



Scotiabank & Trust (Cayman) Ltd
Basel Pillar 3 Disclosure
Q4 2023
For the period ended: October 31, 2023

Table of Contents

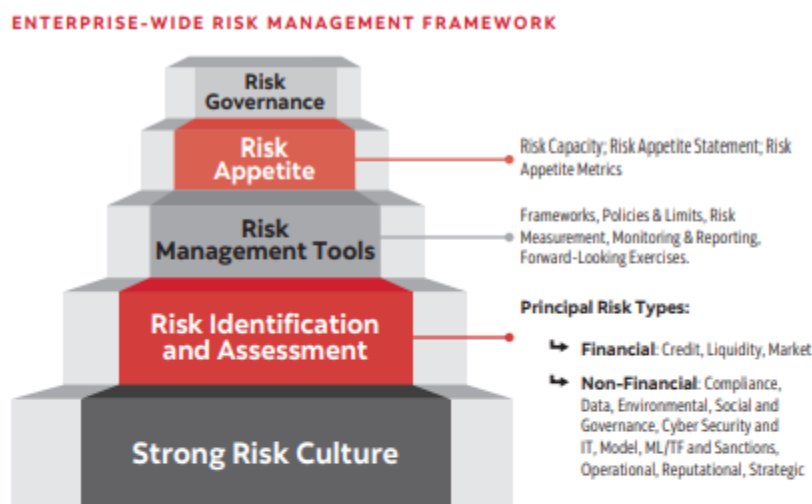
Part 1 – OV1 – Overview of Risk Weighted Assets.....	2
Part 2 - LIA – Explanations of differences between accounting and regulatory exposures amounts.....	11
Part 3 - CAP – Details on the bank’s capital, including specific capital instruments	15
3.1 – LR1: Summary comparison of accounting assets vs leverage ratio exposure measure	17
3.2 – LR2: Leverage Ratio Common Disclosure	18
Part 4 - CRA – General qualitative information about credit risk.....	19
Part 4 - CRB – Additional disclosure related to the credit quality of assets.....	24
Part 4 - CRC: Qualitative disclosure requirements related to credit risk mitigation techniques	31
Part 4 - CRD: Qualitative disclosures on banks’ use of external credit ratings under the standardized approach for credit risk.....	33
Part 5 - CCRA: Qualitative disclosure related to counterparty credit risk.....	36
Part 7 - LIQA: Liquidity Risk Management.....	36
Part 8 - SECA: Qualitative disclosure requirements related to securitization exposures.....	41
Part 9 - Market Risk.....	41
Part 10 - Interest Rate Risk in the Banking Book (IRRBB)	42
Part 11 - Operational Risk	44
Part 12 – Remuneration	47

Part 1 – OV1 – Overview of Risk Weighted Assets

Risk Management Framework

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. Scotiabank's Enterprise-Wide Risk Management Framework articulates the foundation for achieving these goals. This Framework is subject to constant evaluation in order for it to meet the challenges and requirements of the global markets in which the Bank operates, including regulatory standards and industry best practices. The risk management programs of the Bank are aligned in all material respects to the Bank's risk management framework. They are designed to identify, assess, and mitigate threats and vulnerabilities to which the Bank is exposed and serve to enhance its overall resilience.

The Bank has a robust enterprise-wide risk management framework in place. This framework enables the Bank to identify risks to which it is exposed so that they can be appropriately managed and monitored. These risks include, but not limited to, credit (including concentration risks), market, operational and business risks.



The Bank's risk management framework is applied on an enterprise-wide basis and consists of five key elements:

- Risk Governance
- Risk Appetite
- Risk Management Tools
- Risk Identification and Assessment
- Risk Culture

Risk Governance

The Bank has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team. Decision-making is highly centralized through several executive and senior risk management committees. The Bank's risk management framework is predicated on the three lines of defence model. Within this model:

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

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

Risk Appetite

Scotiabank & Trust Company Limited (STCL) recognizes that sound internal risk management is essential to its prudent operation, particularly with the growing complexity, diversity, and volume of business, facilitated by rapid advances in technology and communications. To facilitate risk assessment SBTC has established and implemented appropriate and prudent policies covering all activities and presents these policies to the Board for review and approval on an annual basis. The risks of all existing business are assessed by their measurement against the policies and metrics set out in these papers such as products limits and concentration limits. Investments in new products, and participation in new markets is conducted only after a complete evaluation of the activity is made to determine whether it is within SBTC's overall risk tolerance and specific business mission and that appropriate controls and limits on the activity are established. STCL's Board articulates its appetite for risk through the approved business plan, the individual approved Policy papers, the limits (product & counterparty) that it sets and the decisions it makes on major transactions proposed to it. STCL's appetite for risk is considered moderate. There is a strong ethos of capital preservation.

In setting its risk appetite, the Board considers both the qualitative and quantitative aspects of risk, as follows:

Qualitative considerations

- The Bank must have enough capital to meet its current and future business plans.
- STCL's business activities should be predictable and consistent with its objectives and risk tolerance, ensuring an appropriate balance between risk and reward.

Quantitative considerations

- Target capital ratio of 15% – STCL's total capital shall be 300bps in excess of regulatory capital requirements of 12%,

- Earning growth is measured by Return of Equity ratio and monitored through net profit after tax.

STCL's Senior Management is charged by the Board with carrying out the business of the company in line with its stated risk appetite and strategy. Management is guided by the policy papers and limits. Risk indicators such as limit reports, stress/scenario tests, ratings, pricing, and spreads are reviewed periodically by Senior Management, and operating decisions are made based on the information contained therein.

The Risk Appetite Framework and various risk management policies are reviewed and updated annually under the following process:

- The Scotia Group Jamaica (SGJ) Risk Management Team is the policy owner responsible for preparing the Cayman-specific Risk Appetite Framework, based on the Framework provided by BNS Canada (parent) and discussions with Senior Management of STCL (based on the Board approved business plan).
- Once a draft is prepared, it is submitted to Senior Management of STCL (including the Managing Director and Finance Director) for their review and final recommendations.
- Advice and Counsel and support in development of the Policy is then provided by BNS Canada (parent).
- Senior Management of STCL then recommends it to the Managing Director for presentation to the Board; and
- The Risk Appetite Framework is then presented to the Board for review and approval.
- Upon approval, the Risk Appetite Framework owner and the Senior Management Team will communicate and distribute the approved Risk Appetite Framework (or relevant sections) to the appropriate individuals and units as required.

Risk Measurement Tools

STCL's risk management framework is supported by a variety of risk management tools that are used individually and/or jointly to manage enterprise-wide risks. Risk management tools are regularly reviewed and updated to ensure consistency with risk-taking activities, and relevance to the business and financial strategies of the Bank.

