

SCOTIA GROUP JAMAICA LIMITED

FINANCIAL STATEMENTS

OCTOBER 31, 2025



KPMG  
Chartered Accountants  
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To the Members of  
SCOTIA GROUP JAMAICA LIMITED

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Scotia Group Jamaica Limited (“the Company”) comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (“the Group”), set out on pages 8 to 118, which comprise the Group’s and Company’s statements of financial position as at October 31, 2025, the Group’s and the Company’s statements of revenue and expenses, comprehensive income, changes in stockholders’ equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at October 31, 2025, and of the Group’s and the Company’s financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

### *Basis for Opinion*

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
SCOTIA GROUP JAMAICA LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters*

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

1. Valuation of insurance contract liabilities

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's insurance contract liabilities as at October 31, 2025, were \$51 billion. The Group determines the insurance contract liabilities by applying International Financial Reporting Standard 17, <i>Insurance Contracts</i> (IFRS 17), which incorporates economic and non-economic assumptions.</p> <p>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.</p> <p>[see notes 2(g), 3 (ii), 38 and 48(e), of the financial statements]</p>	<p>Engage KPMG actuarial specialist to perform the following:</p> <ul style="list-style-type: none"> <li>• Assist in understanding the nature of insurance contracts issued;</li> <li>• Tested underlying data used in the estimate and agreeing the terms to the data file provided to the actuarial specialist;</li> <li>• Assess the appropriateness of the assumption-setting process as described in the actuarial policy;</li> <li>• Assess mortality rates;</li> <li>• Examine the mortality studies to assess the factors considered in the studies as well as the appropriateness of retained assumptions;</li> <li>• Assess and challenge these assumptions by taking into consideration experience and industry knowledge;</li> <li>• Assess the balance of LRC at year end by evaluating the methods, assumptions and data used to determine the estimate;</li> <li>• 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.</li> </ul>

## 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
<p>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.</p> <p>The Group applies a three-stage approach to measure the allowance for credit losses, using an Expected Credit Loss (ECL) approach as required under IFRS 9 <i>Financial Instruments</i>. The Group's allowance for credit losses are outputs of complex models and there is a high degree of measurement uncertainty due to significant judgements inherent in the Group's methodology such as judgements about forward-looking information. These judgements impact certain inputs, assumptions, qualitative adjustments, and the determination of when there has been a significant increase in credit risk.</p> <p>[see notes 2(k), 3(i) and 25 of the financial statements]</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"> <li>Evaluated the appropriateness of the accounting policies based on IFRS 9's requirements, our business understanding and industry practice;</li> <li>Updated our understanding of management's processes, systems and controls implemented – e.g. controls over model development;</li> <li>Identified and tested the relevant controls with the assistance of IT specialists controls related to data flows between source systems and the ECL models.</li> <li>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;</li> <li>Involved KPMG FRM/economic specialists to challenge significant assumptions and judgements relating to the ECL Methodology;</li> <li>Evaluated the completeness, accuracy and relevance of data on a sample basis;</li> <li>On a sample basis, performed credit file reviews, assessed application of the SICR criteria to the loan portfolio and recalculated ECL;</li> <li>Evaluated the appropriateness and tested the mathematical accuracy of models applied.</li> <li>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.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
SCOTIA GROUP JAMAICA LIMITED

### **Report on the Audit of the Financial Statements (continued)**

#### *Other Information*

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

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

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

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

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

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

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
SCOTIA GROUP JAMAICA LIMITED

### **Report on the Audit of the Financial Statements (continued)**

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

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.

### **Report on additional matters as required by the Jamaican Companies Act**

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

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

The engagement partner on the audit resulting in this independent auditors' report is Karen Ragoobirsingh.

A handwritten signature of the letters 'KPMG' in blue ink.

Chartered Accountants  
Kingston, Jamaica

December 22, 2025

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
SCOTIA GROUP JAMAICA LIMITED

### **Appendix to the Independent Auditors' Report**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
SCOTIA GROUP JAMAICA LIMITED

#### **Appendix to the Independent Auditors' Report (continued)**

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

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

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

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

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

**SCOTIA GROUP JAMAICA LIMITED**

**Consolidated Statement of Comprehensive Income**

**Year ended October 31, 2025**

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

	Notes	2025	2024
<b>Profit for the year</b>		<u>19,901,494</u>	<u>20,157,791</u>
<b>Other comprehensive loss:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefits plan asset and obligations	31(c)	( 3,158,542)	(10,174,985)
Unrealised (losses)/gains on equity investments		( 20,409)	403,245
Taxation	37(a)	<u>1,059,651</u>	<u>3,257,247</u>
		( 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		<u>14,888</u>	( 9,418)
		( 211,637)	4,965,514
Taxation	37(a)	<u>73,903</u>	( 1,553,193)
		( 137,734)	<u>3,412,321</u>
Other comprehensive loss, net of tax		( 2,257,034)	( 3,102,172)
<b>Total comprehensive income attributable to stockholders of the Company</b>		<u>17,644,460</u>	<u>17,055,619</u>

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

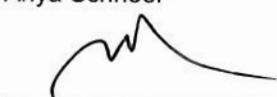
	Notes	2025	2024
<b>ASSETS</b>			
<b>Cash resources</b>			
Cash and balances at Bank of Jamaica	18	91,447,473	78,416,024
Government and bank notes other than Jamaican	21	1,034,956	1,727,579
Due from other banks	19	26,795,199	17,219,836
Accounts with parent and fellow subsidiaries	20	<u>82,491,892</u>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

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

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

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

  
 Anya Schnoor Director

  
 Vernon Douglas Director

  
 Audrey Tugwell Henry Director

  
 Maia Wilson Secretary

## 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												
	<u>Notes</u>	<u>Share capital</u>	<u>Reserve fund</u>	<u>Retained earnings reserve</u>	<u>Capital reserve</u>	<u>Cumulative remeasurement result from investment securities</u>	<u>Loan loss reserve</u>	<u>Other reserves</u>	<u>held finance reserve</u>	<u>Insurance/reinsurance translation reserve</u>	<u>Unappropriated profits</u>	<u>Total</u>
<b>Balances at October 31, 2023</b>		<u>6,569,810</u>	<u>3,249,976</u>	<u>49,891,770</u>	<u>11,340</u>	<u>(2,756,700)</u>	<u>269,386</u>	<u>9,964</u>	<u>(548,190)</u>	<u>38,257</u>	<u>69,812,474</u>	<u>126,548,087</u>
Profit for the year		-	-	-	-	-	-	-	-	-	<u>20,157,791</u>	<u>20,157,791</u>
Other comprehensive income/(loss):												
Remeasurement of retirement benefit plan/obligations		-	-	-	-	-	-	-	-	-	( 6,783,323)	( 6,783,323)
Foreign currency translation		-	-	-	-	-	-	-	-	-	-	2,161
Unrealised gains on investment securities, net of taxes and provisions		-	-	-	-	3,388,875	-	-	-	-	-	3,388,875
Realised losses on investment securities, net of taxes		-	-	-	-	11,633	-	-	-	-	-	11,633
Finance income on insurance contracts		-	-	-	-	-	-	-	278,482	-	-	278,482
Total other comprehensive loss		-	-	-	-	<u>3,400,508</u>	-	-	<u>278,482</u>	<u>2,161</u>	<u>( 6,783,323)</u>	<u>( 3,102,172)</u>
Total comprehensive income		-	-	-	-	<u>3,400,508</u>	-	-	<u>278,482</u>	<u>2,161</u>	<u>13,374,468</u>	<u>17,055,619</u>
Transfer between reserves:												
Transfer to retained earnings reserve		-	-	2,000,000	-	-	-	-	-	-	( 2,000,000)	-
Transfer to loan loss reserve		-	-	-	-	-	45,263	-	-	-	( 45,263)	-
Transaction with owners of the Company:												
Dividends paid	54	-	-	-	-	-	-	-	-	-	( 5,134,129)	( 5,134,129)
Net movement for the year		-	-	<u>2,000,000</u>	-	-	<u>45,263</u>	-	-	-	<u>( 7,179,392)</u>	<u>( 5,134,129)</u>
<b>Balances at October 31, 2024</b>		<u>6,569,810</u>	<u>3,249,976</u>	<u>51,891,770</u>	<u>11,340</u>	<u>643,808</u>	<u>314,649</u>	<u>9,964</u>	<u>( 269,708)</u>	<u>40,418</u>	<u>76,007,550</u>	<u>138,469,577</u>
Profit for the year		-	-	-	-	-	-	-	-	-	<u>19,901,494</u>	<u>19,901,494</u>
Other comprehensive (loss)/income:												
Remeasurement of retirement benefit plan/obligations		-	-	-	-	-	-	-	-	-	( 2,105,695)	( 2,105,695)
Foreign currency translation		-	-	-	-	-	-	-	-	-	-	1,733
Unrealised losses on investment securities, net of taxes and provisions		-	-	-	-	( 253,606)	-	-	-	-	-	( 253,606)
Realised gains on investment securities, net of taxes		-	-	-	-	( 2,530)	-	-	-	-	-	( 2,530)
Finance income on insurance contracts		-	-	-	-	-	-	-	103,064	-	-	103,064
Total other comprehensive loss		-	-	-	-	<u>( 256,136)</u>	-	-	<u>103,064</u>	<u>1,733</u>	<u>( 2,105,695)</u>	<u>( 2,257,034)</u>
Total comprehensive income		-	-	-	-	<u>( 256,136)</u>	-	-	<u>103,064</u>	<u>1,733</u>	<u>17,795,799</u>	<u>17,644,460</u>
Transfer between reserves:												
Transfer to retained earnings reserve		-	-	14,000,000	-	-	-	-	-	-	(14,000,000)	-
Transfer to loan loss reserve		-	-	-	-	-	113,523	-	-	-	( 113,523)	-
Transfer to insurance finance reserve		-	-	-	-	-	-	-	253,735	-	( 253,735)	-
Transaction with owners of the Company:												
Dividends paid	54	-	-	-	-	-	-	-	-	-	( 5,600,867)	( 5,600,867)
Net movement for the year		-	-	<u>14,000,000</u>	-	-	<u>113,523</u>	-	<u>253,735</u>	-	<u>(19,968,125)</u>	<u>( 5,600,867)</u>
<b>Balances at October 31, 2025</b>		<u>6,569,810</u>	<u>3,249,976</u>	<u>65,891,770</u>	<u>11,340</u>	<u>387,672</u>	<u>428,172</u>	<u>9,964</u>	<u>87,091</u>	<u>42,151</u>	<u>73,835,224</u>	<u>150,513,170</u>

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

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

	Notes	2025	2024
<b>Cash flows from operating activities</b>			
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 14)		<u>10,660,628</u>	<u>(39,609,550)</u>

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

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

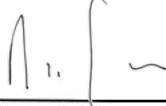
**SCOTIA GROUP JAMAICA LIMITED****Separate Statement of Comprehensive Income****Year ended October 31, 2025***(Expressed in thousands of Jamaican dollars unless otherwise stated)*

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

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

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

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

  
Anya Schnoor Director

  
Vernon Douglas Director

  
Audrey Tugwell Henry Director

  
Maia Wilson Secretary

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

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

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

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements**

**October 31, 2025**

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

#### **1. Identification, Regulation and Licence**

Scotia Group Jamaica Limited (“the Company”) is incorporated and domiciled in Jamaica. It is a 71.78% subsidiary of Scotiabank Caribbean Holdings Limited, which is incorporated and domiciled in Barbados. The Bank of Nova Scotia, which is incorporated and domiciled in Canada is the Company’s ultimate parent. The registered office of the Company is located at Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston, Jamaica. The Company is listed on the Jamaica Stock Exchange.

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

The Company’s subsidiaries, which together with the Company are referred to as “the Group”, are as follows:

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

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

\*The statements included in the consolidation are financial statements as at and for the year ended October 31, 2025.

#### **2. Summary of material accounting policies**

##### **(a) Basis of preparation**

Statement of compliance

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

Basis of measurement

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (a) Basis of preparation (continued)

#### **Presentation and functional currency**

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

#### **New and amended standards that became effective during the year:**

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements. None of these new pronouncements resulted in any significant changes to the amounts recognised or disclosed in the financial statements.

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

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

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

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

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

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

#### 2. Summary of material accounting policies (continued)

##### (a) Basis of preparation (continued)

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

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

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

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

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

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

Derecognition of a financial liability through electronic transfer:

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

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

##### (b) Basis of consolidation

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (b) Basis of consolidation (continued)

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

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

### (c) Segment reporting

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

### (d) Translation of foreign currencies

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

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (e) Revenue recognition

#### *Interest income*

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

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

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

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

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

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

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

#### *Fee and commission income*

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

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

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

Performance obligations and revenue recognition policies:

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (e) Revenue recognition (continued)

#### *Fee and commission income (continued)*

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

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

#### *Insurance revenue*

##### *Contracts not measured under the premium allocation approach*

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

##### *Contracts measured under the premium allocation approach*

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

#### *Dividend income*

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

### (f) Interest expense

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

### (g) Insurance and reinsurance held contracts

#### (i) Definitions and classifications

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

#### (i) Definitions and classifications (continued)

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

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Insurance contracts with direct participation features are those for which:

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

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

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

Contracts Issued	Product	Product classification	Portfolio	Measurement Model
Whole life insurance contracts	Life Shelter	Insurance contracts without direct participation features	Individual Life	GMM
	Lifetime Security Solace			
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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

#### (ii) Separating components from insurance and reinsurance held contracts

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

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

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

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

##### Insurance contracts

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

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

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

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

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

##### Reinsurance held contracts

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

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

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

#### (iv) Insurance acquisition cash flows

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

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

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

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

#### (v) Contract boundaries

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

##### Insurance contracts

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

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- the Group has the practical ability to reassess the risks of a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio and the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

#### (v) Contract boundaries (continued)

##### Reinsurance held contracts

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

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

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

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

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

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

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

##### Risk adjustment for non-financial risk

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

##### Contractual service margin (CSM)

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

On initial recognition of a group of insurance contracts, if the total of the 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.

