarrying' (4%) divisions. Expansion in the Services industries was mainly attributable to growth in the 'Transport and Storage' (7.1%), 'Accommodation & Food Service Activities' (6.8%), 'Electricity, Water Supply & Waste Management' (6.7%), 'Financial & Insurance Activities' (5.3%) and 'Education, Health & Other Services' (2.5%). According to the Planning Institute of Jamaica (PIOJ), the outlook for real GDP in the short-to medium-term is "generally negative" and the economy is projected to contract by 11% to 13% in the December 2025 quarter, with an overall decline of 3% to 6% for fiscal year 2025/2026. The country's unemployment rate fell to a new historic low of 3.3% as at July 2025 based on the revised survey model which incorporates the recommendations from the International Conferences of Labour Statisticians.

Financial Sector Performance

The financial sector benefited from a relatively favorable interest rate environment coinciding with increased capital inflows to Jamaica, reflecting improved investor appetite for local assets. Low inflation, declining fiscal debt levels and relative stability in the foreign exchange market reinforced overall financial system resilience and reduced short-term macro-financial vulnerabilities supporting loan growth in the sector. With declining inflation, the Bank of Jamaica (BOJ) reduced its policy rate by 75 bps throughout the year. The policy rate was 5.75% effective October 31, 2025. As at September 2025, loans in the financial sector grew by 6% albeit lower than the 8% growth noted in 2024. Commercial banking sector loans to the private sector increased by 7.3% or $87.7 billion (2024: 9.1% or $100.7 billion), due mainly to growth in Individuals & Households, Distribution and Professional & Other Services sectors. Additionally, deposits grew by 12.1% compared to 6.9% in 2024, while total assets expanded by 8.5% compared to 5.7% in the previous year.

Credit quality for the sector decreased, with non-performing loans representing 2.7% of total gross loans as at September 30, 2025, relative to 2.4% for the comparative period in 2024. The Collective Investment Scheme industry (unit trusts and mutual funds) increased by 8.3% to US$2.7 billion for the year ended October 31, 2025 driven by favourable market conditions and general market competition. Of note, gross life insurance premiums sold in the industry as at September 2025, were higher by $511 million or 1.3% year over year.

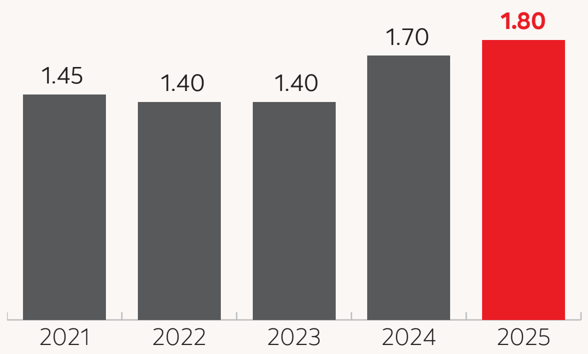
The Q3 2025 Business and Consumer Confidence Indices survey mentioned that prior to hurricane Melissa, the Jamaican economy was on its highest economic trajectory and that Consumer confidence climbed to 199 points, up from 186 in the previous quarter, a 6.7% increase and the highest reading in more than two decades, and that Business confidence also improved, rising nearly 7% to 143.7 points.

Overview of Financial Results

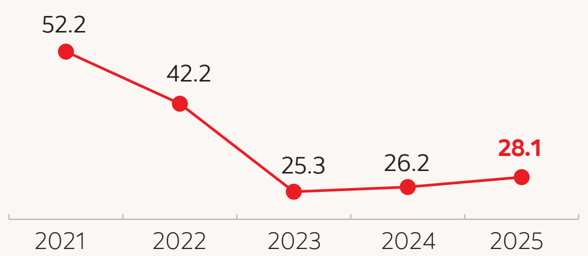
Total Revenue

Scotia Group reported solid financial results for the year ending October 31, 2025, with net profit attributable to common shareholders of $19.9 billion, representing a return on equity of 13.18%. These results translated to earnings per share of $6.40 (2024 - $6.48). Dividend per share was $1.80, representing a dividend payout ratio of 28.14%.

Dividends per Share ($)



Dividend Payout Ratio (%)



Scotia Group has key competitive advantages from which to build on, and our diversified business model continued to demonstrate resilience in challenging times, which enables the Group to seize growth opportunities within our prudent risk management framework, and effectively deliver on our strategy. Our strong balance sheet positions us well to make strategic investments in key growth opportunities as we continue to invest in and adapt to new technologies, assets, and our people, bringing the whole Group to our clients as we continue to elevate their experience. Our core business remains strong and continues to perform well. Our loan portfolio reflected strong growth of 12% over the previous year, driven by outstanding growth in our mortgage portfolio of 20% along with growth in our flagship product, Scotia Plan Loans of 16%. Our commercial banking unit continues to support the business sector with capital deployed to facilitate investments in the productive economy. Additionally, our insurance business lines continue to provide our clients with adequate protection solutions. Our life insurance business reported an increase of 33% in net insurance business revenues year over year driven by a combination of favorable factors including higher contractual service margin (CSM) releases from our strong inforce book of business, increases in premium revenue from our creditor life product, coupled with lower onerosity expenses in keeping with the improved performance of the portfolio. Our subsidiary, Scotia General Insurance Agency (ScotiaProtect), recorded a 54% increase in the number of policies sold when compared to the previous year.

Scotia Group is one of the largest banking and financial services organisations in Jamaica, with assets of $773.8 billion, and client deposits of $529.8 billion as at October 31, 2025. The growth in our asset base was achieved through the alignment and effective execution of our strategy and deepening of client relationships across all business segments. The Bank's solid risk management framework supports our high-quality loan portfolio with non-accrual loans representing 1.3% of gross loans (2024: 1.6%) which continues to be below the industry average of 2.7% as at September 2025.

We continue to assist clients to choose the best investment solution for their unique financial needs through our evolving product offerings from Scotia Investments. The total value of Funds under Management amounted to $240 billion, up $24.8 billion or 12% over prior year.

Financial Highlights	31-Oct-25 $millions	31-Oct-24 $millions
Total Assets	**773,776**	705,017
Investments	**170,874**	185,428
Loans (net of expected credit losses)	**350,438**	312,755
Deposits by the Public	**529,767**	476,060
Insurance Contract Liabilities	**51,402**	50,167
Shareholders' Equity	**150,513**	138,470
Profit after Tax	**19,901**	20,158
Total Comprehensive Income	**17,644**	17,056
Return on Average Equity	**13.18%**	15.55%
Productivity Ratio	**51.77%**	46.49%
Operating Leverage	**(12.14%)**	7.62%
Earnings per share (cents)	**640**	648
Dividend per share (cents)	**180**	170

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

Our Strategy

Two years ago, we introduced our new enterprise strategy to transform the Group for the future, driving sustainable profitable growth and delivering strong returns to our shareholders. We are proud of our efforts to date and are optimistic as we pivot to the next phase of our plan, where we will continue to deploy and leverage new value propositions to increase our speed of execution and to achieve our medium-term targets. We continue to simplify the way we work, build capacity to invest in key growth areas, prioritize our clients' experience, and drive operational excellence to deliver more value to them. We are confident in our path forward and remain committed to delivering the best for our clients and remain our clients' most trusted financial partner while maximizing shareholder value. Our strategic focus has been the roadmap for our continued success, which consists of three pillars, deeply focused on our clients, valued team members, and a strong risk management culture. These priorities have shaped the direction of the organisation by balancing key growth opportunities and structural transformation while delivering best-in-class service to our clients. We continue to execute well on our strategic priorities, as these are the pillars, we believe will have the greatest impact in driving long-term value creation for all stakeholders.

2025 Strategic Focus

Win as one Team: We continue to foster a culture centered on collaboration, excellence and alignment with our purpose and values. In this new phase of our transformation journey, our ScotiaBond captures our shared commitment to each other to create safe spaces to learn, grow, promote accountability, and foster inclusivity. We continue to invest in our people, embedding our ScotiaBond values and behaviours into performance, development, recognition, and engagement programmes while continuing to foster a high-performance culture where everyone thrives and delivers their absolute best. We are confident these behaviours will help us create a workplace that enables us to deliver a strong future for each other, our clients, and the Group. Our employees' well-being is a critical component of a productive and healthy work environment, and as such, we remain committed to providing our valued employees with the necessary support and care for their physical and mental health. Our robust recruitment practices are designed to attract a diverse pool of high potential team members who are tuned in with the needs of our clients and who have the required knowledge and skills which are honed through our strong onboarding programmes. We remain committed to strengthening our leadership capability by grooming and growing talent from within, to ensure the Group has the right people to drive superior performance. We are increasing our focus on performance management by enhancing our learning and development, coaching and performance measurement processes, so that employees can reach their full potential, ensuring the Group continues to be a Great Place to Work.

Make it easy to do business with us: We continue to enhance our products, services, and technology to meet the evolving needs of our clients, while streamlining our processes to drive greater efficiency. We are building scale and continue to leverage segmentation, digitization, personalization, and convenience anchored in automation to deliver regional solutions, boost productivity, competitiveness and improve client experience. We continue to invest in our core technology and our award-winning digital and analytical capabilities to build stronger relationships with our clients, increase primacy and create a more seamless, integrated client experience while meeting and exceeding their needs. The Pulse, our client feedback system, continues to yield positive results and has indicated our clients' growing preference for the convenience of our digital channels, which offer a simple and more cost-effective way of conducting transactions. Scotia Group remains focused on being our clients most trusted financial partner wherever we operate, and as such, maintaining their trust and confidence is paramount in everything we do.

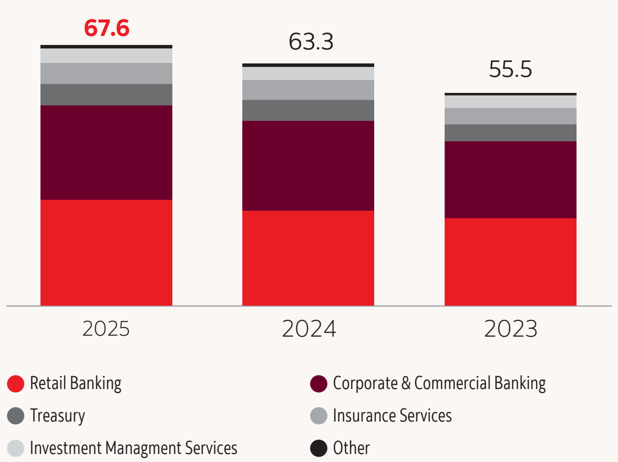
Earn primary client relationships: We will continue to increase our focus on driving value over volume when it comes to our client relationships. We continue to sharpen our focus on deepening multi-product client relationships and enhancing our value proposition, rather than mono-product lending only ones, across all our channels, to drive sustainable profitable growth. We will continue to focus our resources on the acceleration of new business origination through a segment-driven client-centric approach across all business lines. We will grow our primary clients across the Group through the ongoing delivery of products and services to suit all their financial needs including everyday banking, investment, and insurance protection.

Group Financial Performance

Total Revenue

Total revenue excluding expected credit losses was $67.6 billion in 2025, up $4.3 billion or $7% when compared to $63.3 billion for 2024. All business lines in the Group contributed to the solid growth in our revenue for the financial year.

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

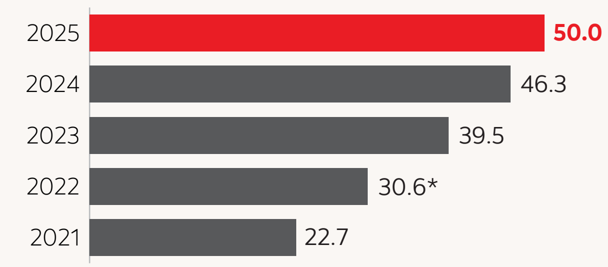


- **Investment Management (+16%):** Revenues from our investment management portfolio grew year over year reflecting higher fee and commission income and higher trading gains, driven by growth in transaction volumes and fund values. We continued our strategic agenda to grow our Asset Management portfolio and reduce exposure to the inherent risks in an on-balance sheet business model. Consequently, Assets Under Management increased by 12% year over year, while our Mutual and Unit Trust funds continued to deliver good returns to unitholders.
- **Commercial (+5%):** Our commercial segment continued to provide best-in-class solutions which support the growth and development of the local economy, with total loan balances growing by $2.4 billion over the previous year (average loan volumes increased by 8% over 2024). We believe our solutions are the best in the industry and we look forward to continuing to help local businesses accomplish their goals, grow and achieve financial success. Our merchant services business is a significant component of our business and will remain a key area in our strategic focus in the coming year.
- **Retail (+10%):** Loan growth was led by residential mortgages which grew $20.1 billion or 20% over prior year, and personal and credit cards which were up $14.5 billion or 14%. Overall, retail loans amounted to $237.3 billion reflecting solid growth of $34.6 billion or 17% over last year. The increase in revenues was fueled by higher interest income earned on the expanded loan portfolio due to our competitive rates as well as excellent product and service delivery.
- **Treasury (+4%):** The strong performance was due to increased collaboration among our business lines; increased trading activities coupled with our prudent management strategy which resulted in higher net interest income and foreign exchange revenue year over year.
- **Insurance Services (+1%):** Revenue growth in this business line was driven by deliberate strengthening of our in-force portfolio, which supported higher contractual service margin releases. This was complemented by sustained expansion in premium income earned from our creditor life product and disciplined management of onerous contract exposures, resulting in lower onerosity expenses. Additionally, gross written premiums for our life insurance subsidiary reflected solid growth of 8% year over year. Our general insurance subsidiary, ScotiaProtect, has been on a continued growth trajectory since it was launched, with year over year growth in both gross written premiums and policy sales of 59% and 54% sequentially.

Net Interest Income

The Group recorded net interest income before expected credit losses of $50 billion, an increase of $3.7 billion or 8% when compared to prior year. Average earning assets increased by 9.2%, while net interest margin (net interest income as a percentage of average earning assets) declined by 9 basis points when compared to the previous year. Average yields on earning assets were lower by 12 basis points driven primarily by the reduction in J$ and US$ policy rates. The year over year growth in volumes contributed a positive $4.3 billion to net interest income for the year, which was offset by the negative impact from declining asset yields of $0.6 billion.