Frameworks, Policies and Limits

Frameworks and Policies

STCL develops and implements its key risk frameworks and policies in consultation with the Board and various stakeholders. Such frameworks and policies are also subject to the requirements and guidelines of the Bank Act, the requirements and expectations of the regulators and activities in which we conduct business, and in consideration of industry best practices. Frameworks and policies apply to specific types of risk or to the activities that are used to measure and control risk exposure. They are developed in consultation with various stakeholders across risk management and other control and corporate functions, business lines and the Audit Department. Their development and implementation are guided by the Bank's risk appetite, governance standards and set the limits and controls within which the Bank

can operate. STCL also receive advice and counsel from its parent company in respect of our risk frameworks and policies to ensure alignment with our head office. Key risk frameworks and policies may be supported by standards, procedures, guidelines, and manuals.

Limits

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

Risk Measurement

The measurement of risk is a key component to our risk management framework. The measurement methodologies may apply to a group of risks or a single risk type and are supported by an assessment of qualitative risk factors to ensure the level of risks are within the Bank's risk appetite. STCL utilizes various risk techniques such as: models; stress testing; scenario and sensitivity analysis; and back testing using data with forward-looking projections based on plausible and worst case economic and financial market events; to support its risk measurement activities.

Models

The use of quantitative risk methodologies and models are subject to effective oversight and a strong governance framework which includes the application of sound and experienced judgment. The development, design, independent review and testing, and approval of models are subject to the Model Risk Management Policy. The Bank employs models for a number of important risk measurement and management processes including:

- regulatory and internal capital
- Internal risk management
- Valuation/pricing and financial reporting
- Business decision-making for risk management
- Stress Testing

Discussion and Analysis Forward-Looking Exercises

Stress Testing

Stress testing programs at both the enterprise-wide level and individual risk level allow the Bank to estimate the potential impact on the Bank's performance resulting from significant changes in market conditions, credit environment, liquidity demands, or other risk factors. Enterprise-wide stress testing is also integrated with both the strategic and financial planning processes, as well as financial crisis management planning. The development, approval and on-going review of the Bank's stress testing programs are subject to policy, and the oversight of the Stress & Scenarios Committee (SSC) or other management committees as appropriate. The SSC is also responsible for reviewing and approving stress test and IFRS 9 related scenarios and models for implementation and use. Each stress testing program is developed with input from a broad base of stakeholders, and results are integrated into management decision making processes for capital adequacy and/or allocation, funding requirements and strategy, risk appetite setting and limit determinations. The stress testing programs are designed to capture various

types of stress scenarios with differing severities and time horizons. Other tests are conducted, as required, at the enterprise-wide level and within specific functional areas to test the decision-making processes of the senior management team and key personnel, by simulating a potential stress scenario. Simulated stress scenarios may include several complexities and disruptions through which senior management are engaged to make certain key decisions. These are: (1) Pandemic and Local Recession, (2) Internal Fraud, (3) Natural Disaster – Hurricane/Earthquake and (4) Combined Pandemic and Local Recession plus Internal Fraud. The exercises may also be designed to test the applicability and relevance of available data and the timeliness of reporting for decision making under stressed/crisis conditions.

Risk Identification and Assessment

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

- Transactions – risks, including credit and market exposures, are assessed by the business lines as risk owners with CMRM and Global Risk Management (GRM) providing review and effective challenge, as applicable
- Monitoring – risks are identified by constantly monitoring and reporting current trends and analysis, top and emerging risks and internal and external significant adverse events impacting the Bank
- New Products and Services – new or significant change to products, services and/or supporting technology are assessed for potential risks through the New Initiatives Risk Assessment Program
- Strategic Investments – investment transactions are thoroughly reviewed for risks and are approved by the Operating Committee with advice and counsel from the Strategic Transactions and Investment Committee (STIC) who provides direction and guidance on effective allocation and prioritization of resources
- Self Assessments – operational risks through people, processes and systems are periodically self-assessed by the risk owners with the responsible second line of defense providing effective challenge on an annual basis, the Bank undergoes a Bank-wide risk assessment that identifies the material risks faced by the Bank for the Internal Capital Adequacy Assessment Process (ICAAP) and the determination of internal capital. This process evaluates the risks and determines the pervasiveness of the risk across multiple business lines, the significance of the risk to a specific business line, the likelihood and potential impact of the risk and whether the risk may cause unexpected losses in income and therefore would be mitigated by internal capital. The process also reviews other evolving and emerging risks and includes qualitative considerations such as strategic, economic and ESG risk factors. The identified risks are ascribed a rating of how probable and impactful they may be and are used as an important input in the ICAAP process and the determination of internal capital. As part of this annual risk assessment process the Bank's Principal Risks for the year are identified through consultation with various risk owners and/or stakeholders and confirmed by the Chief Risk Officer.

Monitoring and Reporting

The Bank continuously monitors its risk exposures to ensure business activities are operating within approved risk appetite limits, thresholds, or guidelines. Risk owners are responsible for identifying and reporting breaches of early warning thresholds and risk appetite limits or any other deteriorating trends in risk profile, as well as highlighting evolving external risk factors, to senior management and/or the Board, as appropriate. Regular ongoing risk reporting to senior management and the Board of Directors aggregates measures of risk for all products and business lines, across the Bank's global footprint, and are used to ensure compliance with risk appetite, policies, limits, and guidelines. They also provide a

clear statement on the types, amounts, and sensitivities of the various risks in the portfolio. Senior management and the Board use this information to understand the Bank's risk profile and the performance of the portfolios. A comprehensive summary of the Bank's risk profile and performance of the portfolio are presented to the Board of Directors on a quarterly basis.

Principal Risk Types

The Bank's Principal Risk types are reviewed annually as part of the Assessment of Risks process to determine that they adequately reflect the Bank's risk profile. Principal Risks are defined as: Those risks which management considers of primary importance: i) having a significant impact or influence on the Bank's primary business and revenue generating activities (Financial Risks) or ii) inherent in the Bank's business and can have significant negative strategic, business, financial and/or reputational consequences (Non-Financial Risks).

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

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

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

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

Principal Risks are categorized into two main groups:

Financial Risks: Credit, liquidity and market are risks that are directly associated with the Bank's primary business and revenue generating activities. The Bank understands these risks well and takes them on to

generate sustainable, consistent, and predictable earnings. Financial risks are generally quantifiable and are relatively predictable. The Bank has a higher risk appetite for financial risks which are a fundamental part of doing business; but only when they are well understood, within established limits, and meet the desired risk and return profile.