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

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

Insurance contracts – Subsequent measurement (continued)

The liability for remaining coverage comprises:

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

The liability for incurred claims includes:

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

Fulfilment cash flows

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

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

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

#### Insurance contracts without direct participation features

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

- (a) the CSM of any new contracts that are added to the group in the year;
- (b) interest accrued on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- (c) changes in fulfilment cash flows that relate to future services, except to the extent that:
  - i. any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see (viii)); or
  - ii. any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (viii));
- (d) the effect of any currency exchange differences on the CSM; and
- (e) the amount recognised as insurance revenue because of the services provided in the year (see (viii)).

## SCOTIA GROUP JAMAICA LIMITED

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## **2. Summary of material accounting policies (continued)**

### **(g) Insurance and reinsurance held contracts (continued)**

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

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

- (a) experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- (b) changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- (c) differences between –
  - i. component expected to become payable in the year, determined as the any investment payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and
  - ii. the actual amount that becomes payable in the year;
- (d) differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- (e) changes in the risk adjustment for non-financial risk that relate to future services

#### Insurance contracts with direct participation features

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

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

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

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

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

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

#### (viii) Reinsurance held contracts

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

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

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

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

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

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

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

- the CSM on any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

#### (viii) Reinsurance held contracts (continued):

- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component to the extent that there are no changes in the fulfilment cash flows on the group of reinsurance held contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows on onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust the loss-recovery component;
- the amount recognised in profit or loss because of the services received in the year.

#### (ix) Derecognition and contract modification

The Group derecognizes insurance contracts when:

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

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

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

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

#### (x) Presentation

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

#### (x) Presentation (continued)

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

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

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

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

#### Insurance revenue

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

#### Contracts not measured under the premium allocation approach

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

#### Contracts measured under the premium allocation approach

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

#### Insurance service expenses

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

#### Net expenses from reinsurance held contracts

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (g) Insurance and reinsurance held contracts (continued)

#### (x) Presentation (continued)

##### Insurance finance income and expenses

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

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

### (h) Taxation

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

#### *Current income tax*

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

#### *Deferred income tax*

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

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

Deferred tax is not recognised for:

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (i) Financial assets and liabilities

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

#### *Recognition and initial measurement*

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

#### **Classification and measurement, derecognition, and impairment of financial instruments**

##### **Classification and measurement**

###### *Classification and measurement of financial assets*

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

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

###### *Debt instruments*

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

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

Classification of debt instruments is determined based on:

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

###### *Business model assessment*

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

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (i) Financial assets and liabilities (continued)

#### Classification and measurement, derecognition, and impairment of financial instruments (continued)

##### Classification and measurement (continued)

###### *Debt instruments (continued)*

###### Business model assessment (continued)

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

###### *Debt instruments measured at amortised cost*

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

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

###### *Debt instruments measured at FVOCI*

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (i) Financial assets and liabilities (continued)

#### *Debt instruments measured at FVOCI* (continued)

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

#### *Debt instruments measured at FVTPL*

Debt instruments are measured at FVTPL if assets:

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

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

#### *Debt instruments designated at FVTPL*

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

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

#### *Equity instruments*

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

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

#### *Equity instruments measured at FVTPL*

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

#### *Equity instruments measured at FVOCI*

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (i) Financial assets and liabilities (continued)

#### *Equity instruments measured at FVOCI* (continued)

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

#### *Classification and measurement of financial liabilities*

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

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

#### *Financial liabilities measured at FVTPL*

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

#### *Financial liabilities measured at amortised cost*

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

#### *Determination of fair value*

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (i) Financial assets and liabilities (continued)

Derecognition of financial assets and liabilities

#### *Derecognition of financial assets*

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

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

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

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

#### *Derecognition of financial liabilities*

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

### (j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than ninety days, which are readily convertible to known amounts of cash, are used by the Group in the management of its short-term obligations and are subject to insignificant risk of changes in their fair value.

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (k) Allowance for expected credit losses

The Group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are not measured at fair value through profit or loss:

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

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Each expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

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

- Stage 1 – Where there has not been a significant increase in credit risk (SIR) since initial recognition of the financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using the probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, the probability of default corresponding to the remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default. This requires the computation of expected credit losses based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

#### *Measurement of expected credit loss*

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

Details of these statistical parameters/inputs are as follows:

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (k) Allowance for expected credit losses (continued)

#### *Forward-looking information*

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

#### *Macroeconomic factors*

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

#### *Multiple forward-looking scenarios*

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

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

#### *Assessment of significant increase in credit risk (SIR)*

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (k) Allowance for expected credit losses (continued)

#### *Assessment of significant increase in credit risk (SIR) (continued)*

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

Non-retail portfolio – The Group uses a risk rating scale (IG codes) for its non-retail exposures. All non-retail exposures have an IG code assigned that reflects the probability of default of the borrower. Both borrower specific and non-borrower specific (i.e. macroeconomic) forward looking information is considered and reflected in the IG rating. Significant increase in credit risk is evaluated based on the migration of the exposures among IG codes (See note 48(b)(iii)).

#### *Expected life*

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

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

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

#### *Modified financial assets*

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (k) Allowance for expected credit losses (continued)

#### *Modified financial assets (continued)*

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

#### *Definition of default*

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

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

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

#### *Write-off policy*

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

### (l) Repurchase and reverse repurchase agreements

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

### (m) Acceptances and guarantees

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

Financial guarantees are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 [note 2(k)] and the amount initially recognised, less where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Management has determined that the amount initially recognised is immaterial to the financial statements. The Group's commitments under acceptances, guarantees and letters of credit as at October 31, 2025 total \$28,341,809 (2024: \$23,459,446). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (n) Property and equipment

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

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

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

Buildings	40 Years
Furniture, fixtures and equipment	3-10 Years
Computer equipment	4 Years
Motor vehicles	5 Years
Leasehold improvements	Period of lease
Right-of-use assets	The shorter of the asset's useful life and the lease term

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

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

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

### (o) Investment in subsidiaries

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

### (p) Goodwill and intangible assets

#### *Intangible assets acquired separately*

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

#### *Intangible assets acquired in a business combination*

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (p) Goodwill and intangible assets (continued)

#### *Goodwill*

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

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

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

#### *Acquired customer relationships*

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

#### *Contract-based intangible assets*

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

#### *Licences*

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

#### *Computer software*

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

### (q) Employee benefits

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (q) Employee benefits (continued)

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

#### *Pension obligations*

The Group operates both a defined benefit and a defined contribution pension plan. The assets of the plans are held in separate trustee-administered funds. The pension plans are funded by contributions from employees and by the relevant Group companies for the Bank and the investment subsidiaries, respectively, taking into account the recommendations of qualified actuaries and based on the rules of the plans. Contributions for the investment subsidiary are charged to the statement of revenue and expenses in the period to which it relates.

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

The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged as an expense in such a manner as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year in accordance with IAS 19 *Employee Benefits*. Remeasurements comprising actuarial gains and losses and changes in the effect of the asset ceiling are reported in other comprehensive income. The pension obligation is measured as the present value of the estimated future benefits of employees and pensioners, in return for service in the current and prior periods, using estimated discount rates based on market yields on Government securities which have terms to maturity approximating the terms of the related liability.

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

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

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

#### *Termination benefits*

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (q) Employee benefits (continued)

#### *Pension and other post-employment benefits*

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

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

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

The Group also provides supplementary health care and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the completion of a minimum service period and the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by qualified independent actuaries.

#### *Equity compensation benefits*

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

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

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

#### *Annual leave*

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

#### *Defined contribution plan*

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

#### 2. Summary of material accounting policies (continued)

##### (r) Share capital

###### *Classification*

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

###### *Share issue costs*

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

###### *Dividends*

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

##### (s) Leases

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

###### *As a lessee*

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

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

## 2. Summary of material accounting policies (continued)

### (s) Leases (continued)

#### *As a lessee (continued)*

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

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

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

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

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

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

#### Short-term leases and leases of low-value assets

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

### (t) Impairment of non-financial assets

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

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

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

## **2. Summary of material accounting policies (continued)**

### **(t) Impairment of non-financial assets (continued)**

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

### **(u) Fiduciary activities**

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets, and income arising thereon, are excluded from these financial statements, as they are not assets or income of the Group (see note 52).

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

The Group makes estimates, assumptions and judgements that affect the reported amounts of and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

### ***Estimates***

#### **i. *Expected credit losses (ECL)***

The measurement of the expected credit loss allowance for certain financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 25 and 48(b), which also set out key sensitivities of the ECL to changes in these elements.

#### **ii. *Insurance contract cash flows, valuation***

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

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

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

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

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

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

###### *Estimates of future cash flows*

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

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

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

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

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

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

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

Portfolio	2025					2024				
	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.

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

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

##### (a) Fulfilment cash flows (continued)

###### *Estimates of future cash flows*

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

##### (b) Discount rates

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

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

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

Linear interpolation was used for points between the last observable point (20 years) and the ultimate period (30 years). Given the limited data and market activity, a full reference curve was not developed to determine the illiquidity premium. Instead, historical mortgage rates were used to develop an ultimate reference point. The ultimate reference point was 8.3% as at October 31, 2025, in line with historical mortgage rates observed over the last 10 years. The difference between the ultimate reference point and the ultimate risk-free point was assumed to include both an illiquidity premium and a credit risk premium. Using the considerations above, the ultimate illiquidity premium as at October 31, 2025 was determined to be 0.85% or 13% above the ultimate risk-free rate.

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

The products were then put in buckets based on this assessment (0%, 50% or 100% illiquidity premium).

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

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

##### (b) Discount rates (continued)

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

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

##### (c) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the entity requires for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using a margin approach which assigns a risk margin to individual risks based on the company's experience for each portfolio.

Risk adjustment for non-financial risk for individual life, individual health, individual savings and wealth, individual universal life, group creditor - GMM and Group creditor - PAA portfolios corresponds to the following confidence levels:

	2025	2024
Insurance contracts	90.2%	89.5%

##### (d) Contractual service margin

###### **Determination of coverage units**

The amortization of the CSM of a group of contracts is recognised in the profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

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

##### (d) Contractual service margin (continued)

###### **Determination of coverage units (continued)**

The Group determines the quantity of the benefits provided under each contract as follows:

<b>Product</b>	<b>Basis for determining quantity of benefits provided</b>
Group Creditor Combined Single	Outstanding Loan Balance
Individual Universal Life	Level Death Benefit Option: Max (Face Amount, Policy Fund Value) Increasing Death Benefit Option: Face Amount + Policy Fund Value
Individual Health	Face Amount
Individual Life	Face Amount
Individual Life Savings and Wealth	Basic Face Amount + Fund Value - Outstanding Loan Balance
Individual Annuities	Not applicable

An analysis of the expected timing of the allocation of the CSM to profit or loss is disclosed in note 38(d).

### 4. Responsibilities of the appointed actuary

The Board of Directors, pursuant to the Insurance Act, appoints the Actuary, who is responsible to carry out an annual valuation of the Group's insurance contract liabilities, in accordance with accepted actuarial practice and regulatory requirements, and reports thereon to the policyholders and shareholders. In performing the valuation, the Appointed Actuary estimates the future cashflows as well as a range of expected values that reflect possible outcomes. These cashflows are discounted and weighted by their probabilities in determining the present value estimate of the Group's liabilities. An actuarial report is prepared annually.

### 5. Segmental financial information

The Group is organised into six main business segments:

- (a) Retail Banking – this incorporates personal banking services, personal deposit accounts, credit and debit cards, consumer loans and mortgages.
- (b) Corporate and Commercial Banking – this incorporates non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities;
- (c) Treasury – this incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading activities;
- (d) Investment Management Services – this incorporates investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts;
- (e) Insurance Services – this incorporates the provision of life and medical insurance, individual pension administration and annuities and general insurance agency; and
- (f) Other operations of the Group – this comprises the parent company and non-trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, retirement benefits assets and obligations and borrowings. Eliminations comprise intercompany transactions and balances.

**SCOTIA GROUP JAMAICA LIMITED**

**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

**5. Segmental financial information (continued)**

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

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

**SCOTIA GROUP JAMAICA LIMITED**

**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

**5. Segmental financial information (continued)**

	The Group							
	2024							
	Banking							
	<u>Treasury</u>	<u>Retail</u>	<u>Corporate and Commercial</u>	<u>Investment Management Services</u>	<u>Insurance Services</u>	<u>Other</u>	<u>Eliminations</u>	<u>Group</u>
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)	-
<b>Total revenues</b>	<b>5,747,378</b>	<b>24,758,866</b>	<b>23,262,986</b>	<b>3,530,049</b>	<b>5,330,085</b>	<b>678,479</b>	<b>(31,736)</b>	<b>63,276,107</b>
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	<u>4,855,673</u>	<u>3,960,782</u>	<u>13,716,604</u>	<u>1,767,029</u>	<u>4,795,138</u>	<u>586,106</u>	<u>22,370</u>	<u>29,703,702</u>
Taxation								(9,545,911)
<b>Profit for the year</b>								<b><u>20,157,791</u></b>
Segment assets	<u>259,715,621</u>	<u>223,433,529</u>	<u>119,632,412</u>	<u>23,846,082</u>	<u>75,509,174</u>	<u>23,251,386</u>	<u>(46,855,238)</u>	<u>678,532,966</u>
Unallocated assets								<u>26,483,739</u>
<b>Total assets</b>								<b><u>705,016,705</u></b>
Segment liabilities	<u>-</u>	<u>264,616,905</u>	<u>247,189,760</u>	<u>11,902,392</u>	<u>52,435,928</u>	<u>188,809</u>	<u>(31,335,797)</u>	<u>544,997,997</u>
Unallocated liabilities								<u>21,549,131</u>
<b>Total liabilities</b>								<b><u>566,547,128</u></b>
<b>Other Segment items:</b>								
Net interest income	3,416,389	21,257,973	15,224,742	834,210	5,047,219	499,952	23,810	46,304,295
Capital expenditure	-	160,300	1,035,972	1,688	1,622	-	-	1,199,582
Expected credit losses	5,967	3,805,979	377,076	9,482	(41,112)	-	-	4,157,392
Depreciation and amortisation	9,956	736,857	374,651	23,241	3,783	-	-	1,148,488

Capital expenditure comprises additions to property and equipment excluding right-of-use assets (note 30) and intangible assets (note 31).