Net Interest Income
$ Billions

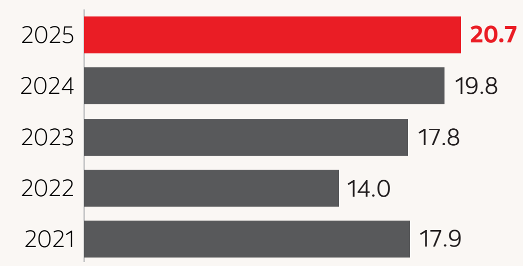


*2022 restated

Other Revenue

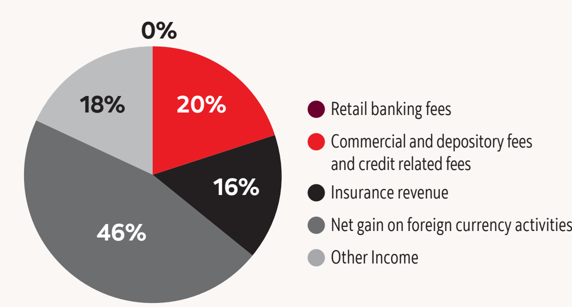
Other revenue, defined as all income other than net interest income, was $20.7 billion for fiscal year 2025, up $987 million or 5% from last year.

Other Revenue
$ Billions



- **Net fees and commissions** totaled $7.2 billion and was on par with prior year. Current year results were impacted by higher ABM expenses associated with ongoing maintenance activities conducted, and was directly associated with the year over year increase in transaction volumes. Throughout the year the Group continued its strategic push to educate clients on our alternative and convenient digital channels as we continue to elevate our client experience.
- **Net insurance revenue** was higher by 33% and amounted to $3.4 billion compared to $2.5 billion for 2024, due to improved performance of the portfolio, higher contractual service margin releases, and lower insurance expenses.
- **Foreign exchange revenue** amounted to $9.5 billion compared to $9.3 billion for 2024. The increase noted was primarily driven by higher trading volumes.
- **Net gains on financial assets** amounted to $526.5 million, a year over year increase of $109.5 million or 26% due to higher realized trading gains and unrealized fair value gains on securities carried at fair value through the profit and loss.
- **Other income** amounted to $91 million compared to $244 million for the prior year. The decrease of $153 million or 63% was driven by lower gains realized on the sale of property.

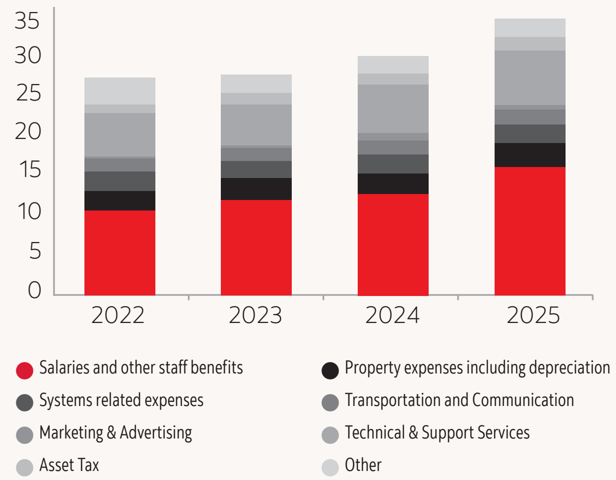
Sources of Other Revenue



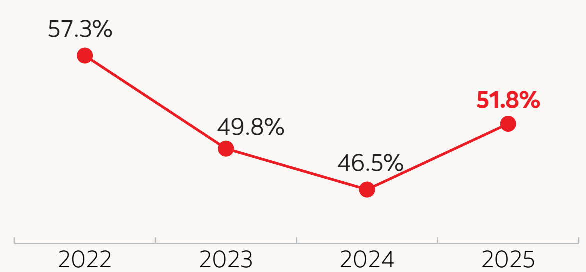
Non-Interest Expenses

Non-Interest expenses for the year totaled $35 billion, up $5.6 billion or 19% year over year. The increase noted in expenses was mainly due to the Bank's continued investment in personnel and technology to support strategy and business growth. This was reflected in higher salaries and employee benefits, up $3.1 billion or 26% due primarily to the reduction in the net pension credit on our defined benefit plans as well as annual inflationary increases. Additionally, higher billings associated with cash transportation and deposit processing activities resulted in an increase in transportation and communication expenses of $504.5 million or 30%, in conjunction with, higher technical support fees, up $750 million or 12%, due to higher transaction volumes coupled with continued investments in technology to support the expansion of our digital capabilities, aimed at simplifying and streamlining our processes to make it easier for our clients to do business with us. Higher depreciation and software/server maintenance costs, were the primary drivers impacting the year over year increase in Property expenses, up $369.5 million or 13%, and Systems related costs, up $336.6 million or 16%. The Group continues to execute on its prudent expense management and efficiency initiatives. The above factors resulted in a productivity ratio of 51.77% at the end of the financial year.

Non-Interest Expenses
$ Billions



Productivity Ratio



Taxes

Our Income tax expense was $9.8 billion, up $271 million or 3% and represented an effective tax rate of 33% which was marginally higher than prior year by 90 basis points. When asset tax of $1.7 billion is added, the tax expense for the year amounted to 36.6% of our pre-tax income.

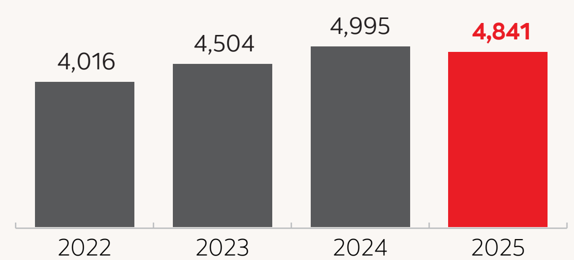
Taxation Charge ($'000)	2025	2024	2023
Profit Before Taxes	**29,718,484**	**29,703,702**	**25,440,171**
Current Income Tax:			
Income tax calculated at 33⅓%	7,705,280	8,043,209	6,157,776
Income tax calculated at 30%	281,022	333,067	437,153
Income tax calculated at 25%	1,159,828	1,170,353	1,000,673
Other tax rates 1% to 5%	-	17,776	7,048
Adjustment for under/(over) provision of prior year's charge	736	551	30,055
	9,146,866	**9,564,956**	**7,632,705**
Deferred Income Tax [Note 37 (a)]*	670,124	(19,045)	578,837
Taxation Charge	**9,816,990**	**9,545,911**	**8,211,542**
Effective Tax Rate	**33.0%**	**32.1%**	**32.3%**

MANAGEMENT DISCUSSION AND ANALYSIS

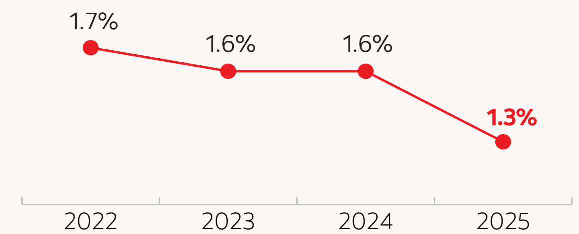
Credit Quality

Expected credit losses on loans amounted to $2.8 billion and were down $1.4 billion or 33% year over year due to lower provisions given improved portfolio quality, higher recoveries, partly offset by an increase in write-offs. Non-accrual loans (NALs) as at October 31, 2025, was $4.8 billion, down $154 million or 3% when compared to prior year. NALs currently represent 1.3% of gross loans and 0.6% of total assets as at October 31, 2025. The Group's NALs as a percentage of gross loans remains below the industry average of 2.7% reported as at September 2025.

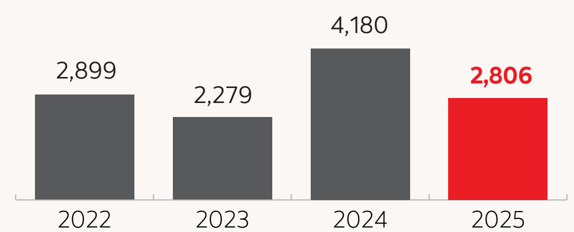
Non-Accrual Loans
$ Millions



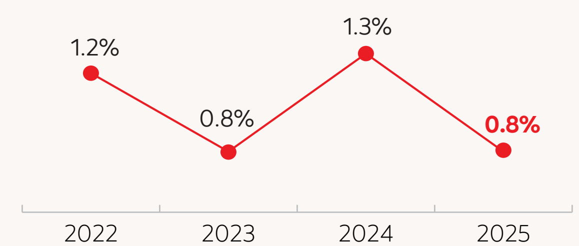
Non-Accrural Loans to Gross Loans



Expected Credit Losses
$ Millions



Expected Credit Losses (Profit & Loss) to Gross Loans



Total expected credit losses is comprised of IFRS provisions as well as local regulatory provisions. Provisions which meet the regulatory requirements but exceed the IFRS standards are credited to a non-distributable loan loss reserve. The table below shows the IFRS and regulatory provisions for the last three financial years.

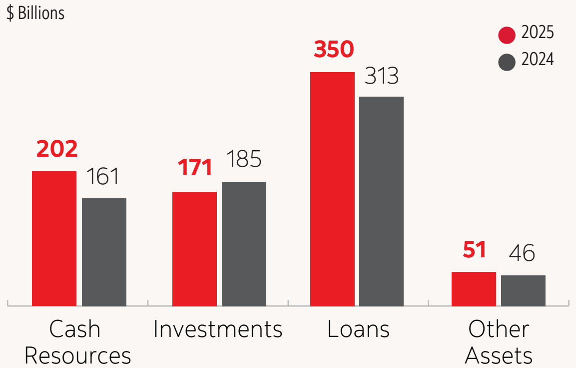
Loan Loss Provision Analysis ($'000)	2025	2024	2023
Gross Loans	**360,078,625**	322,729,859	277,311,025
Non Accrual Loans	**4,840,606**	4,995,054	4,504,480
Expected Credit Losses (IFRS 9)	**5,939,586**	6,564,480	5,626,436
Loan Loss Reserve	**428,172**	314,649	269,386
Total Regulatory Expected Credit Losses	**6,367,758**	6,879,129	5,895,822
IFRS Expected Credit Losses as a % of Gross Loans	**1.6%**	2.0%	2.0%
IFRS Expected Credit Losses as a % of Non Accrual Loans	**122.7%**	131.4%	124.9%
Total Regulatory Expected Credit Losses as a % of Gross Loans	**1.8%**	2.1%	2.1%
Total Regulatory Expected Credit Losses as a % of Non Accrual Loans	**131.5%**	137.7%	130.9%
Total Assets	**773,776,402**	705,016,705	664,736,962
Net Loans (after expected credit losses)	**350,438,350**	312,755,204	268,829,718
NAL : Gross Loans	**1.3%**	1.6%	1.6%
NAL : Net Loans	**1.4%**	1.6%	1.7%
NAL : Total Assets	**0.6%**	0.7%	0.7%

Group Financial Condition

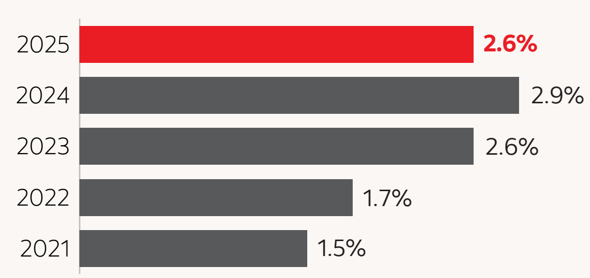
Assets

Total assets amounted to $774 billion an increase of $68.8 billion or 10% as at October 31, 2025. The increase noted in our asset base was driven by the significant growth in our loan portfolio of $37.7 billion or 12%, higher cash resources held of $41 billion or 26%, higher taxation recoverable of $1.9 billion or 40% and higher sundry assets of $3 billion or 71%. These increases were partly offset by lower investment securities of $14.6 billion or 8% and lower carrying value of the retirement benefit asset of $2.1 billion or 11%.

Asset Mix
$ Billions



Return on Assets



Cash Resources

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $201.8 billion and reflected a year over year increase of $41 billion or 26% driven by strong growth in both our retail and commercial deposit books. We continue to maintain a strong liquidity position which enables us to respond effectively to changes in our cash flow requirements.

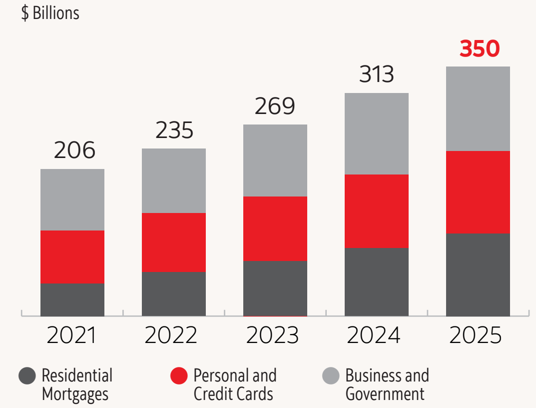
Investments

Total investment securities amounted to $170.9 billion, a reduction of $14.6 billion or 8% year over year. The reduction was due to the maturity of investment securities, where the proceeds were reinvested in deposit placements.

Loans

Our loan portfolio increased by $37.7 billion or 12% as at October 31, 2025. After allowance for expected credit losses, the loan portfolio stood at $350.4 billion. Our loan book performed extremely well, with residential mortgages increasing by $20.1 billion or 20% over prior year, Personal and credit cards up $14.5 billion or 14%, and Business and Government up $2.8 billion or 2%.

Loan Portfolio (net of expected credit losses)
$ Billions



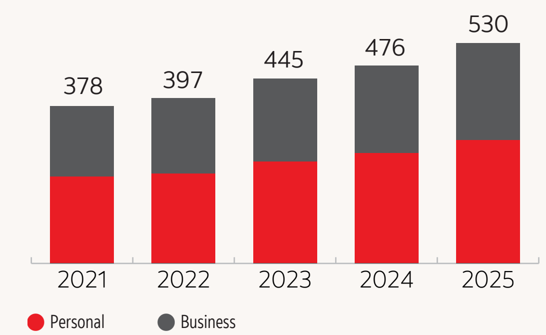
Liabilities

Total liabilities as at October 31, 2025, were $623.3 billion, an increase of $56.7 billion or 10%. The increase noted was primarily attributable to the growth in client deposits which was partly offset by lower deferred tax liabilities.