Non-Financial Risks: These include compliance, cyber security & information technology (IT), data, environmental, social & governance (ESG), model, money laundering / terrorist financing and sanctions, operational, reputational, strategic risks. These risks are inherent in our business and can have significant negative strategic, business, financial and/or reputational consequences if not managed properly. In comparison to financial risks, non-financial risks are less predictable and more difficult to define and measure. The Bank has low risk appetite for non-financial risks and mitigates these accordingly.

Significant Adverse Events

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

Risk Culture

The Bank's risk culture is influenced by numerous factors including the interdependent relationship amongst the Bank's risk governance structure, risk appetite, strategy, organizational culture, and risk management tools. A strong risk culture is a key driver of conduct. It promotes behaviours that align to the Bank's values and enables employees to identify risk taking activities that are beyond the established risk appetite. The Bank's Risk Culture program is based on four indicators of a strong risk culture:

- Tone from the Top – Leading by example including clear and consistent communication on risk behaviour expectations, the importance of the Bank's values, and fostering an environment where everyone has ownership and responsibility for “doing the right thing”
- Accountability – All employees are accountable for risk management. There is an environment of open communication where employees feel safe to speak-up and raise concerns without fear of retaliation and consequences for not adhering to the desired behaviours.
- Risk Management – Risk taking activities are consistent with the Bank's strategies and risk appetite. Risk appetite considerations are embedded in key decision-making processes. 4. People Management – Performance and compensation structures encourage desired behaviours and reinforce the Bank's values and risk culture. Employees are rewarded for ‘how’ results are achieved in addition to ‘what’ is achieved.
- Other elements that influence and support the Bank's risk culture:
 - i. **Scotiabank Code of Conduct (our “Code”):** describes standards of conduct required of employees, contingent Workers, directors, and officers of the Bank. All Scotia Bankers are required to receive, read, and comply with our Code, and any other applicable Scotiabank policies and affirm their compliance within the required timeline on an annual basis. This includes an annual Code acknowledgement that they have read and complied with our Code and all applicable Scotiabank policies and procedures; and reported any breaches or suspected breach in accordance with the provisions set out in our Code or policy respectively.

- ii. **Values:** Respect – Value Every Voice; Integrity – Act with Honour; Accountability – Make it Happen; Passion – Be Your Best
- iii. **Communication:** The Bank actively communicates risk appetite, and how it relates to promoting a sound risk culture. This is done through town halls, emails, Business Information bulletin and notice board.
- iv. **Compensation:** programs are structured to comply with compensation-related principles and regulations and discourage behaviours that are not aligned with the Bank's values and Scotiabank Code of Conduct, and ensure that such behaviours are not rewarded
- v. **Training:** risk culture is continually reinforced by providing effective and informative mandatory and non-mandatory training modules for all employees on a variety of risk management topics
- vi. **Decision-making on risk issues is highly centralized:** the flow of information and transactions to senior and executive committees keeps management well informed of the risks the Bank faces and ensures that transactions and risks are aligned with the Bank's risk appetite
- vii. **Employee goals:** all employees across the Bank have a risk goal assigned to them annually
- viii. **Executive mandates:** all Executives across the Bank have risk management responsibilities within their mandates

Scotiabank & Trust Cayman Limited has a target capital ratio of 15% which is three hundred (300) basis points more than regulatory capital requirements of 12%.

The following table analyses the minimum capital requirement as of 31 October 2023:

OV1: Overview of RWA				
USD (in \$000)		a	b	c
		RWA		Minimum capital requirements ⁽¹⁾
		Q4 2023	Q3 2023	Q4 2023
1	Credit risk (excluding counterparty credit risk)	1,392,180	1,361,937	167,062
2	Securitisation exposures			
3	Counterparty credit risk (CCR)			
4	Of which: Current Exposure method	-	-	
5	Of which: Standardized method			
6	Market risk	91,501	109,319	10,980
7	Of which: Equity Risk			
8	Operational Risk	266,251	266,251	31,950
9	Of which: Basic Indicator Approach	266,251	266,251	31,950
10	Of which: Standardized Approach			
11	Of which: Alternative Standardized approach			
12	Total (1 + 2+3+6+8)	1,749,932	1,737,507	209,992

Total RWA increased by \$12.4 million (0.7%) compared to the prior quarter, driven mainly by higher credit risk of \$30.2 million owing to new loan originations, offset by decrease market risk owing to change in foreign exchange positions by \$17.8 million.

Part 2 - LIA – Explanations of differences between accounting and regulatory exposures amounts

Reporting Differences

Reported balances for Cash and Deposits (including affiliate) had a marginal variance due to the reclassification of overdrawn settlements accounts were from cash and reported as 'Other Borrowings'. This was to facilitate a seamless reporting across the various regulatory reports including the Locational Banking Statistics (LBS) and Domestic Banking Activities (DBA).

Valuations

All financial instruments are measured at fair value on initial recognition. Subsequent measurement of a financial instrument depends on its classification. The contractual cash flow characteristics of a financial instrument and the business model under which it is held determines such classification. Non-trading loans and receivables, certain securities and most financial liabilities are carried at amortized cost unless classified or designated as fair value through profit and loss or fair value through other comprehensive income at inception. Fair value of a financial asset or liability is the price that would be received in order 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 Bank has access at the measurement date.

The best evidence of fair value for a financial instrument is the quoted price in an active market. Unadjusted quoted market prices for identical instruments represent a Level 1 valuation. Quoted prices are not always available for over-the-counter transactions, as well as transactions in inactive or illiquid markets. In these instances, internal models that maximize the use of observable inputs are used to estimate fair value. The chosen valuation technique incorporates all factors that market participants would factor when pricing a transaction. When all significant inputs are observable, the valuation is classified as Level 2. Financial instruments traded in a less active market have been valued using indicative market prices, present value of cash flows or other valuation techniques. Fair value estimates normally do not consider forced or liquidation sales. Where financial instruments trade in inactive markets or when using models where observable parameters do not exist, significant management judgement is required for valuation purposes, such as multiple of the underlying earnings, pricing by third party providers, discount rates, volatilities, and correlations. Valuations that require the significant use of unobservable inputs are considered Level 3. The calculation of estimated fair value is based on market conditions at a specific point in time and therefore may not be reflective of future fair values.

Where quoted prices are not readily available, such as for transactions in inactive or illiquid markets, internal models that maximize the use of observable inputs are used to estimate fair value. An independent senior management committee within GRM oversees the vetting, approval and ongoing validation of valuation models used in determining fair value. Risk policies associated with model development are approved by Executive Management and/or key risk committees.

In determining 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. The Bank's policy of applying valuation reserves to a portfolio of instruments is approved by a senior management committee. These reserves include adjustments for credit risk, bid-offer spreads, unobservable parameters,

constraints on prices in inactive or illiquid markets and when applicable, funding costs. The methodology for the calculation of valuation reserves is reviewed at least annually by senior management.

