Scotiabank & Trust (Cayman) Ltd
Basel Pillar 3 Disclosure
Q3 2025
For the period ended: July 31, 2025

Scotiabank®

Table of Contents

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 Q3/2025 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 2025:

OV1: Overview of RWA

USD (in $'000)		a	b	c
		RWA		Minimum capital requirements (1)
		Q3 2025	Q2 2025	Q3 2025
1	Credit risk (excluding counterparty credit risk)	**987,251**	**986,401**	**118,470**
2	Securitisation exposures			
3	Counterparty credit risk (CCR)	-		-
4	*Of which: Current Exposure method*	-	-	
5	*Of which: Standardized method*	-		-
6	Market risk	129,037	260,770	15,484
7	*Of which: Equity Risk*	-		-
8	Operational Risk	**380,255**	**380,255**	**45,631**
9	*Of which: Basic Indicator Approach*	*380,255*	*380,255*	*45,631*
10	*Of which: Standardized Approach*	-		-
11	*Of which: Alternative Standardized approach*	-		-
12	**Total (1 + 2+3+6+8)**	**1,496,543**	**1,627,425**	**179,585**

Total RWA decreased by $130 million (-8%) compared to the prior quarter, driven mainly by lower market risk, owing to a decrease in foreign exchange positions.

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 2025:

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure		
	USD (in $'000)	**Q3 2025**
1	Total consolidated assets as per published financial statements	3,264,212
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)	25,198
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**	**3,289,410**

2.2 – LR2: Leverage Ratio Common Disclosure

The Bank's leverage ratio for Q3 2025 was 29%, representing a 26% buffer above the minimum requirement of 3%.

LR2: Leverage ratio common disclosure		
	USD (in $000)	a Q3 2025
On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,264,212
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)**	**3,264,212**
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	125,991
20	(Adjustments for conversion to credit equivalent amounts)	100,793
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)**	**25,198**
Capital and total exposures		
23	**Tier 1 capital**	**956,998**
24	**Total exposures (sum of rows 7,13,18 and 22)**	**3,289,410**
Leverage ratio		29%
25	**Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	29%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	
26	**National minimum leverage ratio requirement**	3%
27	**Applicable leverage buffers**	**26%**

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 2025		Q2 2025	
		Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
High-quality liquid assets					
1	Total HQLA		178,558		178,916
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	1,667,687	30,729	1,643,330	31,838
3	Stable deposits			-	-
4	Less stable deposits	1,667,687	30,729	1,643,330	31,838
5	Unsecured wholesale funding, of which:	1,360,398	350,276	2,326,489	430,738
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,358,817	348,695	1,323,196	338,901
7	Non-operational deposits (all counterparties)	1,581	1,581	1,752	1,752
8	Unsecured debt	-	-	-	-
9	Secured wholesale funding	-	-	-	-
10	Additional requirements, of which:	183,194	18,319	205,276	20,528
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	183,194	18,319	205,276	20,528
14	Other contractual funding obligations	8,426	-	7,142	-
15	Other contingent funding obligations	167,130	48,309	184,626	48,380
16	**TOTAL CASH OUTFLOWS**		447,633		502,763
Cash Inflows					
17	Secured lending (e.g. reverse repos)				
18	Inflows from fully performing exposures	1,988,093	1,338,265	2,182,654	1,294,081
19	Other cash flows				
20	**TOTAL CASH INFLOWS**	1,988,093	1,338,265	2,182,654	1,294,081
			Total adjusted value		**Total adjusted value**
21	**TOTAL HQLA**		178,558		178,916
22	**Total net cash outflows**		111,908		110,350
23	**Liquidity Coverage Ratio (%)**		160%		162%

The third quarter's Liquidity Coverage Ratio decreased by 2% compared to the prior quarter due mainly to lower cash outflows.