Deposits

Deposits by the public increased to $529.8 billion, up from $476.1 billion in 2024. This represents an increase of $53.7 billion or 11% growth in core deposits which was reflected in higher inflows from our retail and commercial client portfolios, signaling our clients' continued confidence in the strength and safety of the Group.

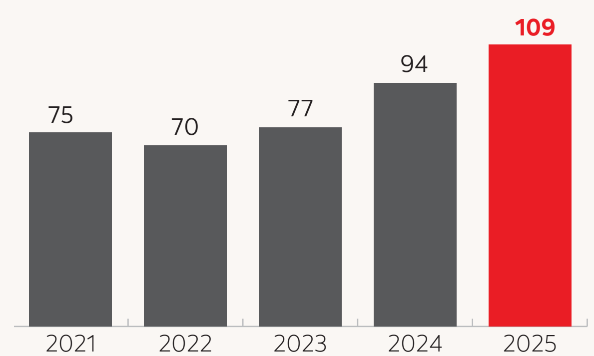
Deposit Portfolio
$ Billions



Funds Under Management

Our strategic focus continues to be geared towards growing our off-balance sheet business, namely, mutual funds and unit trusts. As at October 31, 2025, our unit trusts and mutual funds net asset value reflected a year over year increase of $14.7 billion or 16%. Of note, our Assets Under Management showed an increase of $24.8 billion or 12%, attributed to the growth in the net asset value of the Pension Funds, Scotia Premium Short Term Income Funds (JMD & USD), the Scotia Premium Money Market Fund, and the Scotia Premium Fixed Income Fund.

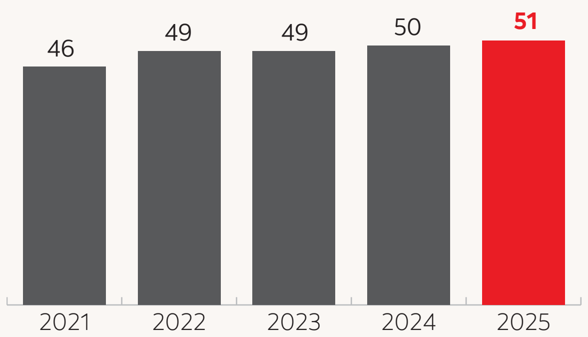
**Funds Under Management
Unit Trusts & Mutual Funds**
$ Billions



Insurance Contract Liabilities

Insurance contract liabilities primarily relate to our flagship product ScotiaMint. As at October 31, 2025, Insurance contract liabilities reflected a balance of $51.4 billion, up $1.2 billion or 2% year over year.

Insurance Contract Liabilities
$ Billions



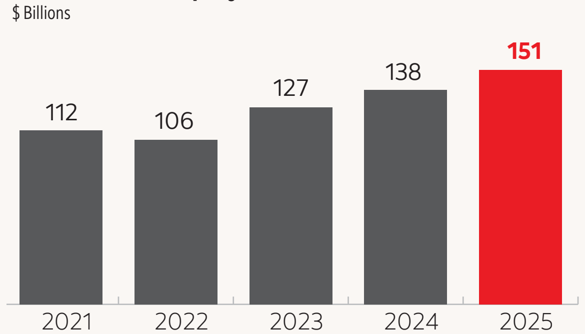
Segregated Funds

Our segregated fund balance primarily relates to our Scotia Affirm product, which continues to perform well, growing by $489.4 million or 28% year over year. The increase noted was attributable to improved market performance. We continue to encourage our clients to secure adequate insurance protection as part of their overall financial plan.

Shareholders' Equity

Shareholders' equity totaled $150.5 billion and reflected an increase of $12 billion or 9% year over year driven mainly by internally generated profits, partly offset by dividends paid, lower re-measurement of the defined benefit pension plan assets and lower fair value gains on the investment portfolio.

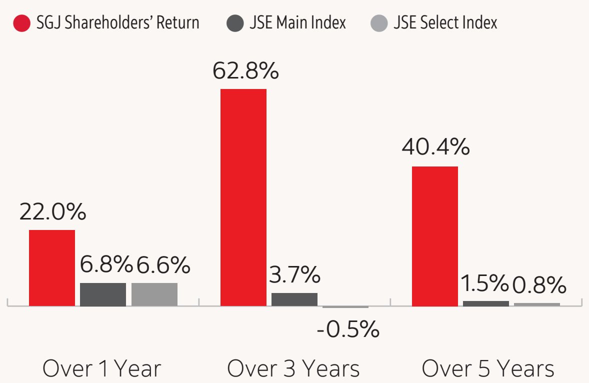
Shareholders' Equity
$ Billions



Shareholders' Return

We continue to focus on achieving sustainable long-term earnings growth and providing a high return on equity to our shareholders. Shareholders continue to benefit from consistent quarterly dividends, which totaled $1.80 per share for the year and resulted in a strong yield of 3.3%. Scotia Group's closing share price increased by 18.7% to close the year at $53.98 per share. Shareholders' returns increased to 22% (including both dividends and change in the price of the Group's common shares) and yielded 62.8% over the last 3 years and 40.37% over the last 5 years. Our consistent dividend policy continues to be a key component of shareholders' return.

Shareholders' Returns



Shareholders' Returns – For the years ended	**2025**	2024	2023
Closing Market Price ($)	**53.98**	45.48	34.03
Dividends Paid ($)	**1.80**	1.70	1.40
Dividend Yield	**3.30%**	3.92%	4.06%
Change in Share Price	**18.69%**	33.65%	(7.41%)
Total Annual Shareholder Return	**21.99%**	37.57%	(3.35%)

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Adequacy	2025 Capital Adequacy Ratio	2024 Capital Adequacy Ratio	Regulatory Requirement	Excess over Regulatory Requirement
Banking and Building Society	15.2%	13.7%	10.0%	5.2%
Investment Management	97.7%	81.3%	10.0%	87.7%
Life Insurance	429.0%	419.0%	*100.0%	329.0%

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

Capital

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

Capital Management

Scotia Group is committed to maintaining a strong capital base to support the risks associated with its business lines, ensuring the safety of clients' funds, and fostering investor confidence. This policy also allows the Group to take advantage of growth opportunities as they arise and invest further in our core businesses to enhance shareholders' return. The Group's capital management framework includes a capital adequacy assessment process to ensure that the Group is able to meet current and future risks and also achieve its strategic objectives.

Regulatory Capital

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

Risk Management Framework

Risk Management Overview

Effective risk management is fundamental to the success and resilience of the Bank. Scotiabank has a strong, disciplined risk culture where managing risk is a responsibility shared by all the Bank's employees. The Group's risk management activities are designed to maintain an appropriate balance between risk and reward, ensuring that risk-taking supports sustainable growth rather than exposing the organisation to undue vulnerabilities. These activities aim to identify, assess, and manage risks in a structured manner so that the outcomes of risk-taking are consistent with the Group's strategic objectives and long-term goals. By aligning decisions with the defined risk appetite, the Group seeks to promote resilience, protect stakeholder interests, and create value while navigating an increasingly complex and dynamic business environment. Scotiabank's Enterprise-Wide Risk Management Framework articulates the foundation for achieving these goals.

Risk Management Framework

The Group's Risk Management Framework is subject to continuous evaluation to ensure effectiveness in addressing the dynamic challenges and requirements of the market. This includes maintaining compliance with applicable regulatory standards and aligning with recognized industry best practices. The Framework underpins a comprehensive risk management programme designed to proactively identify, assess, and mitigate threats and vulnerabilities that may impact the Group's operations, assets, and reputation. Through systematic monitoring, robust controls, and adaptive strategies, the framework seeks to strengthen organisational resilience, safeguard stakeholder interests, and support sustainable growth in an evolving risk landscape.

Risk Governance

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

Risk Appetite

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

Risk Management Tools

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

Risk Identification & Assessment

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

Risk Culture

The Group's risk culture is influenced by several factors including the interdependent relationship amongst the Group's risk governance structure, risk management frameworks, policies and organisational culture. Risks are managed as per the frameworks, policies and limits approved by the Board of Directors. The Board receives quarterly reports on risk exposures and performances against approved limits. Senior management committees meet regularly and provide oversight of various risks, while the Group's Risk Management Unit provides independent oversight of the significant risks.

Risk Management Principles

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

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

Financial and Operational Resilience

Financial resilience reflects the Bank's ability to withstand financial stress. Capital and liquidity management are fundamental to financial resilience as they ensure the Bank can absorb shocks and meet its obligations during periods of stress. The Bank defines operational resilience as the ability to effectively prepare for, respond to, and recover from operational disruptions to the provision of services that have the potential to cause intolerable harm to clients, or threaten the viability of the Bank, or cause instability to the financial system. This could in turn impact the Bank's financial resilience and its ability to meet obligations during periods of stress.

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

Risk Governance

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

Three Lines of Defence Model

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

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

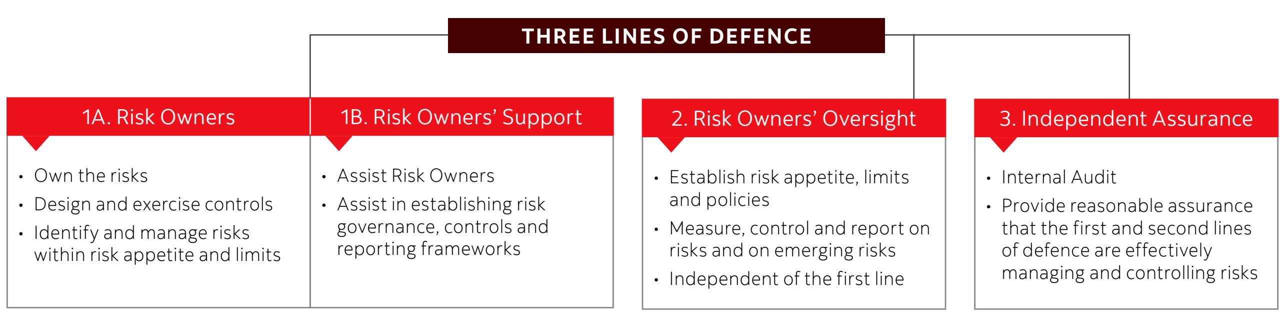
All employees are, for some of their activities, risk owners, as all employees can generate reputational and operational risks in their day-to-day activities and are held accountable for owning and managing these risks.

Governance Structure

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

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

The Risk Committee of the Board (RC): supports the Board in identifying and monitoring key financial and non-financial risks. It provides oversight of the Group's risk management and anti-money laundering/anti-terrorist financing (AML/ATF) functions. This includes periodically reviewing and approving the Group's risk management policies, frameworks, and limits, and ensuring that management operates within the Enterprise Risk Appetite Framework. The Committee also oversees the independence and effectiveness of these control functions and their respective leaders.



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

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

President and Chief Executive Officer (CEO): Reports directly to the Board and is responsible for defining, communicating, and executing the Group's strategic direction, goals, and core values to maximize long-term shareholder value. The CEO oversees the establishment of the Group's risk appetite—working in collaboration with the Chief Risk Officer (CRO) and Chief Financial Officer (CFO)—to ensure alignment with the Group's short- and long-term strategy, business and capital plans, and compensation programmes.

Chief Risk Officer (CRO): Oversees the Group's risk management framework and works closely with key stakeholders responsible for Compliance and AML Risk. The CRO, along with the Directors of Audit and Compliance/AML Risk, has unrestricted access to certain Board Committees to maintain independence. As a senior member of the executive management team, the CRO contributes to strategic decisions regarding capital deployment to achieve business line performance targets.

Risk Appetite:

Effective risk management requires a clearly defined risk appetite and a framework for managing the Bank's risk profile in alignment with that appetite.

Risk Appetite Statement

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

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

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

Risk Appetite Metrics

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

Other components of Scotiabank's risk appetite metrics:

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

Risk Management Tools

Effective risk management is anchored in the Group's Enterprise Risk Appetite Framework and fully integrated with strategic and business planning processes.

This framework is supported by a suite of risk management tools, applied individually or in combination, to manage risks across the enterprise. These tools are reviewed and updated regularly to ensure alignment with the Group's risk-taking activities and relevance to its business and financial strategies. Enterprise risk management processes provide a comprehensive, integrated view of the Bank's risk profile and explicitly consider interdependencies and correlations among risks across the organisation.

Frameworks, Policies and Limits

Frameworks and Policies

The Group creates and applies key risk frameworks and policies with input from the Board. These frameworks follow the rules and guidelines of the Bank of Jamaica (BOJ), the Banking Services Act, and industry best practices. They focus on specific types of risk or activities that help measure and control risk. When developing these frameworks, the Group works with stakeholders from risk management, control functions, business units, and the Audit Department. The process is guided by the Group's risk appetite and governance standards, which set limits and controls for the Group and its subsidiaries. These frameworks and policies may also include supporting documents like standards, procedures, guidelines, and manuals.

Limits

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

Risk Measurement

The Group's risk measurement framework is a critical component of its overall risk management approach. Measurement methodologies are applied to individual risk types or aggregated risk categories and are complemented by qualitative assessments to ensure alignment with the Group's risk appetite. To support these activities, the Group employs a range of techniques, including quantitative modelling, stress testing, scenario and sensitivity analysis, and back-testing. These methods leverage historical data and incorporate forward-looking projections based on both plausible and severe economic and financial market conditions, enabling a comprehensive evaluation of potential risk exposures.

Models

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

Forward - Looking Exercises

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

Monitoring and Reporting

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

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

RISK MANAGEMENT

Risk Identification and Assessment

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

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

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

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

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

Principal Risk Types

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

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

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

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

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

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

Principal Risks are categorized into two main groups:

Financial Risks

Credit, Liquidity, Market

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

Non-Financial Risks

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

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

Significant Adverse Events

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

Principal Risk Types

Credit Risk

Credit risk is the potential loss arising when a counterparty fails to repay a loan or fulfill contractual obligations. Traditionally, it refers to the risk that a lender may not recover the principal and interest due, leading to disrupted cash flows and increased collection costs. Within the Group, credit risk originates from direct lending operations as well as funding, investment, and trading activities where counterparties have repayment or other obligations.