Valuation Methodology by Instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash resources and deposits with affiliate banks with original terms to maturity of three months or less. Cash and cash equivalents, deposits with affiliate banks, investments in affiliates, debt instruments and other assets are measured at amortized cost in the consolidated statement of financial position.

Debt instruments measured at amortized cost

Debt instruments are measured at amortized 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 recognized in interest income using the effective interest rate 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. Amortized cost is calculated by considering, any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

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

The Group does not hold loans and debt instruments other than those classified for measurement through amortized cost.

Treasury Bills measured at FVTPL

The Group holds US Treasury Bills, which are designated Held-to-Maturity and measured at Amortized cost in the consolidated statement of financial position.

Deposits

Deposits include customer deposits, deposits from other banks, affiliates, and the ultimate parent Group. Deposits are measured at amortized cost.

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

- i. Fair value through profit or loss (FVTPL).
- ii. Amortized cost; or
- iii. Designated at FVTPL.

The following tables (LI1 and LI2) reconciles the carrying values of regulatory and financial accounting disclosures as of 31 October 2023:

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories							
Q4 2023 USD (in \$000)	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital ⁽³⁾
Assets							
Cash on hand and with banks	262,532	263,849	257,148				
Deposits with affiliates	1,757,768	1,762,059	1,762,059				
Investments - Held-to-maturity	843,171	843,171	843,171				
Investment in affiliates	2,085	2,085	2,085				
Loans and advances to customers	786,480	786,480	786,480				
Other Assets	69,760	69,760	69,760				
Total assets	3,721,796	3,727,403	3,720,702	-	-	-	-
Liabilities							
Deposits from banks and Related Party non banks	860,366	860,366					860,366
Customer accounts	1,969,449	1,969,449					1,969,449
Other Liabilities	39,858	45,465					45,465
Total liabilities	2,869,673	2,875,280	-	-	-	-	2,875,280
(1) Differences in affiliate balance due to the reclassification of overdrawn settlement account.							

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Q4 2023 USD (in \$000)		a	b	c	d	e
		Items subject to: ⁽¹⁾				
		Total	Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	3,727,403	3,720,702			
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-			
3	Total net amount under regulatory scope of consolidation	3,727,403	3,548,200			
4	Off-balance sheet amounts	160,079	32,016			
5	Differences in valuations					
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions					
8	Differences due to prudential filters					
9	Exposure amounts considered for regulatory purposes ⁽⁶⁾	3,887,482	3,580,216	-	-	-

Part 3 - CAP – Details on the bank’s capital, including specific capital instruments

For accounting and regulatory purposes, the business units within the bank are consolidated at 100%. The group comprises of an unrestricted license for Banking, Trust Services and a financial instrument business license operating in Japan through our subsidiary Scotia Securities Asia Limited. Under the group banking license, we offer Mutual Fund Administration and Insurances Broker Services and our banking services have been extended to serve customers in Latin America through our Offshore Business Unit. The bank does not currently have any restrictions or impediments on transfer of funds within the group. The insurance agency business is not a subsidiary and as such has no separately identifiable share capital.

STCL is committed to maintaining a solid capital base to support the risks associated with its diversified businesses. Strength in capital management contributes to safety for the Bank’s customers particularly during times of stress, while allowing the Bank to take advantage of growth opportunities as they arise. We are committed to the prevention of any breach to its regulatory minimum capital requirements and to maintain a solid capital base to support the risks associated with its diverse business.

The following table defines the regulatory capital requirement as of 31 October 2023:

CAP: Details on the bank's capital, including specific capital instruments		
		Q4 2023
		USD(in \$000)
Table 1: Scope		
(a)	Scotiabank and Trust Cayman Limited	
(b)	For accounting and regulatory purposes, the business units within the bank are consolidated at 100%. The group comprises of an unrestricted license for Banking, Trust Services and a financial instrument business license operating in Japan through our subsidiary Scotia Securities Asia Limited. Under the group banking license, we offer Mutual Fund Administration and Insurances Broker Services and our banking services have been extended to serve customers in Latin America through our Offshore Business Unit.	
(c)	The bank does not currently have any restrictions or impediments on transfer of funds within the group.	
(d)	The insurance agency business is not a subsidiary and as such no separately identifiable share capital.	
Table 2: Capital Structure		
(a)	The capital structure comprise solely of ordinary shares with a par value of US\$1.00 each and retained earnings.	
	The amount of Tier 1 capital, with specific disclosure of:	852,123
	Paid-up Share Capital/Common Stock	203,640
	Reserves	648,483
	Minority interests in the equity of subsidiaries	
	Qualifying innovative instruments	
(b)	Other capital instruments	
	Surplus capital from insurance companies	
	Regulatory calculation differences deducted from Tier 1 capital	
	Other amounts deducted from Tier 1 capital, including goodwill	
	Investments	
(c)	The total amount of Tier 2 and Tier 3 capital	-
(d)	Other deductions from capital	
(e)	Total eligible capital	852,123
Table 3: Capital Adequacy		
(a)	The bank has implemented a comprehensive capital management framework which aims to ensure that the bank's capital is adequate to meet current and future risks and achieve its strategic objectives. The key components include sound corporate governance; creating a comprehensive risk appetite for the bank; managing and monitoring capital, both currently and prospectively.	
	Capital requirements for Credit Risk	167,062
	Portfolios subject to standardised or simplified standardised approach, disclosed separately for each portfolio; and	1,392,180
	Securitisation exposures.	
(b)	Capital requirements for Market Risk	10,980
	Standardised Approach	91,501
(c)	Capital requirements for Operational Risk	31,950
	Basic Indicator Approach	266,251
	Standardised Approach	
	Alternative Standardised Approach	
(d)	Total and Tier 1 capital ratio	48.69%
	For the top Consolidated group	48.69%
	For significant bank subsidiaries (stand alone or sub-consolidated).	

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

The Cayman Islands Monetary Authority (CIMA) introduced a simple, transparent, non-risk-based leverage ratio, to supplement its risk-based capital requirements in its Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I) (the “Minimum Capital Requirements”). The leverage ratio is computed as the ratio of Tier 1 capital to the Bank's average total consolidated assets. It is recommended that Banks maintain a leverage ratio in excess of 3% under Basel III.

The following table analyses the carrying values of regulatory and financial accounting disclosures as of 31 October 2023:

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure		
USD (in \$'000)		Q4 2023
1	Total consolidated assets as per published financial statements	3,721,796
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)	32,016
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	5,607
13	Leverage ratio exposure measure	3,759,419

3.2 – LR2: Leverage Ratio Common Disclosure

The Bank's leverage ratio for Q4 2023 was 22.67%, representing a 19.67% buffer, above the regulator minimum requirement of 3%.