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

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

**7. Net gains on financial assets**

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

#### 8. Net financial result

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

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

October 31, 2025

(Expressed in thousands of Jamaican dollars unless otherwise stated)

### 8. Net financial results (continued)

	Group 2024				
	Contracts without direct participation features	Contracts with direct participation features	Contracts measured under the PAA	Other	Total
<b>2024</b>					
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
<b>Total interest income</b>	<b>4,355,278</b>	<b>22,560</b>	<b>11,873</b>	<b>43,954,819</b>	<b>48,344,530</b>
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)
<b>Net finance expenses from insurance contracts</b>					
Changes in fair value of underlying items of direct participating contracts	-	(100,870)	-	-	( 100,870)
Interest accredited	(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)
<b>Total net finance expenses from insurance contracts</b>	<b>(3,113,801)</b>	<b>(78,415)</b>	<b>( 105)</b>	<b>( 2,004,146)</b>	<b>( 5,196,467)</b>
<b>Net finance income from reinsurance contracts</b>					
Interest accredited	-	19	-	-	19
Other	-	59	-	-	59
The effect of financial risk and changes in financial risk- OCI	-	541	-	-	541
-	-	619	-	-	619
<b>Total financial result</b>	<b>1,251,920</b>	<b>72,998</b>	<b>11,864</b>	<b>38,071,541</b>	<b>39,408,323</b>
<b>Represented by:</b>					
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)
	<b>1,251,920</b>	<b>72,998</b>	<b>11,864</b>	<b>38,071,541</b>	<b>39,408,323</b>
<b>Insurance finance income and expenses</b>					
Net finance expenses from insurance contracts	(2,683,511)	( 100,870)	-	-	( 2,784,381)
Recognized in profit or loss	( 394,306)	22,455	-	-	( 371,851)
Recognized in OCI	(3,077,817)	( 78,415)	-	-	(3,156,232)
<b>Net finance income from reinsurance held contracts</b>					
Recognized in profit or loss	-	78	-	-	78
Recognized in OCI	-	541	-	-	541
	<b>-</b>	<b>619</b>	<b>-</b>	<b>-</b>	<b>619</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **9. Insurance revenue**

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

#### **10. Net fee and commission income**

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

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

#### **11. Net gains on foreign currency activities**

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

#### **12. Other income**

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

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

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

**14. Expenses by nature**

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

**15. Profit before taxation**

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

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

### **16. Taxation**

#### **(a) Taxation charge**

Income tax is computed on the profit for the year as adjusted for tax purposes; other taxes are computed at rates and on items shown below:

	<b>The Group</b>		<b>The Company</b>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current income tax:				
Income tax at 33 1/3%	7,705,280	8,043,209	117,747	79,271
Income tax at 30%	281,022	333,067	-	-
Income tax 25%	1,159,828	1,170,353	-	48,660
Other tax rates (1% to 5.5%)	-	17,776	-	-
Adjustment for under/(over) provision of prior year's charge	<u>736</u>	<u>551</u>	<u>-</u>	<u>-</u>
	<u>9,146,866</u>	<u>9,564,956</u>	<u>117,747</u>	<u>127,931</u>
Deferred income tax [note 37(c)]	<u>670,124</u>	<u>( 19,045)</u>	<u>( 459)</u>	<u>1,667</u>
	<u>9,816,990</u>	<u>9,545,911</u>	<u>117,288</u>	<u>129,598</u>

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

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

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

### **17. Earnings per stock unit**

Earnings per stock unit is calculated by dividing the consolidated profit for the year attributable to stockholders of the Company by the weighted average number of ordinary stock units in issue during the year.

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

### **18. Cash and balances at Bank of Jamaica**

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

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

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

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

### **19. Due from other banks**

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

### **20. Accounts with parent and fellow subsidiaries**

These represent accounts held with the parent company and fellow subsidiaries in the normal course of business (Note 47).

### **21. Cash and cash equivalents**

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

**SCOTIA GROUP JAMAICA LIMITED**

**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

**22. Financial assets at fair value through profit or loss**

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

**23. Pledged assets**

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

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

Included in pledged assets are the following categories of assets:

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

There are no amounts included in pledged assets which are regarded as cash equivalents for the purposes of the statement of cash flows.

**24. Loans, net of allowance for credit losses**

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

**SCOTIA GROUP JAMAICA LIMITED**

**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

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

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

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

(ii) Repossessed collateral

In the normal course of business, the security documentation which governs the collateral charged to secure loans gives the Group express authority to repossess the collateral in the event of default. Repossessed collateral is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collateral is only recognised on the statement of financial position when all the risks and rewards are transferred to the Group.

**25. Expected credit losses on loans**

The Group's allowance calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs.

Some of the key drivers include the following:

- Changes in risk ratings of the borrower or instrument reflecting changes in their credit quality;
- Changes in the volumes of transactions;
- Changes in the forward-looking macroeconomic variables used in the models such as GDP growth rates, which are closely related with credit losses in the relevant portfolio;
- Changes in macroeconomic scenarios and the probability weights assigned to each scenario; and
- Borrower migration among the three stages which can result from changes to any of the above inputs and assumptions.

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

	The Group			
	2025	Stage 1	Stage 2	Stage 3
Allowance at beginning of year	2,183,816	1,803,531	2,577,133	6,564,480
Provided during the year:				
Remeasurement	( 718,191)	89,138	4,655,412	4,026,359
Newly originated or purchased financial assets	1,519,905	( 2,932)	-	1,516,973
Derecognition of financial assets and maturities	( 586,788)	( 500,682)	-	(1,087,470)
Bad debts written-off	-	-	(5,084,577)	(5,084,577)
Foreign exchange movement	( 756,933)	250,175	510,579	3,821
Transfer to/(from) stages				
Stage 1	978,660	( 686,730)	( 291,930)	-
Stage 2	( 193,175)	794,511	( 601,336)	-
Stage 3	( 25,280)	( 496,219)	521,499	-
Allowance at end of year( note 24)	<u>2,402,014</u>	<u>1,250,792</u>	<u>2,286,780</u>	<u>5,939,586</u>
Provided during the year	214,926	( 414,476)	4,655,412	4,455,862
Recoveries of bad debts	-	-	(1,649,887)	(1,649,887)
Expected credit losses reported in profit for the year	<u>214,926</u>	<u>( 414,476)</u>	<u>3,005,525</u>	<u>2,805,975</u>
The Group				
2024				
	Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year	1,833,620	1,401,105	2,391,711	5,626,436
Provided during the year:				
Remeasurement	( 527,305)	935,375	4,485,192	4,893,262
Newly originated or purchased financial assets	1,331,154	-	-	1,331,154
Derecognition of financial assets and maturities	( 457,296)	( 656,379)	-	(1,113,675)
Bad debts written-off	-	-	(4,179,435)	(4,179,435)
Foreign exchange movement	( 732,795)	895,013	( 155,480)	6,738
Transfer to/(from) stages				
Stage 1	1,008,063	( 831,223)	( 176,840)	-
Stage 2	( 240,821)	717,871	( 477,050)	-
Stage 3	( 30,804)	( 658,231)	689,035	-
Allowance at end of year( note 24)	<u>2,183,816</u>	<u>1,803,531</u>	<u>2,577,133</u>	<u>6,564,480</u>
Provided during the year	346,553	278,996	4,485,192	5,110,741
Recoveries of bad debts	-	-	( 930,546)	( 930,546)
Expected credit losses reported in profit for the year	<u>346,553</u>	<u>278,996</u>	<u>3,554,646</u>	<u>4,180,195</u>

Uncollected interest not accrued on loans in default is estimated at \$828,412 (2024: \$862,824) for the Group. There were no significant changes in the gross carrying amounts outside the normal course of business.

The allowance for expected credit losses is as follows:

	The Group	
	2025	2024
Allowance based on IFRS	5,939,586	6,564,480
Additional allowance based on Bank of Jamaica (BOJ) regulations	<u>428,172</u>	<u>314,649</u>
	<u>6,367,758</u>	<u>6,879,129</u>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **25. Expected credit losses on loans (continued)**

There were no significant changes in the gross portfolio which impacted the expected credit loss allowance.

Total expected credit losses reported in profit for the year is comprised of:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
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	<u>51,321</u>	( 12,002)
	<u>2,884,307</u>	<u>4,157,392</u>

#### **26. Investment securities**

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
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	<u>2,071,338</u>	<u>1,747,199</u>
	<u>169,900,739</u>	<u>184,472,698</u>

Included in investment securities are Government of Jamaica Benchmark Investment Notes with a book value of \$90,000 (2024: \$90,000) which have been deposited by one of the Group's subsidiaries, Scotia Jamaica Life Insurance Company Limited, with the insurance regulator, Financial Services Commission, pursuant to Section 8(1)(a) of the Insurance Regulations 2001.

#### **27. Segregated fund assets & liabilities**

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

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

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### **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**

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

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

### **29. Property and equipment**

	<b>The Group</b>				
	<u>Right-of-use on leasehold properties</u>	<u>Freehold land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture, fixtures, motor vehicles &amp; equipment</u>	<u>Capital work-in- progress</u>
Cost:					
October 31, 2023	1,848,759	6,986,615	1,148,196	9,871,914	716,481
Additions	113,491	5,224	23,592	90,777	1,263,704
Disposals	-	( 84,648)	-	( 27,528)	( 10,419)
Transfers	-	303,726	140,156	743,717	(1,187,599)
Translation adjustment	<u>17,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,660</u>
October 31, 2024	<u>1,979,910</u>	<u>7,210,917</u>	<u>1,311,944</u>	<u>10,678,880</u>	<u>782,167</u>
Additions	545,097	86,258	82,328	396,333	1,081,982
Disposals	( 15,630)	( 33,883)	-	( 64,911)	( 17,630)
Transfers	-	333,840	2,766	1,027,740	(1,364,346)
Translation adjustment	18,234	-	-	-	18,234
Write off	<u>-</u>	<u>-</u>	<u>( 13,513)</u>	<u>( 310,001)</u>	<u>( 2,146)</u>
October 31, 2025	<u>2,527,611</u>	<u>7,597,132</u>	<u>1,383,525</u>	<u>11,728,041</u>	<u>480,027</u>
Depreciation:					
October 31, 2023	630,293	1,572,148	794,327	8,047,350	-
Charge for the year	162,770	165,066	128,400	671,298	-
Eliminated on disposals	-	-	-	( 13,036)	( 13,036)
Translation adjustment	6,435	-	-	-	6,435
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>282</u>
October 31, 2024	799,498	1,737,214	922,727	8,705,894	-
Charge for the year	162,737	174,863	120,487	722,297	-
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	<u>-</u>	<u>-</u>	<u>( 12,300)</u>	<u>( 251,917)</u>	<u>( 264,217)</u>
October 31, 2025	<u>963,576</u>	<u>1,897,702</u>	<u>1,030,914</u>	<u>9,110,673</u>	<u>-</u>
Net book values:					
October 31, 2025	<u>1,564,035</u>	<u>5,699,430</u>	<u>352,611</u>	<u>2,617,368</u>	<u>480,027</u>
October 31, 2024	<u>1,180,412</u>	<u>5,473,703</u>	<u>389,217</u>	<u>1,972,986</u>	<u>782,167</u>
October 31, 2023	<u>1,218,466</u>	<u>5,414,467</u>	<u>353,869</u>	<u>1,824,564</u>	<u>716,481</u>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

### **30. Goodwill and intangible assets**

	The Group					<u>Total</u>
	<u>Customer relationships</u>	<u>Contract-based intangibles</u>	<u>License</u>	<u>Goodwill</u>	<u>Computer software</u>	
Cost:						
October 31 2023	1,382,582	348,987	49,470	136,892	581,346	2,499,277
Additions during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
October 31 2024	<u>1,382,582</u>	<u>348,987</u>	<u>49,470</u>	<u>136,892</u>	<u>581,346</u>	<u>2,499,277</u>
Additions during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
October 31 2025	<u>1,382,582</u>	<u>348,987</u>	<u>49,470</u>	<u>136,892</u>	<u>581,346</u>	<u>2,499,277</u>
Amortisation/impairment:						
October 31, 2023	1,382,582	71,574	5,333	61,724	447,399	1,968,612
Amortisation for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,954</u>	<u>20,954</u>
October 31, 2024	1,382,582	71,574	5,333	61,724	468,353	1,989,566
Amortisation for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,954</u>	<u>20,954</u>
October 31, 2025	<u>1,382,582</u>	<u>71,574</u>	<u>5,333</u>	<u>61,724</u>	<u>489,307</u>	<u>2,010,520</u>
Net book values:						
October 31, 2025	<u>-</u>	<u>277,413</u>	<u>44,137</u>	<u>75,168</u>	<u>92,039</u>	<u>488,757</u>
October 31, 2024	<u>-</u>	<u>277,413</u>	<u>44,137</u>	<u>75,168</u>	<u>112,993</u>	<u>509,711</u>
October 31, 2023	<u>-</u>	<u>277,413</u>	<u>44,137</u>	<u>75,168</u>	<u>133,947</u>	<u>530,665</u>

### **31. Retirement benefits asset/obligations**

The Group has established a defined benefit pension plan covering all permanent employees of The Bank of Nova Scotia Jamaica Limited, its subsidiaries and fellow subsidiaries. The assets of the plan are held independently of the Group's assets in a separate trustee-administered fund. The fund established under the plan is valued by independent actuaries annually using the Projected Unit Credit Method.