The Group's Risk Management Units design and implement the credit risk management programme and policies, which cover key areas such as credit risk rating systems and parameters, delegated lending authorities, allowance for credit losses, and write-off approvals. The Board reviews and approves the Group's Credit Risk Policy, along with key documents and limits.

Counterparty credit risk also arises from activities such as Securities Financing Transactions (SFTs) including repurchase and reverse repurchase agreements for Treasury liquidity management and securities borrowing/lending. These exposures are managed under the Counterparty Credit Risk Management Framework and the Credit Risk Policy, which outline the approach for mitigating such risks.

Market Risk

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

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

The key exposures arising from these activities are:

Interest Rate Risk

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

Foreign Currency Risk

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

Credit Spread Risk

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

Equity Price Risk

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

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, settlement of securities borrowing, repurchase transactions, lending and investment commitments. Liquidity risk also arises due to mismatches in the amount and maturity of the Bank's financial assets and liabilities. The ability of the bank to meet its financial obligations is managed under both normal and stressed conditions. Effective liquidity risk management is essential to maintain the confidence of depositors and counterparties, and to enable the core businesses to continue to generate revenue, even under adverse circumstances. The key elements of the liquidity risk framework are:

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

Non-Financial Risk

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

Operational Risk

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

Technology, Information and Cyber Security Risk

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

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

Data Risk

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

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

Environmental Risk

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

Insurance Risk

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

Reputational Risk

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

Model Risk

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

Strategic Risk

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

Risk Culture

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

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

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

How are Culture, Risk Culture and Conduct Risk Connected?

Keeping the Bank Safe

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

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

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

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

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

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

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

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

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

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

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

Top and Emerging Risks

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

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

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

Evolving Cyber Security Threats

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

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

Economic Uncertainty

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

Impacts from Climate Change

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

Economic Impacts of Geopolitical Tensions

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

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

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

Increased Regulatory Obligations and Government Policy Uncertainty

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

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

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

Resilience to Third Party Risks

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

Increased Fraud Threats

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

Reliance on Data and Models in Decision Making

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

Failure to Adapt to Technological Change and Competitive Risks

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

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

Failure to Adapt to Execute on Strategic Objectives

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

RISK MANAGEMENT

Shareholdings

Scotia Group Jamaica Limited – As at October 31, 2025*

Top Ten Largest Shareholders

Rank	SHAREHOLDER	Holdings as at October 31, 2025
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	61,199,852
3	NATIONAL INSURANCE FUND	60,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION LIMITED (R.I.M)	40,038,798
6	SIJL A/C 560-10	29,587,645
7	NCB STAFF PENSION FUND (1986)	23,391,176
8	GRACEKENNEDY PENSION FUND CUSTODIAN LTD FOR GRACE KENNEDY PENSION SCHEME	21,397,463
9	SAGICOR SELECT FUNDS LIMITED - (CLASS B' SHARES) FINANCIAL	12,578,986
10	VICTORIA MUTUAL PENSIONS MANAGEMENT LIMITED	11,350,938

Shareholdings of Directors, Senior Managers and Connected Parties

DIRECTORS	Key Members Holdings	Connected Party Holdings	Combined Holdings
ANYA SCHNOOR	264,213	0	264,213
AILEEN CORRIGAN	20,000	0	20,000
VERNON DOUGLAS	79,461	0	79,461
ROXANE DE FREITAS	0	0	0
ANTHONY MARK HART	0	100,000	100,000
WILLIAM DAVID MCCONNELL	1,885	2,061,368	2,063,253
JAMES MCPHEDRAN	0	0	0
AUDREY RICHARDS	30,000	702,755	732,755
JABAR SINGH	0	0	0
MEIGAN TERRY	0	0	0
AUDREY TUGWELL HENRY	29,996	220,483	250,479

SENIOR MANAGERS	Key Members Holdings	Connected Party Holdings	Combined Holdings
ANDERSON, YVETT	33,325	0	33,325
BROWN, DANIEL	3,343	0	3,343
BROWN, KEISHA	15,018	884	15,902
BUCKNOR, DAYNE	30,725	0	30,725
COOPER, SABRINA	53,000	0	53,000
CUMMING, SARAH	0	0	0
DAVIES, TRICIA	14,167	0	14,167
FORBES-PATRICK, YANIQUE	12,615	0	12,615
HEYWOOD, NADINE	100,076	5,200	105,276
LEONCE, AVRIL	52,273	0	52,273
LOUNGES, DENISE	2,079	0	2,079
MAIR, HORACE	164,585	3,104	167,689
MCLEGGON, MARCETTE	385,130	0	385,130
NELSON, MORRIS	82,366	0	82,366
O'CONNOR, GABRIELLE	7,000	0	7,000
REYNOLDS, ADRIAN	99,190	49.860	149,050
RUSSELL, TONYA	0	0	0
SAMUELS, CHRISTOPHER	10,519	0	10,519
SEGREE WHITE, SHEILA	54,058	1,104	55,162
SPENCE, DEBRA	7,000	0	7,000
WALTERS, KEVIN	21,876	0	21,876
WHITE, GARY-VAUGHN	262,693	0	262,693
WHITE, NAADIA	9,814	0	9,814
WILKIE-CHANNER, SHELEE	289,762	0	289,762
WILSON, MAIA	10,000	0	10,000
WRIGHT, MICHELLE	41,528	0	41,528

TOTAL SHAREHOLDINGS	Holdings
Issued Shares	3,111,592,984

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

Business Updates

Winning as One Team Update

Win as One Team remains one of the core pillars of Scotia Group Jamaica's strategy and our vision to be our clients' most trusted financial partner. This pillar focuses on fostering a culture of collaboration, high performance, and pride across the organisation. Throughout Fiscal Year 2025, several impactful initiatives were implemented to strengthen employee engagement and teamwork.

Employee Recognition – Best of The Best & TVJ Broadcast

Scotia Group continues to honour outstanding employees through its annual Best of the Best Awards, held in December 2024. The ceremony, broadcast on Television Jamaica, recognized team members who made exceptional contributions to our culture, strategic execution, and business performance.

This year's awards highlighted excellence across three categories:

- **Culture Catalyst** – Celebrating employees who champion teamwork and help us win together.
- **Keeping the Bank Safe** – Recognizing individuals who ensure we remain a secure and trustworthy financial partner.
- **Top Individual Performance** – Honouring employees who deliver exceptional results aligned with our strategic priorities.

More than 160 team members were recognized, and 11 employees enjoyed an all expenses paid experience in Punta Cana, Dominican Republic.

Winning as One Team at The Scotia Games

The third staging of the Scotia Games, our annual Sports Day, was held on May 16 and 17, 2025 at the National Stadium. Hundreds of employees showcased their talent and dedication across netball, basketball, football, cheerleading, and track and field. The energy, discipline, and passion displayed throughout the event were truly inspiring.

Sports continue to play a powerful role in reducing stress, improving fitness, and strengthening teamwork—values that were on full display at the Scotia Games.

The President & CEO of Scotia Group Jamaica expressed pride in the event's success, stating: "I want to extend my wholehearted commendation to all eight teams, their captains, and every staff member and their family members who participated—thank you for your dedication and excellent performances. You have exemplified what it means to stay committed to a noble vision and win as one team. I am incredibly proud of you all."

> Sports continue to play a powerful role in reducing stress, improving fitness, and strengthening teamwork—values that were on full display at the Scotia Games.

Wellness On Wheels

The Group remains committed to supporting the physical, emotional, and mental wellbeing of employees. During Fiscal Year 2025, the Wellness on Wheels Campaign delivered holistic health and wellness services directly to staff across approximately 21 locations. This initiative provided not only medical care but also emotional and mental health support, reinforcing our commitment to employee wellbeing.

Hurricane Melissa Staff Welfare Programme

Following the impact of Hurricane Melissa on October 28, the Group took decisive steps to support affected employees. Human Resources launched the Hurricane Melissa Staff Welfare Programme, designed to provide meaningful and timely assistance.

The programme includes:

- Emergency care packages
- Financial assistance
- Emotional and psychological support

Employees were able to access financial support through four key avenues:

1. Grants from the Hurricane Staff Recovery Fund
2. Loan waivers
3. Unsecured loans
4. Client Assistance Programme (CAP)

> In fiscal year 2024–2025, Team Scotiabank proudly continued its commitment to health, community development, and social responsibility through active participation in charity runs across the island.

The Employee Annual Meeting (T.E.A.M.)

On February 1, team members gathered for a high energy, organisation-wide event: The Employee Annual Meeting (TEAM). Under the theme "The Mission is Possible," employees from branches and units across the Group connected with colleagues and senior leaders. The event reinforced our strategic vision and outlined the key steps required for continued success.

Advancing Wellness and Community Support Through 5k Events

In fiscal year 2024–2025, Team Scotiabank proudly continued its commitment to health, community development, and social responsibility through active participation in charity runs across the island. The year began with strong momentum at the Sagicor Sigma Corporate Run in February, where 125 employees showed up in support of child and health related initiatives. Their participation demonstrated the Bank's ongoing dedication to strengthening healthcare services and supporting vulnerable communities.

As the year progressed, our western region team members displayed exceptional engagement by participating in three Montego Bay–based charity events: the Howard Ward Benefits Foundation Night Run, the Jill Stewart Night Run, and the Sangster Airport Run. These initiatives raised funds for community development, scholarships, and education programmes that empower students from vulnerable backgrounds. Participation was strong across branches in Montego Bay, Falmouth, Port Maria, Ironshore, Fairview, Negril, and Savanna la Mar, reflecting the region's deep commitment to service and volunteerism.

The year concluded on a high note with the Walk for the Cure in October, where Team Scotia once again showed up in impressive numbers—despite challenging weather—to raise funds for the Jamaica Cancer Society. The Bank proudly secured the Largest Participating

Group Trophy for the third consecutive year, a testament to the unwavering spirit, unity, and enthusiasm of our employees.

Across all these events, Scotiabankers embodied our Scotiabond values, strengthening staff engagement and fostering a culture of purpose and pride. Team members participated to improve physical and mental well being, raise awareness for meaningful causes, and celebrate personal milestones such as improving race times. Through these shared experiences, employees deepened their sense of connection—to each other, to the Bank, and to the communities we proudly serve.

> The Bank proudly secured the Largest Participating Group Trophy for the third consecutive year, a testament to the unwavering spirit, unity, and enthusiasm of our employees.

Client Engagement

Scotiabank hosted a prestigious client appreciation event, epitomizing our strategic focus on nurturing valued relationships and acknowledging the loyalty of our clients.

Scotiabank launched its 'Ticket to Tokyo' credit card campaign offering two winners and a companion a trip to the 2025 World Athletics Championship, exploring Tokyo's culture and luxury travel. The sweepstakes reflects Scotiabank's commitment to celebrating excellence and unlocking unique experiences for clients.

ScotiaLIVE, an interactive webinar series now in its sixth season, exemplified our dedication to empowering clients through knowledge and advice. This platform curated discussions online, enabling clients to gain valuable insights into our tailored solutions whilst supporting their financial journeys.

Scotiabank through its partnership with Mastercard, sponsored the 2025 staging of Reggae Sumfest. The sponsorship enabled us to host our clients at the cultural event showcasing Jamaica's music, art, and community, reflecting our commitment to supporting the island's dynamic heritage.

Scotiabank partnered with AMEX to sponsor 'Paradise,' fostering client connections through curated experiences.

The Scotiabank Vision Achiever (SVA) Awards culminated the 17-week business programme, celebrating the top three performers and outstanding individuals who received over JMD $5 million in prizes, supporting their journey of growth and success.

Scotia Investments hosted a client cocktail providing a unique platform for product education and networking. This strategic initiative offered valuable insights into our investment funds enhancing the overall experience with Scotia Investments.

The Scotia Investments team hosted a bespoke client engagement event in Montego Bay, showcasing the bank's comprehensive suite of solutions and strategic support tailored to empower the local business community.

BUSINESS UPDATES | MAKING IT EASY TO DO BUSINESS

Making It Easy to Do Business

At the heart of our service commitment is a simple goal: making it easier, faster, and more convenient for our clients to do business with us. As we continue to examine the most common challenges clients experience, we implemented targeted strategies that directly address our client pain points. We continue to promote digital adoption, provide financial guidance and look at improvements for everyday banking activities while improving our issue resolution effectiveness. Our focus for FY'25 was to create a smoother, more inclusive and efficient banking experience for everyone.

One of the most significant steps we are taking is **enhancing digital offerings** through tools that give clients greater control and flexibility. Clients can now benefit from online credit card dispute capabilities, online loan applications, real time debit card lock and unlock features, deposits alerts and even view investments balances and statements. These enhancements empower clients to handle essential tasks independently, reduce wait-times, and enjoy secure access to digital banking platforms anytime they need them.

We are also placing strong emphasis on **improving access to personalized financial advice**. Clients can look forward to guidance tailored to the products and services that best support their financial goals. Monthly communications and awareness initiatives such as the "Spot the Scam, Stop the Fraud" campaign were delivered electronically via email and social media. In addition to investments market insights which further enhance our ability to educate and protect clients, ensuring they remain informed and confident in their financial decisions. By strengthening this advisory relationship, we aim to increase client understanding of available options while building trust at every step.

> At the heart of our service commitment is a simple goal: making it easier, faster, and more convenient for our clients to do business with us.

Enhancing everyday banking experiences led to improvements around ABMs such as ongoing ABM deployment and software updates as well as updates to our currency denomination mix. Improvements to our Contact Centre Channel saw updates to our IVR as well as empowerment initiatives to build knowledge amongst staff and improve their access to providing one and done resolution through enhanced processes. Further, in light of Hurricane Melissa, we expanded our in-branch services, enabling our digital branches to process cash transactions. These upgrades created a more efficient and comfortable banking environment, thereby helping to shorten wait times and ensure clients could complete routine transactions with ease.

