

Scotiabank & Trust (Cayman) Ltd
Basel Pillar 3 Disclosure
Q3 2026
For the period ended: July 31, 2026

Scotiabank®

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General Overview

This disclosure is a requirement of the Cayman Islands Monetary Authority's (CIMA) Pillar 3 Disclosure Requirements Rules and Guidelines (September 2021). The aim of the Pillar 3 Disclosures is to promote market discipline and increase transparency across the banking industry.

This publication presents our Q3/2026 disclosures based on our Consolidated Financial Statements and Basel Pillar II Regulatory Return for the same period. Our disclosures have been reviewed and approved by the Board of Directors of Scotiabank & Trust (Cayman) Ltd. This document is not audited.

Scotiabank & Trust (Cayman) Ltd ("STCL" or "the Bank") was incorporated under the Companies Act of the Cayman Islands on 26 August 1965, under the name of Bank of Nova Scotia Trust Company (Cayman) Limited ("Scotia Trust"). STCL was granted Unrestricted Category 'A' Banking and Trust Licenses on 11 November 1966 pursuant to the Cayman Islands' Banks and Trust Companies Act. The ultimate parent is The Group of Nova Scotia ("BNS"), a company incorporated in Canada. STCL registered office and principal place of business is 2nd Floor, 18 Forum Lane, Camana Bay, P.O. Box 689, Grand Cayman, KY1-1106, Cayman Islands. Our business activities consist of the provision of commercial and retail banking services, including the acceptance of deposits, granting of loans and the provision of foreign exchange services within the Cayman Islands, and private banking and trust, corporate, administrative, and financial services.

Part 1 – OV1 – Overview of Risk Weighted Assets

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward to maximize shareholder value. As a credit providing institution, the bank ensures that it is adequately capitalised relative to exposure measured by its risk weighted assets (RWA). STCL has a target capital ratio of 17% which is three hundred (300) basis points more than regulatory capital requirements of 14%.

The following table analyses the minimum capital requirement as of 31 July 2026:

OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements [1]
	USD (in $000)	Q3 2026	Q2 2026	Q3 2026
1	Credit risk (excluding counterparty credit risk)	**1,459,020**	**1,399,577**	**248,033**
2	Securitisation exposures			
3	Counterparty credit risk (CCR)			
4	Of which: Current Exposure method	-	-	
5	Of which: Standardized method			
6	Market risk	246,344	234,134	41,879
7	Of which: Equity Risk			
8	Operational Risk	390,914	390,914	66,455
9	Of which: Basic Indicator Approach	390,914	390,914	45,263
10	Of which: Standardized Approach			
11	Of which: Alternative Standardized approach			
12	**Total (1 + 2+3+6+8)**	**2,096,279**	**2,024,625**	**356,367**

Total RWA increased by $71.7 million (3.5%) compared to the prior quarter, driven mainly by higher credit risk, owing to an increase in deposits and loans.

Part 2 – Leverage

The leverage ratio is a non-risk measure that supplements the STCL's risk based minimum capital requirement. This ratio measures the amount of core capital the Bank has compared to its total assets, which is used as an indicator of STCL's ability to effectively respond to economic stress. CIMA's Leverage Ratio, *Rules and Guidelines* (December 2019), provides that a bank must always maintain a minimum leverage ratio of 3%. The Pillar 3 Disclosures measure for leverage is comprised of the LR1 and LR2 schedules detailed below:

2.1 – LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

The following table analyses the carrying values of regulatory and financial accounting disclosures as of 31 July 2026:

LR1: Summary comparison of accounting assets vs leverage ratio expo		
	USD (in $'000)	Q3 2026
1	Total consolidated assets as per published financial statements	2,787,693
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	
4	Adjustments for temporary exemption of central bank reserves (if applicable)	
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	
10	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	32,177
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	-
13	**Leverage ratio exposure measure**	**2,819,870**

2.2 – LR2: Leverage Ratio Common Disclosure

The Bank's leverage ratio for Q3 2026 was 23%, representing a 20% buffer above the minimum requirement of 3%.

LR2: Leverage ratio common disclosure			
USD (in $'000)		a Q3 2026	b Q2 2026
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	2,787,693	2,705,043
2	Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework		
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(Specific and general provisions associated with on balance sheet exposures that are deducted from Basel III Tier 1 capital)		
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)		
7	**Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**2,787,693**	**2,705,043**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)		
9	Add-on amounts for PFE associated with *all* derivatives transactions		
10	(Exempted CCP leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivative exposures (sum of rows 8 to 12)**		
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
17	Agent transaction exposures		
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**		
Other off-balance sheet exposures			
19	Off-balance balance sheet exposure at gross notional amount	160,884	144,210
20	(Adjustments for conversion to credit equivalent amounts)	(128,707)	(115,368)
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)		
22	**Off-balance sheet items (sum of rows 19 to 21)**	**32,177**	**28,842**
Capital and total exposures			
23	**Tier 1 capital**	**739,175**	**716,180**
24	**Total exposures (sum of rows 7,13,18 and 22)**	**2,819,870**	**2,733,885**
Leverage ratio		26.21%	26.20%
25	**Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	26.21%	26.20%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		
26	**National minimum leverage ratio requirement**	3.00%	3.00%
27	**Applicable leverage buffers**	**23.21%**	**23.20%**

Part 3 – Liquidity

3.1– LIQ1: Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio aims to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) that can be converted into cash at little or no loss of value, to meet its liquidity needs for a 30-calendar day liquidity stress scenario. The Liquidity Risk Management Rules and Guidelines (February 2022) provides that the Bank should not have a ratio that is less than 100%. STCL ensures that there is adequate monitoring of our HQLA to maintain our liquidity. The Bank's HQLA comprises mainly of marketable securities issued by highly rated sovereign.

LIQ1: Liquidity Coverage Ratio (LCR)					
USD (in $'000)		Q3 2026		Q2 2026	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets					
1	Total HQLA		184		183
Cash Outflows					
2	**Retail deposits and deposits from small business customers, of which:**	1,606	29	1,736	27
3	- of which stable deposits	-	-	-	-
4	- of which less stable deposits	1,606	29	1,736	27
5	**Unsecured wholesale funding:**	1,294	372	1,432	399
6	- of which operational deposits (all counterparties) and deposits in networks of cooperative banks	1,290	368	1,424	391
7	- of which non-operational deposits (all counterparties)	4	4	8	8
8	- of which unsecured debt	-	-	-	-
9	Secured wholesale funding	-	-	-	-
10	**Additional requirements:**	261	26	163	16
11	- of which outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	- of which outflows related to loss of funding on debt products	-	-	-	-
13	- of which credit and liquidity facilities	261	26	163	16
14	Other contractual funding obligations	6	-	6	-
15	Other contingent funding obligations	231	37	182	35
16	**TOTAL CASH OUTFLOWS**	3,398	463	3,519	477
Cash Inflows					
17	Secured lending (e.g. reverse repos)				
18	Inflows from fully performing exposures	1,911	1,144	1,850	1,088
19	Other cash flows				
20	**TOTAL CASH INFLOWS**	**1,911**	**1,144**	**1,850**	**1,088**
			Total adjusted value		**Total adjusted value**
21	**TOTAL HQLA**		**184**		**183**
22	**Total net cash outflows**		**116**		**119**
23	**Liquidity Coverage Ratio (%)**		159%		153%

The third quarter's Liquidity Coverage Ratio increased by 6% compared to the prior quarter. This is due to higher cash inflows driven by satisfactory loan repayments, offset by lower cash outflows driven by lower operational deposits and an increase in credit and liquidity facilities.