In addition to pension benefits, the Bank offers post-employment medical and group life insurance benefits to retirees and their beneficiaries. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension plan. Amounts recognised in the statement of financial position are as follows:

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

#### **(a) Defined benefit pension plan**

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

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

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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	
	<u>2025</u>	<u>2024</u>
Balance at beginning of year	20,190,737	31,094,511
Contributions paid	500	( 1,999,500)
Pension income recognised in statement of revenue and expenses (v)	1,427,682	2,657,620
Remeasurement recognised in other comprehensive income (vi)	( 3,554,065)	(11,561,894)
Balance at end of year	<u>18,064,854</u>	<u>20,190,737</u>

(iii) Movement in the present value of obligation:

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

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

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

Plan assets consist of the following:

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

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**Notes to the Financial Statements (Continued)**

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**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:

	<u>The Group</u>	
	<u>2025</u>	<u>2024</u>
Current service costs	643,013	775,437
Interest cost on obligation	4,339,261	4,839,782
Interest income on plan assets	(9,102,071)	(9,054,235)
Interest on effect of ceiling	2,510,434	607,537
Administrative fees	<u>181,681</u>	<u>173,859</u>
	<u>(1,427,682)</u>	<u>(2,657,620)</u>

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

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

(vii) Sensitivity analysis:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the defined benefit obligation measured at the end of the reporting date would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the inflation rate would cause some reduction in the medical trend rate.

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

(viii) Liability duration

The average liability duration is as follows:

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

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

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

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

**SCOTIA GROUP JAMAICA LIMITED**

**Notes to the Financial Statements (Continued)**

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

**31. Retirement benefits asset/obligations (continued)**

(b) Medical and group life obligations

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

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

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

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

(iii) Credit recognised in other comprehensive income:

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

(iv) Principal actuarial assumptions:

In addition to the assumptions used for the pension plan that are applicable to the group health plan, the estimate assumes a long-term increase in health costs of 4.00% (2024: 6%) per year.

(v) Sensitivity analysis on projected benefits obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the inflation rate, would cause some reduction in the medical trend rate.

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

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**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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**31. Retirement benefits asset/obligations (continued)**

(b) Medical and group life obligations (continued)

(vi) Liability duration

The average liability duration is as follows:

	The Group	
	<u>2025</u>	<u>2024</u>
Active members and all participants (years)	<u>13.3</u>	<u>13.7</u>

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

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

**32. Deposits by the public**

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

Deposits include \$1,101,830 (2024: \$1,553,371) held as collateral for irrevocable commitments under letters of credit. Deposits by the public are distinguished by customer segment and include deposits payable on demand which are generally savings and chequing accounts for which we do not have the right to notice of withdrawal. Deposit balances also include amounts which mature on a specified date, and are generally call and term deposits.

**33. Due to other banks and financial institutions**

This represents deposits by other banks and financial institutions, as well as funds for on-lending to eligible customers.

**34. Due to ultimate parent company**

	The Group	
	<u>2025</u>	<u>2024</u>
Deposits held with Bank	<u>96,882</u>	<u>16,020</u>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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### **35. Due to fellow subsidiaries**

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

### **36. Other liabilities**

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

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

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

#### **(i) Provisions**

The following table sets out the movement in provisions:

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

#### **(ii) Leases**

Leases as lessee

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

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

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**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

**36. Other liabilities (continued)**

**(ii) Leases (continued)**

Leases as lessee (continued)

Information about leases for which the Group is the lessee, is presented below.

**(a) Right-of-use assets**

Right of use on leasehold properties are presented in property and equipment (note 30).

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

**(c) Amounts recognised in profit or loss:**

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

**(d) Amounts recognised in statement of cash flows:**

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

**(e) Extension options**

Some property leases contain extension options exercisable by the Group up to March 5, 2043. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of \$393,088 (2024: \$344,902).

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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#### **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 1/3%; (prior to July 24, 2024 – 25%);
- The Bank of Nova Scotia Jamaica Limited at 33 1/3%
- Scotia Investments Jamaica Limited at 33 1/3%;
- 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:

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

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

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**Notes to the Financial Statements (Continued)**

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*(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)

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

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

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

**38. Insurance and reinsurance held contracts**

	<b>2025</b>			
	<b>Contracts without direct participation features</b>	<b>Contracts with direct participation features</b>	<b>Contracts measured under the PAA</b>	<b>Total</b>
<b>October 31, 2025</b>				
<b>Insurance contracts</b>				
Insurance contract liabilities	(51,359,409)	(22,996)	(19,306)	(51,401,711)
Insurance contract assets	3,603	-	-	3,603
<b>Reinsurance held contracts</b>				
Reinsurance held contract assets	699	-	-	699
Reinsurance held contract liabilities	(451)	-	-	(451)
<b>2024</b>				
	<b>Contracts without direct participation features</b>	<b>Contracts with direct participation features</b>	<b>Contracts measured under the PAA</b>	<b>Total</b>
<b>October 31, 2024</b>				
<b>Insurance contracts</b>				
Insurance contract liabilities	(49,963,061)	(212,860)	9,412	(50,166,509)
Insurance contract assets	20,488	-	-	20,488
<b>Reinsurance held contracts</b>				
Reinsurance held contract assets	701	-	-	701
Reinsurance held contract liabilities	(1,251)	-	-	(1,251)

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### **Notes to the Financial Statements (Continued)**

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

### **38. Insurance and reinsurance held contracts (continued)**

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be recovered/(settled) more than 12 months after the reporting date:

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

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

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**Notes to the Financial Statements (Continued)**

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

**38. Insurance and reinsurance held contracts (continued)**

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

**Contracts with direct participation features**

	2025				2024					
	Liabilities for remaining coverage	Excluding loss component	Loss component	Liability for incurred claims	Total	Liabilities for remaining coverage	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
<b>Net opening balance</b>	<b>54,844</b>		<b>136,433</b>	<b>21,583</b>	<b>212,860</b>	<b>(127,920)</b>		<b>213,078</b>	<b>6,441</b>	<b>91,599</b>
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenues</b>										
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)
<b>Insurance service expenses</b>										
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	-
<b>Insurance service result</b>	(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
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(333,711)</b>		<b>40,559</b>	<b>352,566</b>	<b>59,414</b>	<b>(272,419)</b>	<b>( 76,645)</b>		<b>296,454</b>	<b>( 52,610)</b>
<b>Cash flows</b>										
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)		
<b>Total cash flows</b>	<b>662,695</b>		<b>(351,551)</b>	<b>311,144</b>	<b>554,776</b>		<b>(281,312)</b>		<b>273,464</b>	
Other changes in the net carrying amount of the insurance contract	(560,422)		-	-	(560,422)	( 99,593)	-	-	( 99,593)	
<b>Net closing balance</b>	<b>(176,594)</b>		<b>176,992</b>	<b>22,598</b>	<b>22,996</b>	<b>54,844</b>	<b>136,433</b>	<b>21,583</b>	<b>212,860</b>	
Closing insurance contract assets	-		-	-	-	-	-	-	-	
Closing liabilities	(176,594)		176,992	22,598	22,996	54,844	136,433	21,583	212,860	
<b>Net closing balance</b>	<b>(176,594)</b>		<b>176,992</b>	<b>22,598</b>	<b>22,996</b>	<b>54,844</b>	<b>136,433</b>	<b>21,583</b>	<b>212,860</b>	

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

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(Expressed in thousands of Jamaican dollars unless otherwise stated)

### 38. Insurance and reinsurance held contracts (continued)

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

##### Contracts measured under the PAA

	2025					2024				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets										
Opening liabilities	( 45,723)	4,438	29,072	2,801	( 9,412)	( 13,902)	4,746	16,936	1,838	9,618
<b>Net opening balance</b>	<b>( 45,723)</b>	<b>4,438</b>	<b>29,072</b>	<b>2,801</b>	<b>( 9,412)</b>	<b>( 13,902)</b>	<b>4,746</b>	<b>16,936</b>	<b>1,838</b>	<b>9,618</b>
<b>Changes in the statement of profit or loss and OCI</b>										
<b>Insurance revenue</b>										
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)
<b>Insurance service expenses</b>										
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
<b>Insurance service result</b>	<b>(1,132,531)</b>	<b>( 92)</b>	<b>133,905</b>	<b>1,449</b>	<b>( 997,269)</b>	<b>(1,030,778)</b>	<b>( 308)</b>	<b>197,508</b>	<b>963</b>	<b>( 832,615)</b>
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(1,132,531)</b>	<b>( 92)</b>	<b>133,905</b>	<b>1,449</b>	<b>( 997,269)</b>	<b>(1,030,778)</b>	<b>( 308)</b>	<b>197,508</b>	<b>963</b>	<b>( 832,615)</b>
<b>Cash flows</b>										
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)
<b>Total cash flows</b>	<b>1,132,501</b>	<b>-</b>	<b>(105,933)</b>	<b>-</b>	<b>1,026,568</b>	<b>1,008,360</b>	<b>-</b>	<b>(185,372)</b>	<b>-</b>	<b>822,988</b>
Other changes in the net carrying amount of the insurance contract	( 581)	-	-	-	( 581)	( 9,403)	-	-	-	( 9,403)
<b>Net closing balance</b>	<b>( 46,334)</b>	<b>4,346</b>	<b>57,044</b>	<b>4,250</b>	<b>19,306</b>	<b>( 45,723)</b>	<b>4,438</b>	<b>29,072</b>	<b>2,801</b>	<b>( 9,412)</b>
Closing assets	-	-	-	-	-	-	-	-	-	-
Closing liabilities	( 46,334)	4,346	57,044	4,250	19,306	( 45,723)	4,438	29,072	2,801	( 9,412)
<b>Net closing balance</b>	<b>( 46,334)</b>	<b>4,346</b>	<b>57,044</b>	<b>4,250</b>	<b>19,306</b>	<b>( 45,723)</b>	<b>4,438</b>	<b>29,072</b>	<b>2,801</b>	<b>( 9,412)</b>

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### Notes to the Financial Statements (Continued)

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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)
<b>Net opening balance</b>	(773)	223	-	(550)	(1,316)	544	-	(772)
<b>Changes in the statement of profit or loss and OCI</b>								
Allocation of reinsurance premiums paid	(1,776)	-	-	(1,776)	(1,291)	-	-	(1,291)
<b>Amounts recoverable from reinsurers</b>								
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)
<b>Total amounts recovered from reinsurance</b>	-	189	-	189	-	(316)	-	(316)
Effect of changes in non-performance risk of reinsurers	(231)	-	-	(231)	780	-	-	780
<b>Net expense from reinsurance contracts</b>	(2,007)	189	-	(1,818)	(511)	(316)	-	(827)
Net finance income from reinsurance contracts	191	14	-	205	(457)	(5)	-	(462)
<b>Total changes in the statement of profit or loss and OCI</b>	(1,816)	203	-	(1,613)	(968)	(321)	-	(1,289)
<b>Cash flows</b>								
Premiums paid	2,411	-	-	2,411	1,511	-	-	1,511
<b>Total cash flows</b>	2,411	-	-	2,411	1,511	-	-	1,511
<b>Net closing balance</b>	(178)	426	-	248	(773)	223	-	(550)
Closing assets	699	-	-	699	701	-	-	701
Closing liabilities	(877)	426	-	(451)	(1,474)	223	-	(1,251)
<b>Net closing balance</b>	(178)	426	-	248	(773)	223	-	(550)

## SCOTIA GROUP JAMAICA LIMITED

### Notes to the Financial Statements (Continued)

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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	<u>43,183,722</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,963,061</u>	<u>44,128,862</u>	<u>2,020,209</u>	<u>2,664,681</u>	<u>535,340</u>	<u>3,200,021</u>	<u>49,349,092</u>
<b>Net opening balance</b>	<b><u>43,163,234</u></b>	<b><u>1,017,554</u></b>	<b><u>5,004,003</u></b>	<b><u>757,782</u></b>	<b><u>5,761,785</u></b>	<b><u>49,942,573</u></b>	<b><u>44,114,393</u></b>	<b><u>2,020,209</u></b>	<b><u>2,664,681</u></b>	<b><u>535,340</u></b>	<b><u>3,200,021</u></b>	<b><u>49,334,623</u></b>
<b>Changes that relate to current services</b>												
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)
<b>Changes that relate to future services</b>												
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
<b>Changes that relate to past services</b>												
Adjustments to liabilities for incurred claims	<u>2,496</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,746</u>	<u>5,672</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,138</u>
<b>Insurance service result</b>	<b><u>( 5,086,350)</u></b>	<b><u>55,532</u></b>	<b><u>2,434,871</u></b>	<b><u>205,500</u></b>	<b><u>2,640,371</u></b>	<b><u>( 2,390,447)</u></b>	<b><u>( 2,678,469)</u></b>	<b><u>( 1,201,443)</u></b>	<b><u>2,147,681</u></b>	<b><u>166,785</u></b>	<b><u>2,314,466</u></b>	<b><u>( 1,565,446)</u></b>
Net finance expenses from insurance contracts	<u>2,407,565</u>	<u>134,300</u>	<u>306,882</u>	<u>75,991</u>	<u>382,873</u>	<u>2,924,738</u>	<u>1,870,769</u>	<u>198,788</u>	<u>191,641</u>	<u>55,657</u>	<u>247,298</u>	<u>2,316,855</u>
<b>Total changes in the statement of profit or loss and OCI</b>	<b><u>( 2,678,785)</u></b>	<b><u>189,832</u></b>	<b><u>2,741,753</u></b>	<b><u>281,491</u></b>	<b><u>3,023,244</u></b>	<b><u>534,291</u></b>	<b><u>( 807,700)</u></b>	<b><u>( 1,002,655)</u></b>	<b><u>2,339,322</u></b>	<b><u>222,442</u></b>	<b><u>2,561,764</u></b>	<b><u>751,409</u></b>
<b>Cash flows</b>												
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)
<b>Total cash flows</b>	<b><u>1,131,185</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,131,185</u></b>	<b><u>( 110,887)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>( 110,887)</u></b>
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)
<b>Net closing balance</b>	<b><u>41,363,391</u></b>	<b><u>1,207,386</u></b>	<b><u>7,745,756</u></b>	<b><u>1,039,273</u></b>	<b><u>8,785,029</u></b>	<b><u>51,355,806</u></b>	<b><u>43,163,234</u></b>	<b><u>1,017,554</u></b>	<b><u>5,004,003</u></b>	<b><u>757,782</u></b>	<b><u>5,761,785</u></b>	<b><u>49,942,573</u></b>
Closing insurance contract assets	( 3,603)	-	-	-	-	( 3,603)	( 20,488)	-	-	-	-	( 20,488)
Closing liabilities	<u>41,366,994</u>	<u>1,207,386</u>	<u>7,745,756</u>	<u>1,039,273</u>	<u>8,785,029</u>	<u>51,359,409</u>	<u>43,183,722</u>	<u>1,017,554</u>	<u>5,004,003</u>	<u>757,782</u>	<u>5,761,785</u>	<u>49,963,061</u>
<b>Net closing balance</b>	<b><u>41,363,391</u></b>	<b><u>1,207,386</u></b>	<b><u>7,745,756</u></b>	<b><u>1,039,273</u></b>	<b><u>8,785,029</u></b>	<b><u>51,355,806</u></b>	<b><u>43,163,234</u></b>	<b><u>1,017,554</u></b>	<b><u>5,004,003</u></b>	<b><u>757,782</u></b>	<b><u>5,761,785</u></b>	<b><u>49,942,573</u></b>