We remain committed to **resolving issues** faster and more effectively. By tightening internal processes and redesigning workflows, we have targeted a reduction in the resolution of claims and complaints. Dedicated teams are working specifically on matters arising from disputes, collections and fraud. Through cross-functional collaboration, we're strengthening our ability to respond quickly and accurately to clients' concerns, ensuring they feel supported throughout the resolution process.

Across all these initiatives, our mission remains clear: to remove friction, simplify banking interactions, and deliver a client experience that is seamless, secure, and dependable.

Environmental, Social and Governance

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

Our impact in these areas is greatest when we take action at three different levels — in our operations, with our clients, and in the world around us. We have the most robust controls and ability to drive positive change in our operations. We also support and enable positive ESG outcomes with our clients through our core business: delivering important financial products, services and advice that help them achieve their goals and we affect progress in the world around us by using our partnerships and influence to address global concerns that affect everyone.

> During 2025, Scotia Group Jamaica advanced its mission to uplift communities through targeted investments in education, youth empowerment, financial resilience, and environmental sustainability.

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

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

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

During 2025, Scotia Group Jamaica advanced its mission to uplift communities through targeted investments in education, youth empowerment, financial resilience, and environmental sustainability. The period saw the execution of several impactful initiatives that strengthened families, supported students, and deepened the organisation's engagement with communities across the island.

Environmental Action

Environmental Awareness and Capacity Building

Effective environmental stewardship begins with awareness, education, and behavioural change. In November, the Scotia Foundation hosted an internal environmental education session led by Dr. Theresa Rodriguez-Moodie, Chief Executive Officer of the Jamaica Environment Trust (JET).

Approximately 200 employees participated in the virtual session, which explored the environmental and social impacts of plastic pollution and emphasized individual and organisational responsibility in advancing sustainable practices. The initiative supported internal capacity building and reinforced a culture of environmental accountability across the organisation.

BUSINESS UPDATES | ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Strengthening Environmental Institutions

In January, the Scotia Foundation invested J$1 million in JET's Schools Environment Programme, an initiative focused on educating students about sustainability and environmental protection, with particular emphasis on plastic waste reduction.

This investment strengthened the organisational resilience of a key environmental partner, enabling expanded reach within Jamaica's education system and contributing to long-term environmental awareness among young people.

Yanique Forbes-Patrick, Head, Caribbean Corporate Affairs at Scotiabank (centre) is joined by CEO of JET Dr. Theresa Rodriguez-Moodie and Programme Director Justin Saunders at JET's Head Office, Earth Cottage.

Climate Awareness and Earth Day Engagement

In April, Scotiabank marked Earth Day with a series of initiatives aligned to climate education and ecosystem preservation. A regional Lunch and Learn session engaged employees across Jamaica, The Bahamas, Turks and Caicos, and the Cayman Islands. The session featured Ainsley Henry, Executive Director of the Forestry Department, who highlighted the role of forests in climate change mitigation and ecosystem resilience.

Complementing employee engagement, Scotiabank partnered with the Forestry Department to distribute 1,000 seedlings to clients across multiple parishes, encouraging reforestation and community participation in environmental protection.

Conrad Wright, Manager, Scotia Centre Branch (right) hands an Otaheite apple seedling to a lucky Scotiabank client

Hardworking Scotia Volunteers after a meaningful morning cleaning up our coastline.

Further supporting coastal resilience, Scotiabank partnered with the National Environment and Planning Agency (NEPA) to host a cleanup exercise at Shipwreck Beach in the Palisadoes–Port Royal Protected Area. More than 100 volunteers removed over 100 bags of waste, contributing to the protection of a critical coastal ecosystem and reducing environmental degradation.

International Coastal Cleanup Day

In September, the Scotia Foundation commemorated International Coastal Cleanup Day with a large-scale cleanup along nearly one kilometre of coastline behind Donald Quarrie High School. Close to 150 volunteers participated, removing 138 bags of waste and recyclables.

The activity reinforced collective responsibility for environmental protection while contributing to the mitigation of pollution-related risks affecting Jamaica's marine and coastal environments.

Approximately 150 Scotia Foundation volunteers participated in the cleanup of nearly 1km of coastline in the vicinity of Donald Quarrie High School in September in commemoration of International Coastal Cleanup Day

Social Impact:

Building Inclusive and Resilient Communities

In December 2024, Scotiabank hosted its Annual Christmas in the Park Musical Showcase, creating an inclusive community space that celebrated youth talent and cultural expression. More than 100 young performers participated.

During the showcase, the Scotia Foundation donated J$12.5 million to Project STAR, supporting an intervention programme designed to improve educational outcomes and strengthen resilience among students in vulnerable communities.

Junkanoo comes to life onstage during the Christmas in the Park 2024 concert in Emancipation Park.

Youth Development and Education Support

In February 2025, Scotiabank participated in Jamaica Day celebrations at Kingston Technical High School, reinforcing cultural identity and school engagement.

That same month, the Foundation delivered financial literacy workshops in partnership with SOS Children's Villages in Kingston and Montego Bay under the Youth Rise Programme. The sessions addressed budgeting, debt management, and responsible spending, supporting young people's transition toward financial independence.

Scotiabank has provided funding to the tune of JA$106 million towards the programme, which is designed to transform the lives of approximately 800 young persons over 3 years.

Later that year, in March, Scotiabank partnered with Project STAR to host a parenting workshop under the Student Educational Empowerment Programme (SEEP) at Holy Family Primary School. The session equipped parents with tools to support their children's academic and emotional development, recognizing the role of family engagement in educational success.

Advancing Gender Equity and Inclusion

In recognition of International Women's Day, Scotiabank supported initiatives aimed at advancing gender equity and leadership. These included sponsorship of the UWI Legal Aid Clinic's public forum on domestic violence, the Women in Finance Breakfast Forum, and the Women's Leadership Initiative Awards Brunch.

As part of our continued empowerment of women in business, the Scotia Women Initiative hosted 'The State of the Jamaican Woman' - a public forum that brought together business leaders, industry experts and other stakeholders for an evening of conversation and inspiration. Through SWI female entrepreneurs have accessed over $3 billion in special loan funding during the financial year.

After a successful financial literacy workshop hosted by Scotiabank as part of the YouthRise three-year programme, members of the SOS Children's Villages Jamaica team, youth participants from SOS Children's Villages Stony Hill, and Scotiabank representatives pause to capture the moment.

Yanique Forbes-Patrick, Head, Caribbean Corporate Affairs (2nd left) and Project STAR's Kalando Wilmoth (left) join Principal of Kingston Technical Maulton Campbell (right) for a quick photo op after a powerful and inspiring performance by Reggae Gospel artist Keven Downswell (2nd right).

Attendees at the UWI Legal Aid Clinic Public Forum on Domestic Violence.

Panelists at the three-year Scotiabank Women Initiative anniversary event.

Economic Resilience and Skills Development

Digital Capacity Building

In April, Scotiabank opened applications for the CyberNauts Programme, implemented in partnership with Cyber Nations. Funded by a CA$900,000 investment from Scotiabank, (JA104 Million) CyberNauts will train 100 learners including 60 Jamaicans for entry-level careers in cybersecurity—an industry facing a global shortage of nearly 5 million professionals.

The programme was significantly oversubscribed, underscoring strong national demand for digital skills and reinforcing the role of technology education in enhancing workforce readiness and economic resilience.

Education and Scholarship Support

In April we hosted an inspirational session for the 2025 cohort of UWI Toronto Gala Scholarship recipients. These high-achieving students were given the opportunity to connect with senior Scotiabank executives, who offered mentorship and motivation ahead of their final examinations. It was a meaningful reminder of the bank's long-standing commitment to nurturing future leaders through education and support.

Empowering Youth through Education and Sport

On May 1 we launched the Scotia Kids Championship, which engaged 480 boys and girls from 60 primary schools across Jamaica. Over four weekends of spirited competition—including regional finals in Cornwall, Middlesex, and Surrey—students not only demonstrated athletic skill but also benefited from lessons in fair play and financial literacy. Corinaldi Avenue Primary emerged as overall champions. The event was powered by the enthusiastic support of Scotia volunteers, who led sessions aimed at improving financial literacy through the "League of Life" board game and lent hands-on assistance at each weekend of play.

The Foundation also supported Child Month activities in May, partnering with the National Child Month Committee to provide tokens for students during their flagship celebration in Half-Way Tree. This complemented our work on Read Across Jamaica Day, when our Scotiabank branches mobilized to handover books and other educational resources to primary schools island-wide, while volunteers hosted reading sessions to promote a culture of literacy and a love for learning.

Strengthening Schools and Communities

On Labour Day, dozens of Scotia volunteers rolled up their sleeves to paint, clean, and plant trees at Ambrose Lane Primary, Falmouth Primary, and Kingston Technical High School—tangible demonstrations of our commitment to creating better learning environments for Jamaica's children. Our activities were hosted in collaboration with United Way of Jamaica.

Scotia Group Executives (all of whom are UWI alumni) are all smiles alongside UWI Director of Alumni Relations Celia Davidson Francis (4th left). The Scotia team returned to the Mona Campus for a pep talk with the 2025 UWI Toronto Gala Scholarship Recipients. Scotiabank has committed CA$500,000 over 5 years to assist graduate and undergraduate students with their tuition costs.

Winners of the Scotiabank Kids Championship Corinaldi Avenue Primary School celebrate after securing the title

Maia Wilson, VP, General Counsel and Company Secretary, shares the joy of reading with Grade 4 students of Holy Family Primary School

The Foundation also made a $5 million investment in education infrastructure when it handed over $2.5 million each to Hampton School and Munro College on National Children's Day (May 16). The funds will support ongoing repairs to the institutions, which sustained significant damage during Hurricane Beryl in 2024. In addition to the donation, our teams conducted financial literacy sessions with students, exploring the key concepts of budgeting, investing, and responsible spending.

Scotia Foundation volunteers lending a hand during the Foundation's Labour Day activities.

Scotia Volunteers present Hampton School (left) and Munro College (right) with cheques valued at $2,500,000 to assist with post-Beryl restoration work. The presentations were made on National Children's Day.

(L-R) Igol Allen, blood drive coordinator, National Blood Transfusion Service and Scotiabank team members Yanique Forbes-Patrick, Head, Caribbean Corporate Affairs, and Gary-Vaughn White, Senior Vice President, Collateral Protection proudly pose for a photo after completing their blood donation.

Health and Community Well-being

Health and wellness also remained at the forefront of our agenda. In celebration of World Blood Donor Day in June, the Foundation hosted a blood drive at our Port Royal Street Head Office, collecting blood from Scotiabank employees, clients, and members of the public.

We also partnered with the Jamaica Cancer Society to sponsor their annual Relay for Life event in June, contributing $2 million towards the fight against cancer. More than 120 Scotia volunteers joined the relay, underscoring our commitment to raising awareness of breast cancer, encouraging early detection, and promoting healthy lifestyles.

Scotia volunteers are all smiles and filled with hope as they complete a lap during the Jamaica Cancer Society's Relay for Life

Championing Financial Literacy and Inclusion

Our commitment to financial empowerment was evident across multiple initiatives. In partnership with the SOS Children's Village, we hosted financial literacy sessions for young adults on May 3 in Kingston and May 17 in Montego Bay, where participants explored savings, budgeting, and investment strategies. To reinforce the lessons, attendees received workbooks to help test their knowledge.

Through our ongoing partnership with Project STAR, we hosted a financial inclusion session on May 15 in Savanna-La-Mar, where 50 adults aged 18–65 were guided through the account-opening process and taught the basics of money management. In May Pen, Clarendon, we also supported a Business Owners' Workshop, where Scotia representatives shared information on business banking solutions and general financial education.

Participants in the SOS Children's Village Special Empowerment session joined by Scotia volunteers and members of the SOS team

In July, the Foundation returned to SOS Children's Village to host a special empowerment session for young men aged 16–25 in Lilliput, St. James. Over two days (July 19–20), the participants received practical financial literacy guidance and committed to putting their new skills into practice.

The Foundation also extended its reach into agriculture, supporting the New Era Agricultural Workshop in Trelawny which was attended by young people pursuing careers in farming. Organized by the Ministry of Agriculture and Fisheries in collaboration with the Jamaica 4-H Clubs, the two-day workshop is part of the national agenda of modernizing agriculture and creating viable pathways for youth participation. Scotiabank added a crucial dimension to the programme through a tailored financial literacy segment, designed to help participants understand income management and business growth within the agricultural space.

BUSINESS UPDATES | ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Back-to-School Support and Community Treats

The Scotia Foundation invested J$22 million in back-to-school activities across Jamaica, benefitting over 2,000 students. As part of this effort, Grade 6 students at 31 primary schools received essential school supplies, allowing them to begin an important academic year with the tools needed for success.

The Foundation also hosted vibrant Back-to-School Treats at Barracks Road Primary and Holy Family Primary. Students enjoyed rides, games, and snacks, while parents received practical financial guidance from Scotiabank team members. The sessions focused on saving towards their children's education and safeguarding their long-term financial wellbeing, reinforcing the bank's commitment to supporting families at every stage.

Both students and parents enjoyed the offerings at the Scotia Foundation's Back to School treats held at Barracks Road Primary in St. James and Holy Family Primary in Kingston.

Motivational Visit to Kingston Technical High School

At the start of the new school year, the Scotia Foundation visited Kingston Technical High School, offering words of encouragement and motivation to the school's population of more than 1,000 students. The visit was particularly meaningful as Kingston Technical is one of two schools where the Foundation funds the Student Education and Empowerment Programme (SEEP). SEEP—executed by Project STAR and funded by the Foundation at J$7.5 million annually—supports students in Grades 8, 9, and 10 by strengthening literacy, numeracy, and social development skills.

Deleen Powell, Public Affairs and Communications Manager, Scotia Group (third right) poses alongside Myshka Allen of Project STAR (second left) and student leaders at KTHS

Education Wealth Programme Scholarships

Under the Scotia Insurance Education Wealth Programme, 22 high school and tertiary students received scholarships in the amount of $150,000 each to support their academic pursuits. This initiative continues to play a key role in advancing educational access, easing financial pressure on families, and helping young people realize their long-term aspirations.