LR2: Leverage ratio common disclosure		
USD (in \$'000)		a
		Q4 2023
On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,727,403
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)	3,727,403
Derivative exposures		
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	
9	Add-on amounts for PFE associated with <i>all</i> 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	160,079
20	(Adjustments for conversion to credit equivalent amounts)	(128,063)
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)	32,016
Capital and total exposures		
23	Tier 1 capital	852,123
24	Total exposures (sum of rows 7,13,18 and 22)	3,759,419
Leverage ratio		22.67%
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	22.67%
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%
27	Applicable leverage buffers	19.67%

Part 4 - CRA – General qualitative information about credit risk

Overview

Credit Risk is the risk of financial loss resulting from the failure of a borrower or counterparty, for any reason, to fully honour its financial or contractual obligations to STCL. Credit risk arises in the Bank's direct lending operations, and in its funding, investment, and trading activities where counterparties have repayment or other obligations to the Bank. The extension of credit is a significant contributor to revenue generation. Extending credit creates credit risk that must be effectively managed to preserve value creation. Effective credit risk management must not only consider whether the return is commensurate with the risk but must also consider Scotiabank & Trust (Cayman) Ltd.'s ("STCL" or "the Bank") tolerance for risk, and its ability to absorb losses in terms of both earnings and capital. The Bank's risk management framework includes the Bank's risk policies, guidelines and processes that articulate the Bank's governance, risk management and control structure. This framework ensures that the Bank's risk exposures are adequately assessed, properly approved, and actively managed in a consistent manner across all business lines. The Credit Risk Policy ("the Policy") documented herein is aligned with BNS Canada's - BNS Enterprise-Wide Risk Management Framework and outlines to the Board of Directors (the "Board") the policies and procedures that are to be utilized by STCL to manage credit risk in a sound and prudent manner.

Criteria and Approach

STCL's independent Credit Risk Management function for credit exposures across all business segments (Corporate & Commercial, Small Business, Retail, Wealth Management) is conducted by STCL's Enterprise and Credit Risk Committee under the mandate by STCL's Board of Directors. The Enterprise and Credit Risk Committee activities involve reviewing the Bank's credit policies to ensure these are adequate and activities related to extending credit, in all forms and types (including Retail, Small Business, Corporate & Commercial and Wealth Management), are conducted in accordance with established policies and relevant laws, regulations, guidelines, accepted business practices and ethical standards policy and credit recommendations, adjudicating credits, and other credit related responsibilities as determined appropriate by the Board. The Enterprise and Credit Risk Committee reviews and approves credits based on advice and counsel obtained from various internal risk experts. Credit risk assessments are conducted as follows:

- i. Each Customer will have authorized credit limits that encompass defined credit risks. Such credits are monitored and reviewed annually as required, or more frequently as circumstances warrant.
- ii. Environmental risk will be considered in assessing credit risk, as set out in the Board approved Environmental Policy. Additional requirements for Corporate & Commercial Banking are detailed in the environmental risk assessment sections of the Credit Policy Manual (&CPM) & International Credit Administration Handbook (ICAH).
- iii. Cyber Security Risk will be assessed in line with the Bank's Due Diligence guidelines detailed in the International Corporate & Commercial Banking Due Diligence Reference Manual.
- iv. Suitability of capital markets credit facilities will be assessed prior to approval and re-assessed on an ongoing basis as outlined in the BNS Suitability Policy and Procedures for Capital Markets Products. Suitability assessments are conducted to mitigate the risk that a Customer enter a transaction which is not suitable or appropriate for the customer and, if there is a loss, repudiate the transaction by claiming it did not fully understand the risks.

- v. Senior Management will use an internal risk rating systems for classifying credit exposures, which are aligned with CIMA’s asset classification criteria. The internal risk experts, after full consultation with the business line management, will be the final arbiter of credit risk ratings assigned to Corporate, Commercial, and Wealth Management Customers, and any subsequent amendments thereto, except in those cases where Internal Audit recommends a different risk rating, in which case, the rating recommended by Internal Audit will prevail.

Structure of Credit Risk Control Function

The effective management of credit risk requires the establishment of an appropriate credit risk culture. Key credit risk policies and principles along with credit risk management strategies are the underpinnings of an effective credit risk culture. For the Board to discharge its responsibilities with respect to the management of credit risk, the Board reviews various reports presented by management. Once such advice and counsel are provided, STCL’s Enterprise and Credit Risk Committee Enterprise and Credit Risk Committee Mandate, operating under a mandate from STCL’s Board of Directors adjudicates and provides approval as appropriate. The Board in turn ratifies such decisions for the Corporate & Commercial Banking Centre, Scotia Wealth Management Unit, and in the case of the Retail Unit

Business Banking Credit

For corporate and commercial credits (including non-Loan Underwriting Centre (LUC) eligible small business credits), Scotiabank & Trust Cayman Ltd (STCL) employs two internal risk rating methodologies for the determination of the Borrower Internal Grade Code (IG code): the Advanced Internal Ratings Based (AIRB) Risk Rating (CreditLens) Methodology and the Conventional Methodology. The internal grade (IG) ratings – a 17-point scale used to differentiate the risk of default of borrowers, and the risk of loss on facilities. The general relationship between the Bank’s IG ratings and external agency ratings and CIMA’s asset classification is shown in the table below. Use of these methodologies are governed by Bank of Nova Scotia (BNS) Credit Policy Manual.

Facility / Borrower IG Code	Implied S&P Ratings	BNS Classification	Local CIMA Asset Classification
IG 99		Certain Government Risk 8 (see below)	Satisfactory
IG 98	AAA/AA+	Excellent	Satisfactory
IG 95	AA/A+	Very Good	Satisfactory
IG 90	A/A-	Good	Satisfactory
IG 87	BBB+	Acceptable	Satisfactory
IG 85	BBB	Acceptable	Satisfactory
IG 83	BBB-	Acceptable	Satisfactory
IG 80	BB+	Acceptable	Satisfactory
IG 77	BB	Higher Risk	Satisfactory
IG 75	BB-	Higher Risk	Satisfactory
IG 73	B+	Higher Risk	Special Mention
IG 70	B/B-	Higher Risk	Special Mention
IG 65	CCC+	Watchlist	Special Mention
IG 60	CCC	Unsatisfactory – Special Monitoring	Special Mention
IG 40	CCC-/CC	Unsatisfactory – Sub Standard	Impaired/Non-Performing Loans – Substandard
IG 30	-	Unsatisfactory – Problematic	Impaired/Non-Performing Loans – Substandard
IG 27	-	Default / Credit-Impaired	Impaired/Non-Performing Loans – Doubtful
IG 22	-	Default / Credit-Impaired – Interest First	Impaired/Non-Performing Loans – Loss/Non-Accrual
IG 21	-	Default / Credit-Impaired – Principal First	Impaired/Non-Performing Loans – Loss/Non-Accrual