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### Notes to the Financial Statements (Continued)

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(Expressed in thousands of Jamaican dollars unless otherwise stated)

#### 38. Insurance and reinsurance held contracts (continued)

##### (b) Analysis by measurement component (continued)

###### Contracts with direct participation features

	2025						2024					
				Contractual Service Margin						Contractual Service Margin		
	Estimate of 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
<b>Net opening balance</b>	<b>11,706</b>	<b>125,295</b>	<b>-</b>	<b>75,859</b>	<b>75,859</b>	<b>212,860</b>	<b>(4,044)</b>	<b>118,097</b>	<b>(55,417)</b>	<b>32,963</b>	<b>(22,454)</b>	<b>91,599</b>
<b>Changes in the statement of profit or loss and OCI</b>												
<b>Changes that relate to current services</b>												
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)
<b>Changes that relate to future services</b>												
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)
<b>Changes that relate to past services</b>												
Adjustments to liabilities for incurred claims	(868)	(87)	-	-	-	(955)	(611)	(125)	-	-	-	(736)
<b>Insurance service result</b>	<b>(49,278)</b>	<b>21,073</b>	<b>-</b>	<b>(7,261)</b>	<b>(7,261)</b>	<b>(35,466)</b>	<b>(255,349)</b>	<b>7,647</b>	<b>55,917</b>	<b>43,498</b>	<b>99,415</b>	<b>(148,287)</b>
Net finance expenses from insurance contracts	94,880	-	-	-	-	94,880	97,228	(449)	(500)	(602)	(1,102)	95,677
<b>Total changes in the statement of profit or loss and OCI</b>	<b>45,602</b>	<b>21,073</b>	<b>-</b>	<b>(7,261)</b>	<b>(7,261)</b>	<b>59,414</b>	<b>(158,121)</b>	<b>7,198</b>	<b>55,417</b>	<b>42,896</b>	<b>98,313</b>	<b>(52,610)</b>
<b>Cash flows</b>												
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)
<b>Total cash flows</b>	<b>311,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,144</b>	<b>273,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>273,464</b>
Other changes in the net carrying amount of the insurance	(560,422)	-	-	-	-	(560,422)	(99,593)	-	-	-	-	(99,593)
<b>Net closing balance</b>	<b>(191,970)</b>	<b>146,368</b>	<b>-</b>	<b>68,598</b>	<b>68,598</b>	<b>22,996</b>	<b>11,706</b>	<b>125,295</b>	<b>-</b>	<b>75,859</b>	<b>75,859</b>	<b>212,860</b>
Closing assets	(191,970)	146,368	-	68,598	68,598	22,996	11,706	125,295	-	75,859	75,859	212,860
<b>Net closing balance</b>	<b>(191,970)</b>	<b>146,368</b>	<b>-</b>	<b>68,598</b>	<b>68,598</b>	<b>22,996</b>	<b>11,706</b>	<b>125,295</b>	<b>-</b>	<b>75,859</b>	<b>75,859</b>	<b>212,860</b>

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### Notes to the Financial Statements (Continued)

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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 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)
<b>Net opening balance</b>	<b>(2,308)</b>	<b>1,258</b>	<b>1,344</b>	<b>(844)</b>	<b>500</b>	<b>(550)</b>	<b>(1,371)</b>	<b>1,315</b>	<b>(350)</b>	<b>(366)</b>	<b>(716)</b>	<b>(772)</b>
<b>Changes in the statement of profit or loss and OCI</b>												
<b>Changes that relate to current services</b>												
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)
<b>Changes that relate to future services</b>												
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
<b>Changes that relate to past services</b>												
Adjustments to assets for incurred claims	-	-	-	-	-	-	-	-	-	-	-	-
<b>Effect of changes in non-performance risk of reinsurers</b>												
(231)	-	-	-	-	-	(231)	779	-	-	-	-	779
<b>Net expense from reinsurance contracts</b>	<b>(1,495)</b>	<b>427</b>	<b>(359)</b>	<b>(391)</b>	<b>(750)</b>	<b>(1,818)</b>	<b>(1,668)</b>	<b>(314)</b>	<b>1,627</b>	<b>(472)</b>	<b>1,155</b>	<b>(827)</b>
Net finance income from reinsurance contracts	77	151	76	(99)	(23)	205	(780)	257	67	(6)	61	(462)
<b>Total changes in the statement of profit or loss and OCI</b>	<b>(1,418)</b>	<b>578</b>	<b>(283)</b>	<b>(490)</b>	<b>(773)</b>	<b>(1,613)</b>	<b>(2,448)</b>	<b>(57)</b>	<b>1,694</b>	<b>(478)</b>	<b>1,216</b>	<b>(1,289)</b>
<b>Cash flow</b>												
Premiums paid	2,411	-	-	-	-	2,411	1,511	-	-	-	-	1,511
<b>Total cash flows</b>	<b>2,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,411</b>	<b>1,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,511</b>
<b>Net closing balance</b>	<b>(1,315)</b>	<b>1,836</b>	<b>1,061</b>	<b>(1,334)</b>	<b>(273)</b>	<b>248</b>	<b>(2,308)</b>	<b>1,258</b>	<b>1,344</b>	<b>(844)</b>	<b>500</b>	<b>(550)</b>
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)
<b>Net closing balance</b>	<b>(1,315)</b>	<b>1,835</b>	<b>1,061</b>	<b>(1,334)</b>	<b>(273)</b>	<b>248</b>	<b>(2,308)</b>	<b>1,258</b>	<b>1,344</b>	<b>(844)</b>	<b>500</b>	<b>(550)</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

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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
<b>Insurance contracts</b>								
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
<b>Total</b>	<b>846,832</b>	<b>699,543</b>	<b>605,743</b>	<b>541,200</b>	<b>494,373</b>	<b>1,989,570</b>	<b>3,676,366</b>	<b>8,853,627</b>
<b>Reinsurance held contracts</b>	(25)	(22)	(20)	(18)	(16)	(62)	(111)	(274)
<b>2024</b>								
	Less Than	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
	1 Year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
<b>Insurance contracts</b>								
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
<b>Total</b>	<b>612,693</b>	<b>469,046</b>	<b>368,693</b>	<b>295,470</b>	<b>251,390</b>	<b>999,757</b>	<b>2,840,594</b>	<b>5,837,643</b>
<b>Reinsurance held contracts</b>	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
<b>Insurance contracts without direct participation features</b>			
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
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>(317)</b>	<b>(317)</b>
<b>2024</b>			
	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
<b>Losses recognised on initial recognition</b>	<b>-</b>	<b>29,585</b>	<b>29,585</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

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

### **38. Insurance and reinsurance held contracts (continued)**

**(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)**

	<b>2025</b>		
	<u>Profitable contracts issued</u>	<u>Onerous contracts issued</u>	<u>Total</u>
<b>Insurance contracts with direct participation features</b>			
Insurance acquisition cash flows	103,399	82,520	185,919
Claims and other insurance service expenses payable	<u>1,055,059</u>	<u>300,127</u>	<u>1,355,186</u>
Estimates of present value of cash outflows	1,158,458	382,647	1,541,105
Estimates of present value of cash inflows	(1,272,792)	(369,828)	(1,642,620)
Risk adjustment for non-financial risk	34,355	15,852	50,207
CSM	<u>79,979</u>	<u>-</u>	<u>79,979</u>
<b>Losses recognised on initial recognition</b>	<u>-</u>	<u>28,671</u>	<u>28,671</u>
	<b>2024</b>		
	<u>Profitable contracts issued</u>	<u>Onerous contracts issued</u>	<u>Total</u>
Insurance acquisition cash flows	133,273	8,405	141,678
Claims and other insurance service expenses payable	<u>1,477,309</u>	<u>21,329</u>	<u>1,498,638</u>
Estimates of present value of cash outflows	1,610,582	29,734	1,640,316
Estimates of present value of cash inflows	(1,742,750)	(27,703)	(1,770,453)
Risk adjustment for non-financial risk	44,506	1,642	46,148
CSM	<u>87,662</u>	<u>-</u>	<u>87,662</u>
<b>Losses recognised on initial recognition</b>	<u>-</u>	<u>3,673</u>	<u>3,673</u>
	<b>2025</b>		
	<u>Contracts Initiated without loss recovery component</u>	<u>Contracts Initiated with loss recovery component</u>	<u>Total</u>
Reinsurance held contracts			
Estimates of present value of cash inflows	8,050	-	8,050
Estimates of present value of cash outflows	(8,061)	-	(8,061)
Risk adjustment for non-financial risk	<u>510</u>	<u>-</u>	<u>510</u>
CSM	<u>( 499)</u>	<u>-</u>	<u>( 499)</u>
	<b>2024</b>		
	<u>Contracts Initiated without loss recovery component</u>	<u>Contracts Initiated with loss recovery component</u>	<u>Total</u>
Reinsurance held contracts			
Estimates of present value of cash inflows	3,730	-	3,730
Estimates of present value of cash outflows	(3,825)	-	(3,825)
Risk adjustment for non-financial risk	<u>282</u>	<u>-</u>	<u>282</u>
CSM	<u>( 187)</u>	<u>-</u>	<u>( 187)</u>
<b>Claims development</b>			

IFRS 17 does not require an entity to disclose claims development information for which uncertainty about the amount and timing of the claims payments is typically resolved within one year. The Group does not provide this disclosure because claims amounts are known from the contractual arrangements (i.e. there is no uncertainty with respect to the amount of claims) and claims are settled shortly after the insured event occurs.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

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

### **38. Insurance and reinsurance held contracts (continued)**

#### **(f) Contract boundaries**

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

##### Insurance contracts

Long term insurance contracts issued by the Group do not have renewable terms consequently all related cash flows fall within the contract boundary.

##### Reinsurance held contracts

The Group's reinsurance held contract has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims which incurred during the year.

##### Life risk, life savings and participating contracts

The assumptions for long term insurance contracts used in estimating future cash flows are developed by product type, and reflect recent experience and the characteristics of policyholders within a group of insurance contracts.

Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns, crediting rates, inflation and administration expenses are made based on recent experience and market conditions. These form the assumptions used for determining the expected cash flows at the inception of the contract. New estimates are made each year based on updated experience studies and economic forecasts.

For universal life contracts, crediting rates and discount rates (see 'Discount rates' below), are key assumptions in contract measurement. Future crediting rates are estimated based on the actual rates applied in the current year and current market conditions. The crediting rates applied vary between products.

#### **(g) Investment components**

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include both circumstances in which an insured event occurs as well as those where the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Universal life and non-participating whole-life contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

The Group's other contracts do not contain investment components.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **38. Insurance and reinsurance held contracts (continued)**

##### **(h) Fair value of insurance contracts**

The fair value of insurance contracts at transition was determined using the adjusted fulfilment cashflow approach. This method adjusts the expected cashflows to reflect a market view. The objective of this was to determine the fair value to a third-party market participant without explicit reference to the company's own internal assumptions. In determining the fair value, the group applied the principles of IFRS 13 *Fair Value Measurement*.

The Contractual Service Margin (CSM) or loss component of the liability for remaining coverage was determined using the fair value approach. The assessment was conducted on a IFRS17 group-by-group basis. We determined the difference between the fair value of each group and its fulfilment cash flows. Positive amounts were used to determine the CSM, whereas negative amounts were deemed a loss component for the carrying amounts at the transition date. The fair value of reinsurance held contracts were valued in conjunction with the underlying reinsurance held contracts.

#### **39. Share capital**

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

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

#### **40. Reserve fund**

In accordance with the Banking Services Act, 2014 and regulations under which it operates, the Bank is required to make transfers of a minimum of 15% of net profits, until the amount in the fund is equal to 50% of the paid-up capital of the Bank and thereafter, 10% of net profits until the reserve fund is equal to its paid-up capital.

The Building Society is required to make transfers of a minimum of 10% of net profits, until the amount in the reserve fund is equal to the total amount paid up on its capital shares and the amount of its deferred shares.

#### **41. Retained earnings reserve**

The Banking Services Act, 2014 permits transfers from the Bank's net profit to retained earnings reserve, which constitutes a part of the capital base. Transfers to the retained earnings reserve are made at the discretion of the Board of Directors. Such transfers must be notified to Bank of Jamaica and any reversal must be approved by Bank of Jamaica.

#### **42. Capital reserve**

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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#### **43. Cumulative remeasurement result from investment securities**

This represents the unrealised surplus or deficit on the revaluation of investment securities measured at FVOCI, net of deferred taxes. This amount is increased by the amount of loss allowances on debt securities measured at FVOCI.