Education Wealth Plan Scholarship recipient Amy Marie Fraser is all smiles as she is presented with a ceremonial cheque by President of Scotia Jamaica Life Insurance Debra Lopez-Spence.

Financial Literacy Session at Port Antonio High School

The Scotia Foundation continued its thrust to empower individuals with information to make sound financial decisions with an in-depth presentation to parents at the Port Antonio High School's Parent Teachers' Association meeting in October. The session, which covered the basics of budgeting, saving and investing was attended by approximately 200 parents and guardians.

The Scotia Foundation also donated $500,000 to the school to support the procurement of learning materials which will be used as part of the school's literacy and numeracy programmes.

The Scotiabank Foundation donated $500,000 to Port Antonio High School and provided parents and guardians with useful tips on budgeting and saving during the school's October PTA meeting

Standing alongside volunteers, Audrey Tugwell Henry, Scotia Group President and CEO, helps pack care packages destined for families in need.

Responding to Crisis: Hurricane Melissa

On October 28, Hurricane Melissa—the first Category 5 hurricane to make landfall in Jamaica—caused widespread devastation across the island.

Scotia Group Jamaica responded swiftly, committing an initial J$165 million to national relief and recovery efforts. The Group mobilized employees, distributed care packages, and activated its Client Assistance Programme, offering eligible clients the option to defer loan and credit card payments.

These actions supported immediate humanitarian needs while contributing to longer-term recovery and financial stability.

Governance

At Scotiabank, strong governance underpins trust. Trust is foundational to our relationships with clients, shareholders, employees, and communities built over more than 136 years.

We uphold high standards of integrity, transparency, and accountability, supported by robust risk management practices and a strong ethical culture. Through sound governance, we seek to safeguard stakeholder confidence and support the long-term sustainability of the Group.

Consolidated Financial Statements

of Scotia Group Jamaica Limited

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 87 to 197, 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

The key audit matter	*How the matter was addressed in our audit*
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, *Insurance Contracts* (IFRS 17), which incorporates economic and non-economic assumptions. The determination of the present value of future cash flows for the liability for remaining coverage (LRC) requires the use of appropriate assumptions 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 *Financial Instruments*. The Group's allowance for credit losses are outputs of complex models and there is a high degree of measurement uncertainty due to significant judgements inherent in the Group's methodology such as judgements about forward-looking information. These judgements impact certain inputs, assumptions, qualitative adjustments, and the determination of when there has been a significant increase in credit risk. *[see notes 2(k), 3(i) and 25 of the financial statements]*	Our procedures in this area included the following: • Evaluated the appropriateness of the accounting policies based on IFRS 9's requirements, our business understanding and industry practice; • Updated our understanding of management's processes, systems and controls implemented – e.g. controls over model development; • Identified and tested the relevant controls with the assistance of IT specialists 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.

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.

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 85-86, 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.

KPMG

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.

KPMG

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		10,766,755	10,059,988
	6	52,030,694	48,141,162
Interest income on securities at fair value through profit and loss	6	34,526	203,368
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	526,540	417,033
		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	38	78
Total insurance/reinsurance held finance expenses		(3,156,832)	(2,784,303)
Net financial results	8	44,494,965	39,779,633
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)
		3,393,149	2,546,927
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	7,212,724	7,228,799
Net gains on foreign currency activities	11	9,519,975	9,318,933
Other income	12	91,048	244,423
		16,823,747	16,792,155
		64,711,861	59,118,715
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		15,314,458	13,243,542
	14	34,993,377	29,415,013
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		19,901,494	20,157,791
EARNINGS PER STOCK UNIT (expressed in $) attributable to stockholders of the Company	17	6.40	6.48

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		19,901,494	20,157,791
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)	1,059,651	3,257,247
		(2,119,300)	(6,514,493)
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		14,888	(9,418)
		(211,637)	4,965,514
Taxation	37(a)	73,903	(1,553,193)
		(137,734)	3,412,321
Other comprehensive loss, net of tax		(2,257,034)	(3,102,172)
Total comprehensive income attributable to stockholders of the Company		17,644,460	17,055,619

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

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	82,491,892	63,388,442
	21	201,769,520	160,751,881
Financial assets at fair value through profit or loss	22	973,356	954,838
Pledged assets	23	4,259,906	3,399,080
Loans, net of allowance for credit losses	24	350,438,350	312,755,204
Investment securities	26	169,900,739	184,472,698
Segregated fund assets	27	2,257,632	1,768,210
Insurance contract assets	38	3,603	20,488
Reinsurance held contract assets	38	699	701
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)	1,167,186	1,511,118
		44,172,597	40,893,605
		773,776,402	705,016,705

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

SCOTIA GROUP JAMAICA LIMITED

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	687,318	609,622
		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		10,552,399	8,236,504
		36,713,737	35,471,477
Insurance contract liabilities	38	51,401,711	50,166,509
Reinsurance held contract liabilities	38	451	1,251
Segregated fund investment contract liabilities	27	2,257,632	1,768,210
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		73,835,224	76,007,550
Total equity		150,513,170	138,469,577
Total liabilities and equity		773,776,402	705,016,705

The financial statements on pages 87 to 197 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

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

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	2,055,656	2,040,235
		(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)	1,855,500
		(26,585,445)	(75,849,975)
Interest received		50,147,941	46,515,044
Interest paid		(1,949,255)	(1,979,888)
Taxation paid		(10,952,613)	(8,294,731)
Net cash provided by/(used in) operating activities (carried forward to page 93)		10,660,628	(39,609,550)

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

SCOTIA GROUP JAMAICA LIMITED

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

	Notes	2025	2024
Cash flows from operating activities (brought forward from page 92)		10,660,628	(39,609,550)
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	(1,789,615)	(1,199,582)
Net cash provided by/(used in) investing activities		11,955,166	(21,109,839)
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)	(216,000)	(188,489)
Net cash used in financing activities		(5,816,867)	(5,322,618)
Effect of exchange rate changes on cash and cash equivalents		1,008,559	1,327,277
Net increase/(decrease) in cash and cash equivalents		17,807,486	(64,714,730)
Cash and cash equivalents at beginning of year		59,124,093	123,838,823
Cash and cash equivalents at end of year	21	76,931,579	59,124,093

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

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	415,859	499,952
Net gains on foreign currency activities		153,797	178,526
Dividend income	12,47	5,803,710	5,197,785
		5,957,507	5,376,311
Total operating income		6,373,366	5,876,263
Expenses			
Other operating expenses	14	129,067	92,373
Profit before taxation	15	6,244,299	5,783,890
Taxation	16	(117,288)	(129,598)
Profit for the year		6,127,011	5,654,292

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

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

The financial statements on pages 87 to 197 were approved for issue by the Board of Directors and signed on its behalf on December 19, 2025 by:

Anya Schnoor Director

Audrey Tugwell Henry Director

ernon Douglas Director

Maia Wilson Secretary

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*)

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

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

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	117,288	129,598
		24,730	86,153
Changes in operating assets and liabilities			
Accounts with fellow subsidiaries		(569,082)	(673,686)
Other liabilities		3,832	7,416
		(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	5,803,710	5,197,785
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		409,934	484,551
Cash and cash equivalents at end of year	21	313,497	409,934

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

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 Company	Holding by Subsidiary	Financial Year-end
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.

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.

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.

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.

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:

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:

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

Insurance revenue

Contracts not measured under the premium allocation approach

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

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.

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	Reinsurance held contract	Individual Universal Life	GMM

2. Summary of material accounting policies (continued)

(g) Insurance and reinsurance held contracts (continued)

(ii) Separating components from insurance and reinsurance held contracts

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

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

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

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

Insurance contracts

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

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

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

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

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

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

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.

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

Insurance contracts – Subsequent measurement

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

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.

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;

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

Multiple forward-looking scenarios

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

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

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.

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.

(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.

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.

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

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.

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.

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.

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.

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.

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				
Portfolio	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
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.

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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).

(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 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Portfolio										
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.

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.

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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	4,981,733	4,004,516	13,450,915	2,116,467	4,706,085	440,589	18,179	29,718,484
Taxation								(9,816,990)
Profit for the period								**19,901,494**
Segment assets	287,078,721	258,108,432	121,924,209	24,341,319	80,530,675	23,722,653	(50,128,826)	745,577,183
Unallocated assets								28,199,219
Total assets								**773,776,402**
Segment liabilities	1,268,958	296,173,633	273,424,959	11,470,744	54,180,836	133,933	(34,627,567)	602,025,496
Unallocated liabilities								21,237,736
Total liabilities								**623,263,232**
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	10,293	772,449	392,850	22,858	2,888	-	-	1,201,338

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

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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 29) and intangible assets (note 30).

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6. Net interest income

	The Group		The Company	
	2025	2024	2025	2024
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	35,169,862	30,426,848	-	-
	52,030,694	48,141,162	415,859	499,952
Interest income on financial assets at fair value through profit or loss	34,526	203,368	-	-
Total interest income	52,065,220	48,344,530	415,859	499,952
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	97,091	35,428	-	-
	2,055,656	2,040,235	-	-
Net interest income	50,009,564	46,304,295	415,859	499,452

7. Net gains on financial assets

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

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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	49,782	-	-	35,120,080	35,169,862
Total interest income	3,219,093	9,177	2,491	48,834,459	52,065,220
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	(2,963,806)	(94,880)	-	(2,016,588)	(5,075,274)
Net finance income from reinsurance contracts					
Interest accreted	-	38	-	-	38
Other					
The effect of financial risk and changes in financial risk- OCI	-	166	-	-	166
	-	204	-	-	204
Total financial result	237,177	35,163	2,477	44,357,566	44,632,383
Represented by:					
Amounts recognized in profit or loss	99,759	35,163	2,477	44,357,566	44,494,965
Amounts recognized in OCI	137,418	-	-	-	137,418
	237,177	35,163	2,477	44,357,566	44,632,383
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	137,252	-	-	-	137,252
	(2,924,738)	(94,880)	-	-	(3,019,618)
Net finance income from reinsurance held contracts					
Recognized in profit or loss	-	38	-	-	38
Recognized in OCI	-	166	-	-	166
	-	204	-	-	204

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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

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9. Insurance revenue

	The Group	
	2025	2024
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	213,425	145,874
	3,251,052	2,475,713
Contracts measured under the PAA	1,132,593	1,034,117
Total insurance revenue	4,383,645	3,509,830

10. Net fee and commission income

	The Group	
	2025	2024
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	2,493,706	2,100,637
	25,742,061	23,418,227
Fee and commission expense	(18,529,337)	(16,189,428)
	7,212,724	7,228,799

Total fee and commission income and expenses relate to financial assets and liabilities not measured at FVTPL.

11. Net gains on foreign currency activities

Net gains on foreign currency activities include primarily gains and losses arising from foreign currency trading activities.

12. Other income

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

13. Salaries, pensions and other staff benefits

	The Group	
	2025	2024
Wages and salaries	12,003,392	10,527,248
Statutory payroll contributions	1,085,705	1,006,880
Other staff benefits	2,704,060	2,254,934
	15,793,157	13,789,062
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)]	518,506	675,794
	(909,176)	(1,981,826)
Total	14,883,981	11,807,236

14. Expenses by nature

	The Group		The Company	
	2025	2024	2025	2024
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	213,425	145,874	-	-
	35,982,056	30,377,087	129,067	92,373
Represented by:				
Insurance service expenses	988,679	962,074	-	-
Non-insurance operating expenses	34,993,377	29,415,013	129,067	92,373
	35,982,056	30,377,087	129,067	92,373

15. Profit before taxation

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

	The Group		The Company	
	2025	2024	2025	2024
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	106,598	107,323	-	-

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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 33⅓%	7,706,016	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	-	551	-	-
	9,146,866	9,564,956	117,747	127,931
Deferred income tax [note 37(c)]	670,124	(19,045)	(459)	1,667
	9,816,990	9,545,911	117,288	129,598

Scotia Group Jamaica Limited was granted approval by the Bank of Jamaica in July 2024 to operate as a Financial Holding Company pursuant to section 7 (1) (a) of the Banking Services Act (2014). Consequently, the income tax rate for the company changed from 25% to 33 1/3%, which is the income tax rate for regulated entities.

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

	The Group		The Company	
	2025	2024	2025	2024
Profit before taxation	29,718,484	29,703,702	6,244,299	5,783,890
Tax calculated at 33⅓%	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	-	-
	9,816,990	9,545,911	117,288	129,598
Effective tax rate	33.03%	32.14%	1.88%	2.24%

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	19,901,494	20,157,791
Weighted average number of ordinary stock units in issue ('000)	3,111,573	3,111,573
Earnings per stock unit (expressed in $)	6.40	6.48

18. Cash and balances at Bank of Jamaica

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

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

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

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

19. Due from other banks

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

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	
	2025	2024	2024	2025
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)
	76,931,579	59,124,093	313,497	409,934
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)
	80,239,218	62,594,396	313,497	409,934
Cheques and other instruments in transit	(3,307,639)	(3,470,303)	-	-
	76,931,579	59,124,093	313,497	409,934

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22. Financial assets at fair value through profit or loss

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

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

Included in pledged assets are the following categories of assets:

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

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	
	2025	2024
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	1,709,308	1,678,160
	360,078,625	322,729,859
Less: Deferred origination fees	(3,700,689)	(3,410,175)
Allowance for expected credit losses (note 25)	(5,939,586)	(6,564,480)
	350,438,350	312,755,204

24. Loans, net of allowance for credit losses (continued)

(i) The aging of the loans at the reporting date was:

	The Group 2025	The Group 2024
Current	322,069,642	302,682,613
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	1,194,885	1,057,064
	31,459,069	13,374,032
Impaired:		
Past due more than 90 days	4,840,606	4,995,054
Interest receivable	1,709,308	1,678,160
Gross loan portfolio	360,078,625	322,729,859
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	350,438,350	312,755,204

(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.