Wealth Management

Wealth Management uses a risk rating methodology where individual Borrowers and Guarantors are assessed and risk rated against specific criteria as they relate to external conditions, borrower characteristics, borrower capacity and borrower capital. These collectively determine an assessment of the overall strength of the Borrower, and the determination of the borrower risk rating, classified by the Borrower IG code. Wealth Management credit brings together both Retail and Commercial financial analysis methods, and thus has several different forms and methodologies which might be used when analyzing a particular transaction. Retail methodology is based on information provided in the Statement of Affairs (SOA), credit bureau reports, and the Bank's various credit scoring systems. Retail risks are managed using portfolio models and product-specific scoring criteria. The Commercial portfolio uses the Conventional methodology where, financial statements are spread using CreditLens ("CreditLens") that are then submitted as part of the credit application

Retail Credit

The Bank has a comprehensive Asset Classification process for retail customers that consists of various components, and which classifies accounts for origination, account management and recovery based on various risk factors:

a) Origination Score:

- i. The Bank uses a statistical model that computes origination scores utilizing various customer attributes such as tenure with the bank, net worth, income, time of employment, occupation type, etc.
- ii. Origination Scores are updated each time a customer requests a new facility or refinances an existing facility.

b) Behavioral Score:

- i. The Behavioural score risk ranks each loan based on the likelihood of an account/loan becoming 90 days past due (DPD) over a forecasting horizon. The behavioural score is expressed as a numerical value which translates into the odds of the loan becoming 90 DPD.
- ii. The behavioural scores are used in account and collection management and, together with other criteria, also feed into the IFRS9 models and are factored in the 3 IFRS9 Stages for provisioning purposes.

Relationship between credit risk management, risk control, compliance, and internal audit functions

Given its global oversight, BNS Canada via the Global Risk Management Credit Unit (“GRM”) in Toronto, and its regional Credit Risk Management Unit (“CRM”) operating out of Scotia Group Jamaica Limited (“SGJ”), domiciled in Jamaica, provides advice and counsel to STCL on all Business Banking (corporate & commercial and wealth management) credit transactions, taking into account credit risk management policies, procedures, and thresholds that guide the amount of credit which may be adjudicated either by the regional CRM or GRM with regard to individual credits. When GRM or CRM provides such advice and counsel, it takes into consideration factors such as country limits and the Bank’s industry limits to ensure, where appropriate, that on a consolidated basis, prudent credit policies are adhered to. STCL’s overarching risk management framework, which this Policy falls under, is predicated on the three-lines-of-defense model. Within this model:

- i. The First Line of Defence (typically comprised of the business lines and most corporate functions) incur and own the risk,
- ii. The Second Line of Defence (typically comprised of control functions such as Risk Management, Compliance, and Finance departments) provide independent oversight and objective challenge to the First Line of Defence, as well as monitoring and control of risk, and
- iii. The Third Line of Defence (Internal Audit) provides enterprise-wide independent assurance over the design and operation of the Bank’s internal control, risk management and governance processes throughout the first and second lines of defence. BNS Audit Department may on occasion conduct a review of the STCL’s various business line (i.e., Corporate & Commercial Banking Center (CCBC), Wealth Management, Retail) functions, to include lending, credit risk

management and credit support. Audit reports are distributed to relevant members of the STCL Senior Management and BNS.

Reporting on Credit Risk Exposure

For the STCL Board to discharge its responsibilities with respect to the management of credit risk, the Board reviews various reports presented by management. The Board may specify the content and frequency of reports it requires to carry out its responsibilities. Credit Risk Management provide the following information to the board:

- A. Biennially (or more frequently as required):
 - Credit Risk Policy

- B. Annually:
 - Enterprise-Wide Risk Management Framework
 - International Banking – Risk Appetite Framework
 - BNS Suitability Policy & Procedures for Capital Markets Products
 - Reports on the Corporate and Commercial and Retail AIRB Credit Risk Rating Systems
 - Summarized Enterprise-Wide Stress Testing

- C. Quarterly:
 - Credits Approved/Declined:
 - Master Listing of Board Reports – CCBC
 - Master Listing of Board Reports – Wealth
 - Master Listing of Board Reports – Retail (greater than equivalent US\$2.5MM)
 - Master listing of Board Reports – Small Business (greater than US\$250,000)
 - Doubtful Loan Provision and Problem Loan Reporting
 - Related Party advances (if applicable).
 - Quarterly Enterprise Risk Management Report:
 - Credit risk appetite monitoring
 - Business Banking and Retail credit risk portfolio credit quality breakdown
 - Provisions for credit losses and allowance for credit losses
 - Problem Loan Reporting
 - Large Exposure & Credit Risk Concentration
 - Limit Breaches
 - Operational & Market Risk Overview

Part 4 - CRB – Additional disclosure related to the credit quality of assets

Credit Quality

IFRS 9 Financial Instruments requires the consideration of past events, current conditions, and reasonable and supportable forward-looking information over the life of the exposure to measure expected credit losses. Furthermore, to assess significant increases in credit risk, IFRS 9 requires that entities assess changes in the risk of a default occurring over the expected life of a financial instrument when determining staging. The Bank's models are calibrated to consider past performance and macroeconomic forward-looking variables as inputs in the framework described below. Expert credit judgement may be made in circumstances where, in the Bank's view, the inputs, assumptions, and/or modelling techniques do not capture all relevant risk factors, including the emergence of economic or political events of the market up to the date of the financial statements. Expert credit judgement continues to be applied to the assessment of underlying credit deterioration and migration of balances to progressive stages. Consistent with the requirements of IFRS 9, the Bank has considered both quantitative and qualitative information in the assessment of significant increase in risk.

An account is classified default/credit impaired (i.e., non-accrual or non-performing) based on the CIMA's Rule – Management of Credit Risk and Problem Assets (December 2018) along with rules (expected credit loss approach) adopted from International financial Reporting Standards (IFRS), that is, when either of the criteria below is met:

- The Bank considers that the Entity is “unlikely to pay” its credit obligations in full, without recourse to actions such as realizing security (this excludes securities borrowing and lending as well as other facilities that are regularly marked to market and subject to margin calls); or
- The Entity is more than 90 days past due on any material credit obligation.