#### **44. Loan loss reserve**

This is a non-distributable loan loss reserve which represents the excess of the regulatory loan loss provisions over the expected credit losses as determined under IFRS requirements (note 24) and is treated as an appropriation of profits.

#### **45. Other reserves**

This represents reserves arising on consolidation of subsidiaries.

#### **46. Insurance and reinsurance held finance reserve**

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

#### **47. Related party transactions and balances**

The Group is a 71.78% subsidiary of Scotiabank Caribbean Holdings Limited, which is incorporated and domiciled in Barbados. The Bank of Nova Scotia, which is incorporated and domiciled in Canada is the ultimate parent company. The remaining 28.22% of the stock units are widely held.

Parties are considered to be related if one party has the ability to control or exercise significant influence over, or be controlled or significantly influenced by the other party, or both parties are subject to common control or significant influence.

A number of banking transactions are entered into with related parties, including companies connected by virtue of common directorships in the normal course of business. These include loans, deposits, investment management services and foreign currency transactions.

Related party transactions with the parent company include the payment of dividends. Related party transactions with the ultimate parent company comprise the payment of management fees, guarantee fees, centralised computing and other service fees. There were no other balances due to the ultimate parent company, outside of those balances set out in note 34.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **47. Related party transactions and balances (continued)**

The amounts of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows:

	The Group					2025	2024
	Ultimate parent	Fellow subsidiaries	Directors and key management personnel	Connected companies	Total		
<b>Loans <sup>(1)</sup></b>							
Balance at October 31	<u>-</u>	<u>-</u>	<u>1,796,702</u>	<u>2,773,201</u>	<u>4,569,903</u>	<u>5,439,234</u>	
Interest income earned	-	-	92,488	136,129	228,617	264,446	
<b>Deposit liabilities <sup>(2)</sup></b>							
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)	
<b>Investments/repurchase agreements <sup>(3)</sup></b>							
Other investments	-	372,048	-	-	372,048	346,214	
Interest earned/(paid) on other investments	-	197,233	-	-	197,233	146,089	
<b>Deposits with banks <sup>(2)</sup></b>							
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	
<b>Other</b>							
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)	<u>-</u>	<u>-</u>	<u>(3,840,398)</u>	<u>(3,487,512)</u>	

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

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

- (1) Loans are extended to related parties in the normal course of the Group's banking operations. These amounts bear interest at market rates and have fixed repayment terms.
- (2) These balances comprise unsecured savings, current and fixed term amounts, that are repayable on demand or with fixed maturities of up to 2 years. These amounts bear interest at market rates ranging from 0% - 5.75% (2024: 0% - 4.9%).
- (3) These balances have fixed maturities and bear interest at market rates.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

#### **48. Financial risk management**

##### **(a) Overview and risk management framework**

The Group's principal business activities result in significant financial instruments, which involves analysis, evaluation and management of some degree of risk or combination of risks. The principal financial risks that arise from financial instruments include credit risk, market risk and liquidity risk. The Group's framework to monitor, evaluate and manage these risks includes the following:

- extensive risk management policies define the Group's risk appetite, set the limits and controls within which the Group operates, and reflect the requirements of regulatory authorities. These policies are approved by the Group's Board of Directors, either directly or through the Executive and Enterprise Risk Committee.
- guidelines are developed to clarify risk limits and conditions under which the Group's risk policies are implemented.
- processes are implemented to identify, evaluate, document, report and control risk.
- compliance with risk policies, limits and guidelines are measured, monitored and reported to ensure consistency against desired goals.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks.

The key committees for managing and monitoring risks are as follows:

###### **(i) Board Audit Committee**

The Board Audit Committee is comprised of independent directors. This committee oversees the integrity of the Group's financial reporting, compliance with legal and regulatory requirements, the performance of the Group's internal audit function and external auditors, as well as the system of internal controls over financial reporting. The Audit Committee reviews the quarterly and annual financial statements, examining significant issues regarding the financial results, accounting principles and policies, as well as management estimates and assumptions, for recommendation to the Board for approval. This committee is assisted in its oversight role by the Internal Audit Department, which undertakes reviews of risk management controls and procedures.

###### **(ii) Executive and Enterprise Risk Committee**

The Executive and Enterprise Risk Committee reviews and recommends to the Board for approval, the risk management policies, limits, procedures and standards. This involves review of the quarterly reports on the Group's enterprise-wide risk profile, including credit, market, operational and liquidity risks. This Committee also oversees the corporate strategy and profit plans for the Group, as well as develops and makes recommendations for improvement of the corporate governance policies and procedures.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(a) Overview and risk management framework (continued)**

The key committees for managing and monitoring risks are as follows (continued):

###### **(iii) Asset and Liability Committee**

The Asset and Liability Committee (ALCO), a management committee, has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction. The Committee reviews investment, loan and funding activities, and ensures that the existing policies comprehensively deal with the management and diversification of the Group's investment and loan portfolios and that appropriate limits are being adhered to.

The Investment Advisory Committee performs a similar role to ALCO for Scotia Jamaica Life Insurance, where it provides a specialised focus due to the nature of the insurance business.

The most important types of risk for the Group are credit risk, market risk, liquidity risk, insurance risk and operational risk. Market risk includes currency risk, interest rate risk and price risk.

##### **(b) Credit risk**

###### **(i) Credit Risk Management**

Credit risk is the risk of loss resulting from the failure of the borrower or counterparty to honour its financial or contractual obligations to the Group. At a strategic level, the Group manages the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to any one borrower or groups of borrowers, and industry segments. Credit risk limits are approved by the Board of Directors. The exposure to any one borrower, including banks and brokers, is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Operationally, exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by restructuring loans where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees.

In addition, the Group seeks additional collateral from a counterparty as soon as a significant increase in credit risk is observed for the relevant individual loan.

The Group's policy requires the review of individual financial assets that are above materiality thresholds annually or more regularly when individual circumstances require. Allowances for expected credit losses are consistent with the policies outlined in note 2(e).

The Group further manages its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with unfavourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

###### **(ii) Credit-related commitments**

The primary purpose of these instruments is to ensure that funds are available to customers as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(b) Credit risk (continued)**

###### **(ii) Credit-related commitments (continued)**

Commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to issue drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than direct lending.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

###### **(iii) Credit quality**

The Group's credit risk rating systems are designed to support the determination of key credit risk parameter estimates which measures credit and transaction risks.

Commercial loans: In measuring credit risk of commercial loans at the counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Internal grades (IG) are used to differentiate the risk of default of the borrower. The following table cross references the Bank's internal borrower grades with equivalent rating categories used by Standard and Poor's:

<b><u>IG Code rating</u></b>	<b><u>External rating: Standard &amp; Poor's equivalent</u></b>
Investment grade	AAA to BBB-
Non-investment grade	BB+ to B-
Watch list	CCC+ to CC
Default	Default

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

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

**SCOTIA GROUP JAMAICA LIMITED**

**Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

**48. Financial risk management (continued)**

**(b) Credit risk (continued)**

**(iii) Credit quality (continued)**

**Retail loans including all credit card segments:**

Category of PD Grade	PD Range	The Group			Total
		2025	Stage 1	Stage 2	
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					
Category of PD Grade	PD Range	2024			Total
		Stage 1	Stage 2	Stage 3	
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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(b) Credit risk (continued)**

###### **(iii) Credit quality (continued)**

###### **Commercial loans excluding all credit card segments:**

Internal Grade	IG Code	S&P	The Group			
			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			<u>95,755,353</u>	<u>22,638,120</u>	<u>237,357</u>	<u>118,630,830</u>
Expected credit loss allowance			( 459,509)	( 467,687)	( 41,886)	( 969,082)
Deferred origination fee			-	-	-	( 195,130)
Carrying amount			<u>95,295,844</u>	<u>22,170,433</u>	<u>195,471</u>	<u>117,466,618</u>

Internal Grade	IG Code	S&P	2024			
			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			<u>101,546,048</u>	<u>14,744,235</u>	<u>208,044</u>	<u>116,498,327</u>
Expected credit loss allowance			( 520,883)	( 170,309)	( 40,173)	( 731,365)
Deferred origination fee			-	-	-	( 193,106)
Carrying amount			<u>101,025,165</u>	<u>14,573,926</u>	<u>167,871</u>	<u>115,573,856</u>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(b) Credit risk (continued)**

###### **(iii) Credit quality (continued)**

###### **Commercial loans excluding all credit card segments (continued):**

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
	<b>181,408,456</b>	<b>181,408,456</b>	<b>202,484,576</b>	<b>202,484,576</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(b) Credit risk (continued)**

###### **(iii) Credit quality (continued)**

###### **Commercial loans excluding all credit card segments (continued):**

Classified as follows:

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

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

###### **(iv) Maximum exposure to credit risk**

The maximum exposure to credit risk is the amount before taking account of any collateral held or other credit enhancements. For financial assets, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

###### **Collateral and other credit enhancements held against loans**

It is the Group's practice to lend on the basis of the customer's ability to meet their obligations out of their cash flow resources, rather than rely on the value of security offered as collateral. Nevertheless, the collateral is an important mitigant of credit risk. Depending on the customer's standing and the type of product, some facilities are granted on an unsecured basis. For other facilities, a charge over collateral is obtained and considered in determining the credit amount and pricing. In the event of default the Group may utilise the collateral as a source of repayment. In such cases the collateral is used to settle all debt obligations to the Group and excess value is returned to the borrower.

The Group's lending portfolio is comprised of secured and unsecured loans which are well diversified by borrower. The Group holds collateral against credits to borrowers primarily in the form of cash, motor vehicles, real estate, charges over business assets such as premises, inventory and accounts receivable, and charges over financial instruments such as debt securities and equities. The collateral values are updated annually (including but not limited to professional valuations) with special focus given to individual collateral values when the loan is assessed as impaired.

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(b) Credit risk (continued)**

###### **(v) Concentration of exposure to credit risk**

The following table summarises credit exposure for loans at their carrying amounts, as categorised by industry sectors. These credit facilities are well diversified across industry sectors and are primarily extended to customers within Jamaica.

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

##### **(c) Market risk**

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices and foreign exchange rates), the correlations between them, and their levels of volatility. Market risk is subject to extensive risk management controls and is managed within the framework of market risk policies and limits approved by the Board. The Executive and Enterprise Risk Committee oversee the application of the framework set by the Board and monitor the Bank's market risk exposures and the activities that give rise to these exposures.

The Group uses various metrics and models to measure and control market risk exposures. The measurements used are selected based on an assessment of the nature of risks in a particular activity.

The principal measurement techniques are Value at Risk (VaR), stress testing, sensitivity analysis, simulation modelling and gap analysis. The Board reviews results from these metrics quarterly.

The management of the individual elements of market risk – interest rate, currency and price risk are as follows:

###### **(i) Interest rate risk**

Interest rate risk is the risk of loss due to changes in the level and/or the volatility of interest rates. This risk affects instruments such as, but not limited to, debt securities, loans, mortgages, deposits and derivatives. The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Group's funding and investment activities is managed in accordance with Board-approved policies and limits, which are designed to control the risk to net interest income and economic value of shareholders' equity. The income limit measures the effect of a specified shift in interest rates on the Group's annual net income over the next twelve months, while the economic value limit measures the impact of a specified change in interest rates on the present value of the Group's net assets. Interest rate exposures in individual currencies are also controlled by gap limits.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

### **48. Financial risk management (continued)**

#### **(c) Market risk (continued)**

##### **(i) Interest rate risk (continued)**

Sensitivity analysis assesses the effect of changes in interest rates on current earnings and on the economic value of assets and liabilities. Stress testing scenarios are also important for managing risk in the Group's portfolios.

The following tables summarise carrying amounts of assets, liabilities and equity in order to arrive at the Group's and the Company's interest rate gap based on the earlier of contractual repricing and maturity dates.

	The Group						
	2025						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	98,548,868	28,635,130	24,161,005	31,705,931	-	18,718,586	201,769,520
Financial assets at fair value through revenue and expenses	-	25,792	3,210	72,552	475,183	396,619	973,356
Pledged assets	-	3,358,996	-	64,334	-	836,576	4,259,906
Loans	255,939,846	24,770,867	28,490,979	31,296,061	5,230,123	4,710,474	350,438,350
Investment securities	-	8,594,474	56,559,033	59,843,032	41,124,676	3,779,524	169,900,739
Segregated funds assets	-	-	-	-	-	2,257,632	2,257,632
Insurance & Re-Insurance contract assets	-	-	-	-	-	4,302	4,302
Other assets	-	-	-	-	-	44,172,597	44,172,597
<b>Total assets</b>	<b>354,488,714</b>	<b>65,385,259</b>	<b>109,214,227</b>	<b>122,981,910</b>	<b>46,829,982</b>	<b>74,876,310</b>	<b>773,776,402</b>
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
<b>Total liabilities and stockholders' equity</b>	<b>567,911,837</b>	<b>13,567,689</b>	<b>15,602,598</b>	<b>801,791</b>	<b>-</b>	<b>175,892,487</b>	<b>773,776,402</b>
<b>Total interest rate &amp; sensitivity gap</b>	<b>(213,423,123)</b>	<b>51,817,570</b>	<b>93,611,629</b>	<b>122,180,119</b>	<b>46,829,982</b>	<b>(101,016,177)</b>	<b>—</b>
<b>Cumulative gap</b>	<b>(213,423,123)</b>	<b>(161,605,553)</b>	<b>( 67,993,924)</b>	<b>54,186,195</b>	<b>101,016,177</b>	<b>—</b>	<b>—</b>
	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
<b>Total assets</b>	<b>251,445,362</b>	<b>64,119,071</b>	<b>94,021,394</b>	<b>162,976,848</b>	<b>25,218,935</b>	<b>107,235,095</b>	<b>705,016,705</b>
Deposits, due to financial institutions, parent company and fellow subsidiaries <sup>(3)</sup>	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
<b>Total liabilities and stockholders' equity</b>	<b>507,913,946</b>	<b>12,890,450</b>	<b>15,377,379</b>	<b>569,021</b>	<b>-</b>	<b>168,265,909</b>	<b>705,016,705</b>
<b>Total interest rate sensitivity gap</b>	<b>(256,468,584)</b>	<b>51,228,621</b>	<b>78,644,015</b>	<b>162,407,827</b>	<b>25,218,935</b>	<b>( 61,030,814)</b>	<b>—</b>
<b>Cumulative gap</b>	<b>(256,468,584)</b>	<b>(205,239,963)</b>	<b>(126,595,948)</b>	<b>35,811,879</b>	<b>61,030,814</b>	<b>—</b>	<b>—</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

### **48. Financial risk management (continued)**

#### **(c) Market risk (continued)**

##### **(i) Interest rate risk (continued)**

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

	The Group 2025					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
<b>ASSETS</b>						
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
<b>LIABILITIES</b>						
Deposits	0.11	1.38	0.91	1.22	-	0.15
Insurance contract liabilities	<u>2.22</u>	<u>2.30</u>	<u>2.36</u>	<u>-</u>	<u>-</u>	<u>2.24</u>

	The Group 2024					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
<b>ASSETS</b>						
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
<b>LIABILITIES</b>						
Deposits	0.11	2.46	0.86	1.16	-	0.18
Insurance contract liabilities	<u>2.22</u>	<u>2.29</u>	<u>2.35</u>	<u>-</u>	<u>-</u>	<u>2.24</u>

(1) Yields are based on book values and contractual interest rates.