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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)	2,402,014	1,250,792	2,286,780	5,939,586
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	214,926	(414,476)	3,005,525	2,805,975

	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)	2,183,816	1,803,531	2,577,133	6,564,480
Provided during the year	346,553	278,996	4,485,192	5,110,741
Recoveries of bad debts	-	-	(930,546)	(930,546)
Expected credit losses reported in profit for the year	346,553	278,996	3,554,646	4,180,195

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	The Group 2024
Allowance based on IFRS	5,939,586	6,564,480
Additional allowance based on Bank of Jamaica (BOJ) regulations	428,172	314,649
	6,367,758	6,879,129

(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)
	2,884,307	4,157,392

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
	169,900,739	184,472,698

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 contact 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
	2,257,632	1,768,210
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	2,257,632	1,768,210

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	1,587,866	1,147,537
	7,143,382	4,186,358

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	17,660	-	-	-	-	17,660
October 31, 2024	1,979,910	7,210,917	1,311,944	10,678,880	782,167	21,963,818
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	18,234	-	-	-	-	18,234
Write off	-	-	(13,513)	(310,001)	(2,146)	(325,660)
October 31, 2025	2,527,611	7,597,132	1,383,525	11,728,041	480,027	23,716,336
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	6,435	-	-	-	-	6,435
Adjustment	-	-	-	282	-	282
October 31, 2024	799,498	1,737,214	922,727	8,705,894	-	12,165,333
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	6,526	-	-	-	-	6,526
Write-off	-	-	(12,300)	(251,917)	-	(264,217)
October 31, 2025	963,576	1,897,702	1,030,914	9,110,673	-	13,002,865
Net book values:						
October 31, 2025	1,564,035	5,699,430	352,611	2,617,368	480,027	10,713,471
October 31, 2024	1,180,412	5,473,703	389,217	1,972,986	782,167	9,798,485
October 31, 2023	1,218,466	5,414,467	353,869	1,824,564	716,481	9,527,847

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	1,382,582	348,987	49,470	136,892	581,346	2,499,277
Additions during the year	-	-	-	-	-	-
October 31 2025	1,382,582	348,987	49,470	136,892	581,346	2,499,277
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	1,382,582	71,574	5,333	61,724	489,307	2,010,520
Net book values:						
October 31, 2025	-	277,413	44,137	75,168	92,039	488,757
October 31, 2024	-	277,413	44,137	75,168	112,993	509,711
October 31, 2023	-	277,413	44,137	75,168	133,947	530,665

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)
	14,088,672	16,166,374

(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)	88,125,652	83,531,979
	42,723,178	43,012,865
Limitation of economic benefits	(24,658,324)	(22,822,128)
Asset in the statement of financial position	18,064,854	20,190,737

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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	18,064,854	20,190,737

(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	(45,402,474)	(40,519,114)

(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	88,125,652	83,531,979

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	897,618	878,174
	88,125,652	83,531,979

(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	
	2025	2024
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	181,681	173,859
	(1,427,682)	(2,657,620)

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

	The Group	
	2025	2024
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	(674,238)	16,931,657
	3,554,065	11,561,894

(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			
	2025	2024		
	1% Increase	1% Decrease	1% Increase	1% Decrease
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	(1,164,000)	(1,055,000)	1,095,000	(991,000)

(viii) Liability duration

The average liability duration is as follows:

	The Group	
	2025	2024
Active members and all participants (years)	13.0	13.4

(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	
	2025	2024
Discount rate	9.50%	11.00%
Future salary increases	6.50%	8.50%
Future pension increases	3.00%	4.50%

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	367,524	1,330,902
Balance at end of year	(3,976,182)	(4,024,363)

(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	432,568	551,191
	512,467	675,794

(iii) Credit recognised in other comprehensive income:

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

(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	11,000	(10,000)	9,000	(8,000)

(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	
	2025	2024
Active members and all participants (years)	13.3	13.7

(c) Charge/(credit) recognised in other comprehensive income:

	The Group	
	2025	2024
Retirement benefit pension plan [note 31(a)(vi)]	3,554,065	11,561,894
Medical and group life obligation [note 31(b)(iii)]	(395,523)	(1,386,909)
	3,158,542	10,174,985

32. Deposits by the public

	The Group	
	2025	2024
Personal	294,815,928	262,633,214
Business	234,884,202	213,368,909
Interest payable	66,566	58,077
	529,766,696	476,060,200

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	
	2025	2024
Deposits held with Bank	96,882	16,020

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	7,537,383	7,224,107
	13,086,662	11,334,735

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	-	4,500	4,500
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	-	(2,995)	(2,995)
Balance at October 31, 2025	582,117	3,200	585,317

(ii) Leases

Leases as lessee

The Group leases properties. The leases for the Group typically run for periods of 3 years with an option to renew the lease after that date. Lease payments are renegotiated at the time of lease renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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).

(b) Lease liabilities

	The Group 2025	The Group 2024
Lease liabilities included in the statements of financial position	1,668,210	1,240,207
Lease liabilities are classified as follows:		
Current	152,827	157,427
Non-current	1,515,383	1,082,780
	1,668,210	1,240,207
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	1,075,532	502,143
	2,079,611	1,399,043

(c) Amounts recognised in profit or loss:

	The Group 2025	The Group 2024
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	16,116	23,785

(d) Amounts recognised in statement of cash flows:

	The Group 2025	The Group 2024
Total cash outflow for leases	216,000	188,489

(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).

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:

	The Group 2025	The Group 2024	The Company 2025	The Company 2024
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)	-	-
	1,133,554	1,704,054	-	-
At end of year	(2,759,130)	(3,224,168)	(7,771)	(8,230)

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

	The Group 2025	The Group 2024	The Company 2025	The Company 2024
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	(2,759,130)	(3,224,168)	(7,771)	(8,230)

(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)

	The Group 2025	The Group 2024	The Company 2025	The Company 2024
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)
	(2,759,130)	(3,224,168)	(7,771)	(8,230)

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

	The Group 2025	The Group 2024	The Company 2025	The Company 2024
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	3,102	(2,198)	-	-
	670,124	(19,045)	(459)	1,667

38. Insurance and reinsurance held contracts

2025	Contracts without direct participation features	Contracts with direct participation features	Contracts measured under the PAA	Total
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)

2024	Contracts without direct participation features	Contracts with direct participation features	Contracts measured under the PAA	Total
October 31, 2024				
Insurance contracts				
Insurance contract liabilities	(49,963,061)	(212,860)	9,412	(50,166,509)
Insurance contract assets	20,488	-	-	20,488
Reinsurance held contracts				
Reinsurance held contract assets	701	-	-	701
Reinsurance held contract liabilities	(1,251)	-	-	(1,251)

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:

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

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

	2025 Liabilities for remaining coverage				2024 Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening 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	48,279,073	306,988	1,356,512	49,942,573	47,550,554	198,877	1,585,192	49,334,623
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)
	(3,032,093)	-	-	(3,032,093)	(2,312,643)	-	-	(2,312,643)
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
	142,696	(91,980)	590,930	641,646	102,365	94,528	550,303	747,196
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	2,910,965	13,773	-	2,924,738	2,303,271	13,583	-	2,316,854
Total changes in the statement of profit and loss and OCI	(5,708,775)	(78,207)	6,321,273	534,291	(5,875,131)	108,111	6,518,427	751,407
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	6,864,661	-	(5,733,476)	1,131,185	6,636,222	-	(6,747,107)	(110,885)
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	49,182,716	228,781	1,944,309	51,355,806	48,279,073	306,988	1,356,512	49,942,573
Closing assets	(3,603)	-	-	(3,603)	(20,488)	-	-	(20,488)
Closing liabilities	49,186,319	228,781	1,944,309	51,359,409	48,299,561	306,988	1,356,512	49,963,061
Net closing balance	49,182,716	228,781	1,944,309	51,355,806	48,279,073	306,988	1,356,512	49,942,573

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38. Insurance and reinsurance held contracts (continued)

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

Contracts with direct participation features

	2025 Liabilities for remaining coverage				2024 Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening assets	-	-	-	-	-	-	-	-
Opening liabilities	54,844	136,433	21,583	212,860	(127,920)	213,078	6,441	91,599
Net opening balance	54,844	136,433	21,583	212,860	(127,920)	213,078	6,441	91,599
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)
	(218,959)	-	-	(218,959)	(163,070)	-	-	(163,070)
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)
	70,728	40,559	72,206	183,493	43,509	(80,444)	51,718	14,783
Investment components	(280,360)	-	280,360	-	(244,736)	-	244,736	-
Insurance service result	(428,591)	40,559	352,566	(35,466)	(364,297)	(80,444)	296,454	(148,287)
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	(333,711)	40,559	352,566	59,414	(272,419)	(76,645)	296,454	(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	662,695	-	(351,551)	311,144	554,776	-	(281,312)	273,464
Other changes in the net carrying amount of the insurance contract	(560,422)	-	-	(560,422)	(99,593)	-	-	(99,593)
Net closing balance	(176,594)	176,992	22,598	22,996	54,844	136,433	21,583	212,860
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	(176,594)	176,992	22,598	22,996	54,844	136,433	21,583	212,860

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38. Insurance and reinsurance held contracts (continued)

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

Contracts measured under the PAA

	2025 Liabilities for remaining coverage		2025 Liabilities for incurred claims			2024 Liabilities for remaining coverage		2024 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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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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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	43,183,722	1,017,554	5,004,003	757,782	5,761,785	49,963,061	44,128,862	2,020,209	2,664,681	535,340	3,200,021	49,349,092
Net opening balance	43,163,234	1,017,554	5,004,003	757,782	5,761,785	49,942,573	44,114,393	2,020,209	2,664,681	535,340	3,200,021	49,334,623
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	2,496	250	-	-	-	2,746	5,672	466	-	-	-	6,138
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	2,407,565	134,300	306,882	75,991	382,873	2,924,738	1,870,769	198,788	191,641	55,657	247,298	2,316,855
Total changes in the statement of profit or loss and OCI	(2,678,785)	189,832	2,741,753	281,491	3,023,244	534,291	(807,700)	(1,002,655)	2,339,322	222,442	2,561,764	751,409
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	1,131,185	-	-	-	-	1,131,185	(110,887)	-	-	-	-	(110,887)
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	41,363,391	1,207,386	7,745,756	1,039,273	8,785,029	51,355,806	43,163,234	1,017,554	5,004,003	757,782	5,761,785	49,942,573
Closing insurance contract assets	(3,603)	-	-	-	-	(3,603)	(20,488)	-	-	-	-	(20,488)
Closing liabilities	41,366,994	1,207,386	7,745,756	1,039,273	8,785,029	51,359,409	43,183,722	1,017,554	5,004,003	757,782	5,761,785	49,963,061
Net closing balance	41,363,391	1,207,386	7,745,756	1,039,273	8,785,029	51,355,806	43,163,234	1,017,554	5,004,003	757,782	5,761,785	49,942,573

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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 present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening assets	-	-	-	-	-	-	-	-	-	-	-	-
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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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)

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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	3,777	3,225	2,812	2,521	2,319	10,308	43,637	68,599
Total	846,832	699,543	605,743	541,200	494,373	1,989,570	3,676,366	8,853,627
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	7,359	5,588	5,128	4,306	3,323	10,432	39,723	75,859
Total	612,693	469,046	368,693	295,470	251,390	999,757	2,840,594	5,837,643
Reinsurance held contracts	30	23	17	13	9	33	373	498

(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	Total
Insurance contracts without direct participation features			
Insurance acquisition cash flows	209,946	667	210,613
Claims and other insurance service expenses payable	1,327,436	8,808	1,336,244
Estimates of present value of cash outflows	1,537,382	9,475	1,546,857
Estimates of present value of cash inflows	(2,060,955)	(10,077)	(2,071,032)
Risk adjustment for non-financial risk	103,018	285	103,303
CSM	420,555	-	420,555
Losses recognised on initial recognition	-	(317)	(317)

	2024		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	172,482	79,455	251,937
Claims and other insurance service expenses payable	1,097,008	352,948	1,449,956
Estimates of present value of cash outflows	1,269,490	432,403	1,701,893
Estimates of present value of cash inflows	(1,719,833)	(419,823)	(2,139,656)
Risk adjustment for non-financial risk	84,179	17,005	101,184
CSM	366,164	-	366,164
Losses recognised on initial recognition	-	29,585	29,585

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	1,055,059	300,127	1,355,186
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	79,979	-	79,979
Losses recognised on initial recognition	-	28,671	28,671

	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	1,477,309	21,329	1,498,638
Estimates of present value of cash outflows	1,610,582	29,734	1,640,316
Estimates of present value of cash inflows	(1,742,750)	(27,703)	(1,770,453)
Risk adjustment for non-financial risk	44,506	1,642	46,148
CSM	87,662	-	87,662
Losses recognised on initial recognition	-	3,673	3,673

	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	510	-	510
CSM	(499)	-	(499)

	2024		
	Contracts Initiated without loss recovery component	Contracts Initiated with loss recovery component	Total
Reinsurance held contracts			
Estimates of present value of cash inflows	3,730	-	3,730
Estimates of present value of cash outflows	(3,825)	-	(3,825)
Risk adjustment for non-financial risk	282	-	282
CSM	(187)	-	(187)

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.

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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.

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

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

Under the provisions of the Companies Act 2004 (the Act), the stock units have no par value. The holders of the ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the Company.

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.

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.

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

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

(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.

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.

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.