Standard Basel elements to be taken as indications of “unlikely to pay” include:

- The Bank makes a charge-off or account-individual allowance resulting from a significant perceived decline in credit quality after the Bank taking on the exposure.
- The Bank sells the credit obligation at a material credit-related economic loss.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The Bank has filed for the Entity's bankruptcy or a similar order in respect of the Entity's credit obligation to the Bank; or
- The Entity has sought or has been placed in bankruptcy or similar legal protection, where this will avoid or delay repayment of a credit obligation to the Bank.

The method used to determine the adequacy of the Allowance for Credit Losses is generally the same for all STCL's business lines. The allowance for credit losses, using an expected credit loss approach as required under IFRS 9, is estimated using complex models and incorporates inputs, assumptions, and techniques that involve a high degree of management judgement. Under IFRS 9 expected credit loss methodology, an allowance is recorded for expected credit losses on financial assets regardless of whether there has been an actual loss event.

The Bank's process for assessing changes in credit risk has a quantitative component. Quantitative information is provided the board, portfolio risk rating, delinquency, aged delinquency as a percentage of gross lending all part of governance. Forbearance guidance and restoration of credit process are outlined in CRP and guided by CIMA regulation. For Business Banking (Corporate & Commercial and Wealth Management) exposures such as business and government and commercial loans, the assessment is driven by the internal risk rating (IG codes). For retail exposures, significant increase in credit risk, cannot be assessed using forward looking information at an individual account level, therefore the assessment must be done at the segment level.

Under Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). Under Stage 3, interest income is calculated based on the amortized cost (the carrying amount after deducting the impairment provision).

The IFRS 9 impairment model is symmetrical which means that if the credit quality of a financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing 12-month ECL. The exposure needs to demonstrate demonstrable improvement in credit quality as compared to a point in time at which significant increase in credit risk was determined and Lifetime ECL was recorded. GRM will make this assessment incorporating expert credit judgment.

New provisions for Stage 1 and Stage 2 credit exposures are determined quarterly using a combination of model results and management judgement. New provisions for Stage 3 credit exposures, provisions no longer required, and amounts to be written off are recommended by the appropriate units (including Special Accounts Management) responsible for each business line as circumstances dictate and are subject to approval by the appropriate level of authority (SGJ CRM or BNS GRM). Advice and Counsel from BNS GRM will be sought if CRM level of authority would be exceeded.

The following table analyses the credit quality of exposures as of 31 October 2023:

CR1: Credit quality of assets					
USD (in \$000)		a	b	c	d
		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
Q4 2023					
1	Loans	9,622	784,493	7,635	786,480
2	Sovereigns Debt (T-Bill)		172,498	-	172,498
3	Debt Securities		670,730	57	670,673
4	Off-balance sheet exposures		160,079	-	160,079
5	Total	9,622	1,787,800	7,692	1,789,730

CRB: Additional Disclosure Related To The Credit Quality

Geography USD (in \$'000)	Non Retail	Retail	Total
Anguilla	-	5	5
Bahamas	-	274	274
Barbados	5,293	107	5,400
Bermuda	-	77	77
Canada	870	281	1,151
Cayman	357,943	490,539	848,482
Chile	121,622	-	121,622
Colombia	-	-	-
Jamaica	0	198	198
Mexico	493,993	5	493,998
Peru	55,058	-	55,058
Philipines	-	22	22
Portugal	2,000	-	2,000
Turks And Caicos	76,072	-	76,072
United Kingdom	3,695	-	3,695
United States Of America	174,918	6,642	181,560
Virgin Islands	-	114	114
Other (<\$2,000)	-	2	2
Total	1,291,465	498,265	1,789,730

(1) Disclosed credit exposure takes into account related IFRS 9 allowances for credit losses. Cash and deposits, other investment and other asset excluded.

CRB: Additional Disclosure Related To The Credit Quality

Industry	USD (in \$'000)
Retail loans:	498,265
Residential Mortgages	441,502
Personal Loans (including credit cards)	56,763
Non-Retail	1,291,465
Banks (including related party)	743,852
Construction, Real Estate and Rental	56,799
Non Central Government Public Sector Entities (PSEs)	-
Other Non Financial Corporation	106,427
Other Professional service	19,040
Sovereigns and Central Banks	172,498
Trade & Commerce	71,179
Transportation, Storage, warehousing and Communication	2,474
Utility	119,196
Total	1,789,730

(1) Credit exposure takes into account related IFRS 9 allowances for credit losses. Cash and deposits, other investment and other asset excluded.

CRB: Additional Disclosure Related To The Credit Quality

Maturity Bucket	USD (in \$'000)
Retail loans (before provisions):	504,595
Less than 1 year	38,196
1 to 5 years	89,771
Over 5 Years	360,086
Revolving Credits ⁽²⁾	16,542
Non-Retail (before provisions)	1,292,770
Less than 1 year	358,208
1 to 5 years	362,120
Over 5 Years	572,442
Revolving Credits ⁽²⁾	-
No Specific Maturity ⁽¹⁾	(7,635)
Total	1,789,730

(1) No specific maturity include IFRS 9 ECL provision

(2) Revolving Credit include credit cards and lines of credit with unspecified maturity.

The following tables analyse the impaired exposures as of 31 October 2023:

CR2: Changes in stock of defaulted loans and debt securities			
		Q4 2023	Q2 2023
1	Defaulted loans and debt securities at end of the previous reporting period ⁽¹⁾	9,470	10,149
2	Loans and debt securities that have defaulted since the last reporting period	2,725	2,715
3	Returned to non-defaulted status	1,525	572
4	Amounts written off	90	197
5	Other changes	958	2,625
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+/-5)	9,622	9,470

CRB: Additional Disclosure Related To The Credit Quality				
Geography and Industry USD (in \$'000)	Gross Loan	ACL	Net Loans	Write-off net of recoveries
Cayman				
Retail:	9,610	(1,614)	8,164	(606)
Residential Mortgages	8,646	(1,054)	7,594	309
Personal Loans (including credit cards)	964	(560)	570	(915)
			-	
Cayman				
Non-retail:	12	(1)	11	
Retail Trade & Services	12	(1)	11	
Total	9,622	(1,615)	8,175	(606)
(1) Amounts have been prepared in accordance with IFRS 9.				
(2) Whole year fiscal net write-offs are net of recoveries.				
(3) Allowance for credit losses for residential mortgages, personal loans and credit card loans is assessed on a collective basis.				
(4) Allowance for credit losses for business and government loans is individually assessed.				