(2) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts.  
Yields on tax exempt investments have not been computed on a taxable equivalent basis.

(3) Yields are based on contractual interest rates.

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **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
<b>Total assets</b>	<b>434,624</b>	<b>-</b>	<b>9,685,811</b>	<b>-</b>	<b>-</b>	<b>13,130,950</b>	<b>23,251,385</b>
Other liabilities	-	-	-	-	-	188,808	188,808
Stockholders' equity	-	-	-	-	-	23,062,577	23,062,577
<b>Total liabilities and stockholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,251,385</b>	<b>23,251,385</b>
<b>Total interest rate sensitivity gap</b>	<b>434,624</b>	<b>-</b>	<b>9,685,811</b>	<b>-</b>	<b>-</b>	<b>(10,120,435)</b>	
<b>Cumulative gap</b>	<b>434,624</b>	<b>434,624</b>	<b>10,120,435</b>	<b>10,120,435</b>	<b>10,120,435</b>	<b>-</b>	

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 %
<b>ASSETS</b>						
Cash resources	1.0-	3.72	-	-	-	3.64
<b>ASSETS</b>						
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 by 300 bps	Increase/decrease by 150 bps	Increase/decrease by 300 bps	Increase/decrease by 200 bps
JMD Interest rates				
USD Interest rates				
<b>Effect on profit or loss</b>	<b>6,608,675</b>	<b>6,018,183</b>	<b>127,149</b>	<b>140,800</b>
<b>Effect on stockholders' equity</b>	<b>16,978,612</b>	<b>16,248,268</b>	<b>70,773</b>	<b>83,827</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(c) Market risk (continued)**

###### **(i) Interest rate risk (continued)**

The table below analyses the Group's sensitivity to a 0.5% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below:

	2025		2024	
	Profit and loss		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
<b>Assets</b>							
Cash resources	64,087,791	125,459,522	4,123,003	6,730,798	1,145,325	223,081	201,769,520
Financial assets at FVPL	864,803	108,553	—	—	—	—	973,356
Pledged assets	4,194,552	65,354	—	—	—	—	4,259,906
Loans	317,915,501	32,522,779	15	55	—	—	350,438,350
Segregated fund asset	2,257,632	—	—	—	—	—	2,257,632
Investment securities	122,688,955	46,066,098	1,145,686	—	—	—	169,900,739
Reinsurance contract assets	699	—	—	—	—	—	699
Insurance contract assets	3,603	—	—	—	—	—	3,603
Other assets	42,111,773	1,980,330	24,183	47,143	8,310	858	44,172,597
	<u>554,125,309</u>	<u>206,202,636</u>	<u>5,292,887</u>	<u>6,777,996</u>	<u>1,153,635</u>	<u>223,939</u>	<u>773,776,402</u>
<b>Liabilities</b>							
Deposits	338,043,444	182,336,235	5,048,265	6,279,096	1,181,878	783	532,889,701
Other liabilities	22,775,573	3,213,333	72,874	60,278	28,613	10,667	26,161,338
Segregated fund liabilities	2,257,632	—	—	—	—	—	2,257,632
Reinsurance contract liabilities	451	—	—	—	—	—	451
Insurance contract liabilities	51,401,711	—	—	—	—	—	51,401,711
Due to customers and clients	2,157,333	8,149,211	25,186	204,136	16,533	—	10,552,399
	<u>416,636,144</u>	<u>193,698,779</u>	<u>5,146,325</u>	<u>6,543,510</u>	<u>1,227,024</u>	<u>11,450</u>	<u>623,263,232</u>
<b>Net position</b>	<u>137,489,165</u>	<u>12,503,857</u>	<u>146,562</u>	<u>234,486</u>	<u>(73,389)</u>	<u>212,489</u>	<u>150,513,170</u>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

### **48. Financial risk management (continued)**

#### **(c) Market risk (continued)**

##### **(ii) Currency risk (continued)**

	The Group						
	2024						
	<u>JMD</u>	<u>USD</u>	<u>CAD</u>	<u>GBP</u>	<u>EUR</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>							
Cash resources	53,921,592	97,716,910	3,048,385	4,854,379	922,993	287,622	160,751,881
Financial assets at FVPL	632,964	321,874	-	-	-	-	954,838
Pledged assets	1,021,510	2,377,663	51	( 80)	( 64)	-	3,399,080
Loans	279,421,438	33,333,707	11	48	-	-	312,755,204
Investment securities	126,102,569	54,101,932	2,276,831	1,991,366	-	-	184,472,698
Segregated funds assets	1,768,210	-	-	-	-	-	1,768,210
Reinsurance held contract assets	701	-	-	-	-	-	701
Insurance contract assets	20,488	-	-	-	-	-	20,488
Other assets	<u>40,046,030</u>	<u>847,728</u>	<u>( 84)</u>	<u>( 69)</u>	<u>-</u>	<u>-</u>	<u>40,893,605</u>
	<u>502,935,502</u>	<u>188,699,814</u>	<u>5,325,194</u>	<u>6,845,644</u>	<u>922,929</u>	<u>287,622</u>	<u>705,016,705</u>
<b>Liabilities</b>							
Deposits	298,066,493	168,701,417	5,109,591	6,369,053	891,359	1,768	479,139,681
Due to customers and clients	1,923,325	5,908,690	80,467	307,011	17,011	-	8,236,504
Segregated fund investment contract liabilities	1,768,210	-	-	-	-	-	1,768,210
Insurance contract liabilities	50,166,509	-	-	-	-	-	50,166,509
Reinsurance held contract liabilities	1,251	-	-	-	-	-	1,251
Other liabilities	<u>24,313,362</u>	<u>2,745,074</u>	<u>110,791</u>	<u>58,076</u>	<u>( 7,066)</u>	<u>14,736</u>	<u>27,234,973</u>
	<u>376,239,150</u>	<u>177,355,181</u>	<u>5,300,849</u>	<u>6,734,140</u>	<u>901,304</u>	<u>16,504</u>	<u>566,547,128</u>
<b>Net position</b>	<b><u>126,696,352</u></b>	<b><u>11,344,633</u></b>	<b><u>24,345</u></b>	<b><u>111,504</u></b>	<b><u>21,625</u></b>	<b><u>271,118</u></b>	<b><u>138,469,577</u></b>

The following significant exchange rates were applied during the year:

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

#### Sensitivity to foreign exchange rate movements

A weakening of the JMD against the above currencies at October 31 would have increased/(decreased) equity and profit by the amounts shown. This analysis is performed on the same basis as 2024. The strengthening of the JMD against the same currencies at October 31 would have had an equal but opposite effect on the amounts shown, assuming that all other variables remain constant.

#### Sensitivity to foreign exchange movements:

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(c) Market risk (continued)**

###### **(iii) Equity price risk**

Equity price risk arises out of price fluctuations in equity prices. The risk arises from holding positions in either individual stocks (idiosyncratic risk) or in the market as a whole (systemic risk). The goal is to earn dividend income and realise capital gains sufficient to offset the interest foregone in holding such long-term positions.

The Board sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact on the portfolio which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristic of these instruments, the Group limits the amount invested in them.

The following shows the sensitivity of the unitised funds based on the 3-month price volatility of the Funds' published net asset value /share over a 5-year period within a confidence interval of 99% using historical simulation.

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
Effect on profit and stockholders' equity	<b>(50,047)</b>	<b>(147,876)</b>

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.

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

##### **(d) Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows. The Group is exposed to daily calls on its available cash resources from overnight and maturing deposits, loan drawdowns and guarantees. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group maintains large holdings of unencumbered liquid assets to support its operations. These assets generally can also be sold or pledged to meet the Group's obligations.

The Group's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining a portfolio of highly marketable assets that can be liquidated quickly as protection against any unforeseen interruption of cash flow;
- (iii) Monitoring the liquidity ratios of the Group against internal and regulatory requirements;
- (iv) Managing the concentration and profile of debt maturities, as well as undrawn lending commitments; and
- (v) Liquidity stress testing and contingency planning.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(d) Liquidity risk (continued)**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for entities to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss. Based on historical trend, there is no expectation that the deposits by the public will be withdrawn or repaid by the Bank within 3 months. These deposits are from a diverse set of clients.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and central bank balances; government and corporate bonds; treasury bills; and loans.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

##### **(i) Financial liabilities cash flows**

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities based on contractual repayment obligations. However, the Group expects that many policyholders/depositors/customers will not request repayment on the earliest date the Group could be required to pay.

	Group 2025						Carrying amounts
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	
<b>Financial liabilities</b>							
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	-
<b>Total liabilities</b>	<b>599,611,530</b>	<b>24,659,957</b>	<b>1,528,887</b>	<b>191,237</b>	<b>2,258,083</b>	<b>628,249,694</b>	<b>600,409,533</b>

	2024						Carrying amounts
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	
<b>Financial liabilities</b>							
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	-
<b>Total</b>	<b>539,665,237</b>	<b>18,773,748</b>	<b>716,877</b>	<b>207,846</b>	<b>1,769,461</b>	<b>561,133,169</b>	<b>542,782,458</b>

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(d) Liquidity risk (continued)**

###### **(ii) Maturity PV cash**

The following table provides a maturity analysis of the Company's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur.

Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

	2025						<b>Total</b>	
	Estimate of present value of future cash flows							
	<b>1 year or less</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>More than 5 years</b>		
<b>Insurance contracts</b>								
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)	
	<b>3,295,851</b>	<b>2,990,558</b>	<b>2,741,225</b>	<b>2,535,699</b>	<b>2,358,826</b>	<b>28,088,762</b>	<b>42,010,921</b>	
<b>Reinsurance held contracts</b>								
Assets	( 120)	( 106)	( 95)	( 86)	( 77)	( 830)	( 1,314)	
Liabilities	-	-	-	-	-	-	-	
	<b>( 120)</b>	<b>( 106)</b>	<b>( 95)</b>	<b>( 86)</b>	<b>( 77)</b>	<b>( 830)</b>	<b>( 1,314)</b>	
<b>2024</b>								
Estimate of present value of future cash flows								
	<b>1 year or less</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>More than 5 years</b>	<b>Total</b>	
<b>Insurance contracts</b>								
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)	
	<b>2,780,612</b>	<b>2,400,640</b>	<b>2,159,017</b>	<b>1,925,956</b>	<b>1,775,518</b>	<b>32,747,058</b>	<b>43,788,801</b>	
<b>Reinsurance held contracts</b>								
Assets	-	-	-	-	-	-	-	
Liabilities	( 115)	( 87)	( 66)	( 49)	( 34)	( 1,956)	( 2,307)	
	<b>( 115)</b>	<b>( 87)</b>	<b>( 66)</b>	<b>( 49)</b>	<b>( 34)</b>	<b>( 1,956)</b>	<b>( 2,307)</b>	

##### **(e) Key risks arising from insurance contracts issued**

###### *Classification*

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

Insurance contracts are classified as direct participating contracts or contracts without direct participation features.

Annuities are immediate payouts of fixed and variable amounts for a guaranteed period and recognised on the date that they originate. Benefits are recognised as liabilities until the end of the guarantee period. These liabilities are increased by interest credited and are decreased by policy administration fees, period payment charges and any withdrawals. Income consists mainly of fees deducted for fund administration and interest credited is treated as an expense in profit or loss. The annuity fund is included as a part of insurance contract liabilities [note 38(a)].

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(e) Key risks arising from insurance contracts issued (continued)**

###### *Recognition and measurement*

The Group measures a group of insurance contracts as the total of the fulfilment cashflows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk and the contractual service margins.

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and a variable fee for the future services provided under the insurance contracts.

###### Claims

Death and disability claims, net of reinsurance recoveries, are recorded in profit or loss.

###### Reinsurance held contracts

The Group enters into contracts with reinsurers under which it is compensated for losses on contracts it issues and which meet the classification requirements for insurance contracts. Reinsurance does not relieve the Group of its liability and reinsurance recoveries are recorded when collection is reasonably assured.

The following table sets out the key risks and risk mitigations for the Group's insurance and reinsurance held contracts.