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:

IG Code rating	External rating: Standard & Poor's equivalent.
Investment grade	AAA to BBB-
Non-investment grade	BB+ to B-
Watch list	CCC+ to CC
Default	Default

Retail loans: Retail loans are risk-rated based on an internal scoring system which combines statistical analysis with credit officer judgment, and fall within the following categories:

- Very low
- Low
- Medium
- High
- Very high
- Default

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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)		227,207,700	7,210,233	-	234,417,933
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		229,568,545	7,297,379	4,581,871	241,447,795
Expected credit loss allowance retail		(1,942,471)	(784,050)	(2,243,983)	(4,970,504)
Deferred origination fee		-	-	-	(3,505,559)
Carrying Amount		227,626,074	6,513,329	2,337,888	232,971,732

		The Group 2024			
Category of PD Grade	PD Range	Stage 1	Stage 2	Stage 3	Total
Very Low	<0.2%	1,648,404	-	-	1,648,404
Low	0.2% to <1%	101,344,760	129,364	-	101,474,124
Medium	1% to <3%	62,279,556	288,823	-	62,568,379
High	3% to <20%	22,673,550	3,525,515	-	26,199,065
Very High	20% to <99.9%	130,148	3,184,319	-	3,314,467
Subtotal: PD Grades (Advanced Models)		188,076,418	7,128,021	-	195,204,439
Loans not graded (Intermediate or simplified or gross-up)		6,019,837	220,246	-	6,240,083
Default		-	-	4,787,010	4,787,010
Total		194,096,255	7,348,267	4,787,010	206,231,532
Expected credit loss allowance		(1,663,671)	(1,634,166)	(2,535,278)	(5,833,115)
Deferred origination fees		-	-	-	(3,217,069)
Carrying amounts		192,432,584	5,714,101	2,251,732	197,181,348

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

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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
	181,408,456	181,408,456	202,484,576	202,484,576

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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	
	2025	2024
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	3,457,022	5,060,329
	181,408,456	202,484,576

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.

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.

	The Group	
	Total 2025	Total 2024
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	1,709,308	1,678,160
Total	360,078,625	322,729,859
Deferred origination fees	(3,700,689)	(3,410,175)
Total allowance for credit losses	(5,939,586)	(6,564,480)
	350,438,350	312,755,204

(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.

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)	51,228,621	78,644,015	162,407,827	25,218,935	(61,030,814)	-
Cumulative gap	(256,468,584)	(205,239,963)	(126,595,948)	35,811,879	61,030,814	-	-

SCOTIA GROUP JAMAICA LIMITED

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(*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	2.22	2.30	2.36	-	-	2.24

	The Group					
	2024					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Weighted average
	%	%	%	%	%	%
ASSETS						
Cash resources	0.53	3.78	4.37	4.87	-	2.13
Securities purchased under resale agreements	-	-	4.50	-	-	4.50
Financial assets at fair value through profit and loss	-	-	6.64	5.95	-	2.33
Pledged assets	-	6.50	-	-	-	5.09
Loans	9.60	8.61	8.62	11.80	7.73	9.84
Investment securities	-	8.80	6.31	5.85	6.89	5.95
LIABILITIES						
Deposits	0.11	2.46	0.86	1.16	-	0.18
Insurance contract liabilities	2.22	2.29	2.35	-	-	2.24

(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	Total
Cash resources	313,495	-	10,254,895	-	-	23,313	10,591,703
Investment in subsidiaries	-	-	-	-	-	13,029,908	13,029,908
Other assets	-	-	-	-	-	101,042	101,042
Total assets	313,495	-	10,254,895	-	-	13,154,263	23,722,653
Other liabilities	-	-	-	-	-	133,932	133,932
Stockholders' equity	-	-	-	-	-	23,588,721	23,588,721
Total liabilities and stockholders' equity	-	-	-	-	-	23,722,653	23,722,653
Total interest rate sensitivity gap	313,495	-	10,254,895	-	-	(10,568,390)	-
Cumulative gap	313,495	905,892	10,568,390	10,568,390	10,568,390	-	-

(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
	Increase/decrease	Increase/decrease
JMD Interest rates	by 300 bps	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

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		Profit and loss	
	Increase	Decrease	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
	554,125,309	206,202,636	5,292,887	6,777,996	1,153,635	223,939	773,776,402
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
	416,636,144	193,698,779	5,146,325	6,543,510	1,227,024	11,450	623,263,232
Net position	137,489,165	12,503,857	146,562	234,486	(73,389)	212,489	150,513,170

(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	40,046,030	847,728	(84)	(69)	-	-	40,893,605
	502,935,502	188,699,814	5,325,194	6,845,644	922,929	287,622	705,016,705
Liabilities							
Deposits	298,066,493	168,701,417	5,109,591	6,369,053	891,359	1,768	479,139,681
Due to customers and clients	1,923,325	5,908,690	80,467	307,011	17,011	-	8,236,504
Segregated fund investment contract liabilities	1,768,210	-	-	-	-	-	1,768,210
Insurance contract liabilities	50,166,509	-	-	-	-	-	50,166,509
Reinsurance held contract liabilities	1,251	-	-	-	-	-	1,251
Other liabilities	24,313,362	2,745,074	110,791	58,076	(7,066)	14,736	27,234,973
	376,239,150	177,355,181	5,300,849	6,734,140	901,304	16,504	566,547,128
Net position	126,696,352	11,344,633	24,345	111,504	21,625	271,118	138,469,577

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	176.6648	169.2544	186.6664	170.7621

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	2024
	Increase/decrease	Increase/decrease
USD	by 1.74%	by 1.66%
CAD	by 11.32%	by 6.07%
GBP	by 8.50%	by 6.94%
EUR	by 8.91%	by 6.38%

	2025	2024
Effect on profit and stockholders' equity	(39,468)	(28,590)

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.

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						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits by the public, due to financial institutions, parent company and fellow subsidiaries	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						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits by the public, due to financial institution, parent company and fellow subsidiaries	471,290,291	7,595,359	572,111	-	-	479,457,761	479,139,681
Cheques and other instruments in transit	3,470,303	-	-	-	-	3,470,303	3,470,303
Due to customers and clients	8,236,504	-	-	-	-	8,236,504	8,236,504
Insurance contract liabilities	47,040,429	6,122,408	-	-	-	53,162,837	50,166,509
Reinsurance held contract liabilities	-	-	-	-	1,251	1,251	1,251
Segregated fund investment contract liabilities	-	-	-	-	1,768,210	1,768,210	1,768,210
Guarantees and letters of credit	9,627,710	5,055,981	144,766	207,846	-	15,036,303	-
	539,665,237	18,773,748	716,877	207,846	1,769,461	561,133,169	542,782,458

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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						
	1 year or less	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
Insurance contracts							
Liabilities- direct participating	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)
	3,295,851	2,990,558	2,741,225	2,535,699	2,358,826	28,088,762	42,010,921
Reinsurance held contracts							
Assets	(120)	(106)	(95)	(86)	(77)	(830)	(1,314)
Liabilities	-	-	-	-	-	-	-
	(120)	(106)	(95)	(86)	(77)	(830)	(1,314)

	2024						
	Estimate of present value of future cash flows						
	1 year or less	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
Insurance contracts							
Liabilities- direct participating	46,432	35,219	26,822	19,658	13,660	789,415	931,206
Liabilities- other	2,747,395	2,374,201	2,137,956	1,910,324	1,764,897	31,993,704	42,928,477
Assets	(13,215)	(8,780)	(5,761)	(4,026)	(3,039)	(36,061)	(70,882)
	2,780,612	2,400,640	2,159,017	1,925,956	1,775,518	32,747,058	43,788,801
Reinsurance held contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(115)	(87)	(66)	(49)	(34)	(1,956)	(2,307)
	(115)	(87)	(66)	(49)	(34)	(1,956)	(2,307)

(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)].

(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

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	72,237,920	66%	56,991,870	59%
Total	110,544,002	100%	96,165,170	100%

(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)

	The Group			
	Total Benefits Assured			
	2025		2024	
Group benefits assured per Life	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	117,994,604	100%	107,850,721	100%

Sources of uncertainty in the estimation of future benefit payments and premiums

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder behaviour.

Estimates are made of the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and international mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience.

Process used in deriving non-financial assumptions

For long-term contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns, crediting rates, inflation and administration expenses are made and form the assumptions used for calculating the liabilities at the inception of the contract. A margin for risk and uncertainty is added to these assumptions.

New estimates are made each year based on updated experience studies and economic forecasts. The valuation assumptions are altered to reflect these revised best estimates. The margins for risk and uncertainty may also be altered if the underlying level of uncertainty in the updated assumptions has changed. The financial impact of revisions to the valuation assumption or the related margins is recognised in the accounting period in which the change is made.

(ii) Policyholder behaviour risk

Policyholder behaviour risk is the risk that a policyholders will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums or withdraw deposits leading to an unfavourable position for the insurance company. Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums and to terminate the contract completely. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. The Group has
factored the impact of policyholders' behaviour into the assumptions used to measure the liabilities.

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.

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

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

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.

(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.

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	Total
Financial assets measured at fair value								
Unquoted shares	-	387,865	-	387,865	-	-	387,865	387,865
Quoted shares	-	-	11,694	11,694	-	11,694	-	11,694
Government securities	-	118,091,499	586,389	118,677,888	43,032,660	75,645,228	-	118,677,888
Bank of Jamaica securities	-	49,635,618	-	49,635,618	708,795	48,926,823	-	49,635,618
Treasury Bills	-	1,145,686	-	1,145,686	1,145,686	-	-	1,145,686
Corporate bonds	-	640,071	3,225	643,296	3,225	640,071	-	643,296
Unitised funds	-	-	372,048	372,048	-	372,048	-	372,048
	-	169,900,739	973,356	170,874,095	44,890,366	125,595,864	387,865	170,874,095
Pledged assets measured at fair value:								
Government securities	-	3,458,166	-	3,458,166	-	3,458,166	-	3,458,166
Bank of Jamaica securities	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Unitised funds	-	801,740	-	801,740	-	801,740	-	801,740
	-	4,259,906	-	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	107,091,403
	109,448,989	-	-	109,448,989	-	-	107,091,403	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	Total
Financial assets measured at fair value								
Unquoted shares	-	408,275	-	408,275	-	-	408,275	408,275
Quoted shares	-	-	4,807	4,807	-	4,807	-	4,807
Government securities	-	137,772,001	527,196	138,299,197	44,324,636	93,974,561	-	138,299,197
Bank of Jamaica securities	-	42,815,633	-	42,815,633	-	42,815,633	-	42,815,633
Treasury Bills	-	2,576,830	-	2,576,830	2,276,830	300,000	-	2,576,830
Corporate bonds	-	899,959	21,994	921,953	-	921,953	-	921,953
Unitised funds	-	-	400,841	400,841	-	400,841	-	400,841
	-	184,472,698	954,838	185,427,536	46,601,466	138,417,795	408,275	185,427,536
Pledged assets measured at fair value:								
Government securities	-	2,691,235	-	2,691,235	-	2,691,235	-	2,691,235
Unitised funds	-	-	706,934	706,934	-	706,934	-	706,934
	-	2,691,235	706,934	3,398,169	-	3,398,169	-	3,398,169
Financial assets not measured at fair value								
Loans and receivables	97,534,444	-	-	97,534,444	-	-	95,847,276	95,847,276

Valuation technique

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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.

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.

	Regulated by the BOJ[1]		Regulated by the FSC[2]	
	2025	2024	2025	2024
Tier 1 Capital	73,134,684	59,126,964	12,213,303	11,344,712
Tier 2 Capital	-	-	464,162	464,162
	73,134,684	59,126,964	12,677,465	11,808,874
Less prescribed deductions	(2,790,000)	(2,790,000)	-	-
Total regulatory capital	70,344,684	56,336,964	12,677,465	11,808,874

	Regulated by the BOJ[1]		Regulated by the FSC[2]	
	2025	2024	2025	2024
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	2,081,481	2,611,765	4,381,609	5,141,620
Total risk weighted assets	462,028,530	411,721,612	12,972,524	14,517,905
Actual regulatory capital to risk weighted assets	15.23%	13.68%	97.73%	81.34%
Regulatory requirement	10.00%	10.00%	10.00%	10.00%

[1] This relates to The Bank of Nova Scotia Jamaica Limited and The Scotia Jamaica Building Society.

[2] This relates to Scotia Investments Jamaica Limited.

Life insurance business

Effective January 1, 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.

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

51. Commitments

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

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	
	2025	2024
In respect of 2025	4,200,659	-
In respect of 2024	1,400,208	3,889,500
In respect of 2023	-	1,244,629
	5,600,867	5,134,129

(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:

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

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.

Notes

Form of Proxy

SCOTIA GROUP JAMAICA LIMITED (THE "COMPANY")

SCOTIA GROUP JAMAICA LIMITED

I/We...

of...

in the parish of .... being a Member of the above Company, hereby appoint the Chair of the Meeting or failing him/her

(see Note 1) ....

of ....

or failing them ....

of ....

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the **4th** day of **March 2026** and at any adjournment thereof (the "Meeting").

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his/her discretion.

Ordinary Business		For	Against
Resolution 1	**Audited Accounts** That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended October 31, 2025 previously circulated be and are hereby received.		
Resolution 2	**Appointment of Auditors** That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.		
Special Business			
Resolution 3	**Directors' Remuneration** That the Directors be and are hereby authorised to fix their remuneration for the ensuing year.		

Ordinary Business		For	Against
Resolution 4	**Election of Directors** That each of the following persons shall be elected a Director of the Company for the term from the date of his or her election until the close of the next Annual General Meeting of the Company following election, subject always to earlier termination pursuant to the Articles of the Company:		
	(a) Aileen Corrigan (a)	______	______
	(b) Roxane De Freitas (b)	______	______
	(c) Vernon Douglas (c)	______	______
	(d) Antony Mark Hart (d)	______	______
	(e) James McPhedran (e)	______	______
	(f) Audrey Richards (f)	______	______
	(g) Jabar Singh (g)	______	______
	(h) Meigan Terry (h)	______	______
	(i) Audrey Tugwell Henry (i)	______	______
	Please indicate your vote (For or Against) for each director listed.		

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

....

Signature

NOTES:

1. If you wish to appoint a proxy other than the Chair of the Meeting, please insert the person's name and address and delete (initialing the deletion) "the Chair of the Meeting".

2. To be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed must be lodged at the office of the Secretary of the Company, Scotiabank Centre, Cnr. Duke & Port Royal Streets, Kingston, at least 48 hours before the time appointed for the holding of the Meeting.

3. To this form must be affixed a $100.00 stamp in payment of stamp duty.

4. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

5. To be effective, this form of proxy must be signed by the appointer or his/her attorney, duly authorised in writing or, if the appointer is a corporation, must be under its common seal or be signed by some officer or attorney duly authorised in that behalf.

Contact Information

Call us at
888 4 SCOTIA

E-mail general enquiries to
customercare-jam@scotiabank.com

Visit our website at
www.jm.scotiabank.com

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