<b>Portfolio</b>	<b>Product</b>	<b>Key risk</b>	<b>Risk Mitigation</b>
<b>Individual life</b>	Life Shelter Lifetime Security Solace	- Mortality risk - Interest rate risk	Matching of asset and liability cash flows
<b>Individual Health</b>	Criticare	- Morbidity risk - Mortality risk - Interest rate risk	Matching of asset and liability cash flows
<b>Group Creditor Combined Revolving</b>	Visa MasterCard Small Business MasterCard ScotiaLine	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
<b>Group Creditor Combined Single</b>	Mortgage Scotia Plan Loan	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
<b>Group Creditor Combined Level</b>	Mortgage Scotia Plan Loan	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
<b>Individual Universal Life</b>	Affirm Elevate	- Mortality risk - Market risk - Interest rate risk	- Reinsurance of excess amounts - Surrender charges - Investing in investment-grade assets
<b>Individual Life Savings &amp; Wealth</b>	Scotia Mint	- Mortality risk	- Matching of asset and liability cash flows - Surrender charges
<b>Individual Annuity</b>	Scotia Retirement Fund (RIF)	- Longevity risk	- Matching of asset and liability cash flows
<b>Reinsurance held Contract</b>	Affirm	- Mortality risk	- Matching of asset and liability cash flows

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(e) Key risks arising from insurance contracts issued (continued)**

###### **Underwriting risk**

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

###### **(i) Insurance risk**

The Group issues long term contracts that transfer insurance risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the coverage period for the contract, typically extending over the life expectancy of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract.

###### **Frequency and severity of claims**

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are events such as epidemics and other wide-ranging changes to health including lifestyle changes. Depending on concentration risk, natural disasters could also result in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for insurance contracts and has the right to alter these charges to a certain extent based on mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce this mitigating effect.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual and group life assured. The benefits insured are shown gross and net of reinsurance.

Individual Life Benefits assured per life	The Group			
	Total Benefits Assured			
	2025	2024	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%

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(e) Key risks arising from insurance contracts issued (continued)**

###### **Underwriting risk (continued)**

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk (continued)

###### **(i) Insurance risk (continued)**

Group benefits assured per Life	The Group			
	Total Benefits Assured			
	2025	2024	Before Reinsurance	%
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.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(e) Key risks arising from insurance contracts issued (continued)**

###### *Life risk and life savings contracts*

A key aspect of the underwriting process for life risk and life savings products is assessment of insurance risks at the individual contract level. Pricing reflects the Group's own experience, the identification of emerging trends in insurance risk factors and assessment of policyholders' lifestyles.

To limit its exposure of potential loss on an insurance policy, the Group cedes certain levels of risk to a reinsurer. Reinsurance ceded does not discharge the Group's liability as primary issuer. The company also limits the probable loss in the event of a single catastrophic occurrence by reinsuring this type of risk with reinsurers. The Group manages reinsurance risk by selecting reinsurers which have established capability to meet their contractual obligations, and which generally have favourable credit ratings as determined by a reputable rating agency.

Policyholder behaviour risk is also considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition costs. Persistency is monitored using observed company experience.

Expense risk is managed through the annual budgeting process and regular expense analyses.

###### **(i) Sensitivity analysis**

The table below analyses the sensitivity of the CSM, profit or loss and equity to changes in valuation assumptions. This analysis assumes that all other assumptions remain constant.

	<b>CSM</b>		<b>2025</b>		<b>Equity</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
<b>Insurance contracts without direct participation features</b>						
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
<b>Insurance contracts with direct participation features</b>						
Mortality (3% increase)	( 695)	( 531)	( 3,243)	( 3,321)	-	76
Mortality (3% decrease)	698	549	3,218	3,303	-	( 48)
Morbidity (5% increase)	( 379)	( 381)	202	203	-	-
Morbidity (5% decrease)	379	381	( 212)	( 214)	-	( 4)
Expense (10% increase)	( 1,372)	( 1,369)	(23,680)	(23,683)	-	8
Expense (10% decrease)	19,188	19,185	5,867	5,870	-	-
Lapse (10% increase)	( 1,609)	( 1,720)	(28,245)	(28,186)	-	( 4)
Lapse (10% decrease)	6,484	6,607	23,673	23,604	-	20

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(e) Key risks arising from insurance contracts issued (continued)**

###### **(i) Sensitivity analysis (continued)**

			2024			
	CSM Gross	Net	Profit and loss Gross	Net	Equity Gross	Net
<b>Insurance contracts without direct participation features</b>						
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
<b>Insurance contracts with direct participation features</b>						
Mortality (3% increase)	( 2,700)	( 2,571)	( 4,697)	( 4,890)	-	90
Mortality (3% decrease)	2,709	2,573	4,749	4,871	-	(52)
Morbidity (5% increase)	( 353)	( 357)	( 3,624)	( 3,622)	-	8
Morbidity (5% decrease)	351	354	3,548	3,549	-	( 2)
Expense (10% increase)	(20,003)	(20,011)	(19,749)	(19,742)	-	( 1)
Expense (10% decrease)	20,005	20,012	19,563	19,557	-	( 3)
Lapse (10% increase)	(12,664)	(12,700)	(26,474)	(26,542)	-	90
Lapse (10% decrease)	13,758	13,800	25,417	25,452	-	(96)

Changes in underwriting risk variables mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

###### **a) CSM:**

- Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.

###### **b) Profit or loss:**

- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **48. Financial risk management (continued)**

##### **(e) Key risks arising from insurance contracts issued (continued)**

###### **(c) Equity**

- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI.
- The effect on profit or loss under (b).

#### **Reinsurance risk**

Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. To limit its exposure of potential loss on an insurance policy, the company cedes certain levels of risk to a reinsurer. Reinsurance ceded does not discharge the company's liability as primary issuer.

The Group also limited the probable loss in the event of a singly catastrophic occurrence by reinsuring this type of risk with reinsurers.

The Group manages reinsurance risk by selecting reinsurers which have established capability to meet rating agency.

Retention limits represented the level of risk retained by the insurer. The retention programs used by the company are summarized below.

##### **Type of insurance contract - Retention**

Group creditor life contracts	Maximum retention of \$42,000 per year
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#### **49. Fair value of financial instruments**

##### **Determination of fair value**

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

The best evidence of fair value for a financial instrument is the quoted price in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Where possible, the Group measures the fair value of an instrument based on quoted prices or observable inputs obtained from active markets.

For financial instruments for which there is no quoted price in an active market, the Group uses internal models that maximise the use of observable inputs to estimate fair value. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

When using models for which observable parameters do not exist, the Group uses greater management judgement for valuation methodologies and model inputs.

##### **Fair value hierarchy**

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 - fair value measured based on quoted market prices (unadjusted) in active markets for identical assets or liabilities.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

#### **49. Fair value of financial instruments (continued)**

##### **Fair value hierarchy (continued)**

- Level 2 - fair value measured based on all significant market observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - fair value measured based on significant unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no such transfers during the year.

##### **Basis of valuation**

The specific inputs and valuation techniques used in determining the fair value of financial instruments are noted below:

- (i) Financial instruments classified as fair value through OCI are measured at fair value by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques which include utilising recent transaction prices or broker quotes. Investments in unit trust are measured at fair value by reference to prices quoted by the fund managers.
- (ii) Financial instruments classified as fair value through profit or loss: fair value is estimated by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows. The carrying amount is equal to the fair value of these investments.
- (iii) The fair values of liquid assets and other assets maturing within one year are considered to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities. These securities are classified at level 2.
- (iv) The fair values of demand deposits and savings accounts with no specific maturity are considered to be the amount payable on demand at the reporting date; the fair values of fixed-term interest bearing deposits are based on discounted cash flows using interest rates for new deposits. These securities are classified at level 2.
- (v) The fair values of variable rate financial instruments are considered to approximate their carrying amounts as they are frequently repriced to current market rates.
- (vi) The fair value of fixed rate loans is estimated by comparing actual interest rates on the loans to current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, and the impact of credit risk is recognised separately. The fair values are estimated using discounted cash flow analysis with current market rates ranging from 7.08% - 9.42%.
- (vii) The fair values of quoted equity investments are based on quoted market bid prices. Equity securities for which fair values cannot be measured reliably are recognised at asset-based values. Unquoted equities are carried at fair value through other comprehensive income. These securities are classified at level 3.
- (viii) The fair values of other liabilities due to be settled within one year are considered to approximate their carrying amount. These securities are classified at level 3.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

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

#### **49. Fair value of financial instruments (continued)**

##### **Basis of valuation (continued)**

###### *Accounting classifications and fair values:*

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	The Group							
	2025				Fair value			
	Carrying amount				Level 1		Level 2	
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total				Total
<b>Financial assets measured at fair value</b>								
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
	-	<u>169,900,739</u>	<u>973,356</u>	<u>170,874,095</u>	<u>44,890,366</u>	<u>125,595,864</u>	<u>387,865</u>	<u>170,874,095</u>
<b>Pledged assets measured at fair value:</b>								
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
	-	<u>4,259,906</u>	<u>-</u>	<u>4,259,906</u>	<u>-</u>	<u>4,259,906</u>	<u>-</u>	<u>4,259,906</u>
<b>Financial assets not measured at fair value</b>								
Loans and receivables	109,448,989	-	-	109,448,989	-	-	107,091,403	107,091,403
	<u>109,448,989</u>	<u>-</u>	<u>-</u>	<u>109,448,989</u>	<u>-</u>	<u>-</u>	<u>107,091,403</u>	<u>107,091,403</u>
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
<b>Financial assets measured at fair value</b>								
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
	-	<u>184,472,698</u>	<u>954,838</u>	<u>185,427,536</u>	<u>46,601,466</u>	<u>138,417,795</u>	<u>408,275</u>	<u>185,427,536</u>
<b>Pledged assets measured at fair value:</b>								
Government securities	-	2,691,235	-	2,691,235	-	2,691,235	-	2,691,235
Unitised funds	-	-	706,934	706,934	-	706,934	-	706,934
	-	<u>2,691,235</u>	<u>706,934</u>	<u>3,398,169</u>	<u>-</u>	<u>3,398,169</u>	<u>-</u>	<u>3,398,169</u>
<b>Financial assets not measured at fair value</b>								
Loans and receivables	<u>97,534,444</u>	<u>-</u>	<u>-</u>	<u>97,534,444</u>	<u>-</u>	<u>-</u>	<u>95,847,276</u>	<u>95,847,276</u>

##### **Valuation technique**

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **50. Capital risk management**

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of its minimum capital ratios and the possible suspension or loss of its licences.

Regulators are primarily interested in protecting the rights of depositors and policyholders and they monitor closely to ensure that the Group is satisfactorily managing its affairs for the benefit of depositors and policyholders. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the company are subjected to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency to meet unforeseen liabilities as these arise.

The Group manages its capital resources according to the following objectives:

- To comply with the capital requirements established by the regulatory authorities responsible for banking, insurance and other financial intermediaries;
- To safeguard its ability to continue as a going concern and meet future obligations to depositors, policyholders and stockholders;
- To provide adequate returns to stockholders by pricing investment, insurance and other contracts commensurate with the level of risk; and
- To maintain a strong capital base to support the future development of the Group's operations. Capital is managed in accordance with the Board-approved Capital Management Policy.

Individual banking, investment and insurance subsidiaries are directly regulated by their designated regulator, who sets and monitors capital adequacy requirements. Required capital adequacy information is filed with the regulators at least quarterly.

#### **Banking, mortgage lending and investment management**

Capital adequacy is reviewed by executive management, the Audit Committee and the Board of Directors. Based on the guidelines developed by Bank of Jamaica (BOJ) and the Financial Services Commission (FSC), each regulated entity is required to:

- Hold the minimum level of regulatory capital; and
- Maintain a minimum ratio of total regulatory capital to risk weighted assets.

Regulatory capital is divided into two tiers:

1. Tier 1 capital comprises share capital, reserve fund and reserves created by appropriations of retained earnings. The carrying value of goodwill is deducted in arriving at Tier 1 capital; and
2. Tier 2 capital comprises qualified subordinated loan capital, collective impairment allowances and revaluation surplus on property and equipment.

Investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **50. Capital risk management (continued)**

The table below summarises the composition of regulatory capital, the ratios for each subsidiary and identifies the applicable regulator. During the year, the individual entities complied with all externally imposed capital requirements.

	Regulated by the BOJ <sup>1</sup>		Regulated by the FSC <sup>2</sup>	
	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	<u>70,344,684</u>	<u>56,336,964</u>	<u>12,677,465</u>	<u>11,808,874</u>
	Regulated by the BOJ <sup>1</sup>		Regulated by the FSC <sup>2</sup>	
	2025	2024	2025	2024
<b>Risk weighted assets</b>				
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	<u>462,028,530</u>	<u>411,721,612</u>	<u>12,972,524</u>	<u>14,517,905</u>
Actual regulatory capital to risk weighted assets	<u>15.23%</u>	<u>13.68%</u>	<u>97.73%</u>	<u>81.34%</u>
Regulatory requirement	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>

<sup>1</sup> This relates to The Bank of Nova Scotia Jamaica Limited and The Scotia Jamaica Building Society.

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

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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

#### **51. Commitments**

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

#### **52. Fiduciary activities**

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

The subsidiary, Scotia Investments Jamaica Limited also manages funds on a non-recourse basis, on behalf of investors. The Group has no legal or equitable right or interest in these funds and accordingly, they have been excluded from the financial statements.

At October 31, 2025, the Group had assets under administration amounting to approximately \$390,238,938 (2024: \$352,733,506).

#### **53. Litigation and contingent liabilities**

The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group that is immaterial to both its financial position and financial performance.

#### **54. Dividends**

(a) Paid to stockholders:

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

(b) Proposed

At the Board of Directors meeting on December 10, 2025, a dividend in respect 2025 of \$0.45 (2024 of \$0.45 per share) amounting to \$1,400,208 (2024: \$1,400,208) was proposed. Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

## **SCOTIA GROUP JAMAICA LIMITED**

### **Notes to the Financial Statements (Continued)**

**October 31, 2025**

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#### **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	
	<u>2025</u>	<u>2024</u>
Number of shares	<u>765,736</u>	<u>992,364</u>
Fair value of shares \$’000	<u>41,331</u>	<u>45,128</u>

#### **56. Impact of Hurricane Melissa**

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

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

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

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