CRB: Additional Disclosure Related To The Credit Quality (NPL)	
Maturity	USD (in \$'000)
Retail loans:	9,610
Less than 1 year	537
1 to 5 years	681
Over 5 Years	8,392
Non-Retail	12
1 to 5 years	12
No Specific Maturity (1)	(1,615)
Total	9,622
⁽¹⁾ Revolving Credit include credit cards and lines of credit with unspecified maturity.	
⁽²⁾ No specific maturity include IFRS 9 ECL provision	

CRB: Additional Disclosure Related To The Credit Quality (NPL)	
Days Past Due	USD (in \$'000)
Retail loans:	9,610
Less than 90 days	2,734
Greater than 90 than 180 days	3,242
Over 180 days	3,633
Non-Retail (2)	12
Total	9,622
⁽¹⁾ Past due analysis on non-performing loans based on gross loan balance.	
⁽²⁾ Non-retail is assessed on an individual basis and an internal grade assigned to delinquent accounts.	

Restructure/Forborne Exposure

The Bank defines restructured exposure as loans which have modified original contractual terms (mainly rate, fees or other) but maintain the same credit account number of a customer. This Mitigation tool is also used to address changes in customer's ability to repay according to the original terms and conditions, in order to minimize control and minimize credit losses for the Bank. Restructure is not recommended for early arrears due to its permanent and primarily 'once in a lifetime' nature but there may be cases where

it is an appropriate response to customers under serious financial situations. Refinancing plan is intended to return the account to a fully performing state. The existing loan is modified under a new account number – increasing the term, reducing the interest rate and/or waiving part of the outstanding balance, enabling the customer to have a reduced monthly payment, avoiding unnecessary detriment to the customer, and minimizing risk and loss to the Bank.

Forbearance refers to the return the account to a fully performing state where this is a possible outcome through the indulgence of bad debts, in order to avoid unnecessary detriment to the customer and thirdly the minimization of risk and loss to the bank. This tool could help to eliminate the collection fees at an agreed moment. This tool is used for Customers who have a short-term problem without trouble meeting monthly payments.

Renegotiated/refinanced loans due to financial stress are to be reported as substandard or lower credit quality for regulatory purposes; unless 1) all interest was paid up at the time of the restructure 2) repayment has been maintained for a min. period of 6 consecutive months in accordance with payment schedule.

CRB: Additional Disclosure Related To The Credit Quality (Restructured Exposure)	
Days Past Due	USD (in \$'000)
Retail loans:	15,873
Not Impaired:	
Less than 90 days past due	15,448
Impaired:	
Over 90 days past due	425
Total	15,873

Part 4 - CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

Many of the products used in trading activities create credit exposures which are not determinable with certainty at the on set and which may vary from day to day until their maturity. As such, potential future exposures must be estimated as a basis for measuring the amount of credit to be granted on these products. These estimates of potential future exposure are used for both authorizations and utilizations, with the latter also taking current mark-to-market into the calculation amount. The changes in potential future value and maximum expected exposure are determined by a periodic analysis of market prices and are set to ensure conservatism of the estimates under expected market conditions. Where transactions meet certain criteria for documentation and jurisdiction (as determined by local counsel and Executive Office and Legal), netting arrangements are taken into consideration in establishing credit line utilization. Limits are independently monitored on a daily basis, and where overruns are reported to the appropriate unit in accordance with the BNS Traded Products Manual.

The Bank actively pursues opportunities to mitigate credit risk and reduce capital costs, in a sound and prudent manner, subject to internal controls and in accordance with both legal and regulatory requirements. Credit risk mitigation is achieved through techniques including bilateral close out netting, re-couponing clauses, portfolio hedging, and collateralization. These techniques are implemented through the negotiation of standard trading agreements.

Depending upon the product, either back office or risk management units (Scotia Group Jamaica (SGJ) - Market Risk Management) are responsible for daily monitoring of mark-to-market values of applicable positions against the collateral call thresholds negotiated with each counterparty. Where applicable, the adequacy and enforceability of collateral or guarantees which are evaluated under various scenarios. When the values exceed such thresholds, they are responsible for making collateral calls. They are also responsible for escalating any fails and/or collateral valuation disputes to the Chief Risk Officer (CRO) SGJ, senior management in Global Banking and Markets, and Global Risk Management (i.e., where collateral has not been received as anticipated and/or STCL is required to post more collateral than calculated internally). Any decision to post excess collateral or receive less collateral or to invoke a dispute resolution procedure can be made by the CRO and or Global Banking and Markets jointly with Global Risk Management.

Derivatives are generally transacted under industry standard International Swaps and Derivatives Association (ISDA) master netting agreements, which allow for a single net settlement of all transactions covered by that agreement in the event of a default or early termination of the transactions. The terms of the ISDA master netting agreements and Credit Support Annexes are taken into consideration in the calculation of counterparty credit risk exposure. The Bank obtains the benefit of netting by entering into master netting arrangements with counterparties (typically industry standard International Swaps and Derivatives Association (ISDA) agreements), which allow for a single net settlement of all transactions covered by that agreement in the event of a default or early termination of the transactions. In this manner, the credit risk associated with favourable contracts is eliminated by the master netting arrangement to the extent that unfavourable contracts with the same counterparty are not settled before favourable contracts. STCL currently does not hold or trade derivatives.

Trading Documentation

STCL's standard trading agreements are based on market standards, and industry-sponsored contracts and master agreements in accordance with STCL's standing policies regarding trading documentation. Terms of the agreements are proposed by the applicable business line unit, negotiated, and documented, as applicable, by Global Capital Markets Documentation or the business line unit, and approved by Global Risk Management. In conjunction with BNS Legal and trading management, Global Risk Management reviews non-standard terms in trading documentation to ensure that transactions are properly and fully documented. Trading is not permitted without executed documentation unless specifically authorized by the applicable Credit Unit.

The types of collateral STCL are willing to accept under over the counter (OTC) derivative transactions and repurchase, and securities lending agreements are controlled by Global Risk Management and documented in Limit Control Sheets. The acceptable types of collateral are reviewed on an annual basis as part of the annual limit review process described in the Market and Structural Risk Management Policy.

Collateral Evaluation

In the normal course of business, to reduce its exposure to counterparty credit risk, the Group receives collateral for capital markets related activities. The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, term deposits and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is usually not held over loans to affiliates and loans to employees for medical or education purposes. With respect to the residential mortgage portfolio, the Group would extend loans where the collateral held up to 95%.

Collateral values are accurately identified at the outset and throughout the tenure of a transaction by using standard evaluation methodologies. Collateral valuation estimates are conducted at a frequency that is appropriate to the frequency by which the market value fluctuates, using the collateral type and the borrower risk profile. The frequency of collateral valuations is also increased when early warning signals of a borrower's deteriorating financial condition are identified. Borrowers are required to confirm adherence to covenants including confirmation of collateral values on a periodic basis, which are used by the Bank to provide early warning signals of collateral value deterioration. Periodic inspections of physical collateral are performed where appropriate and where reasonable means of doing so are available. Bank procedures require verification including certification by banking officers during initial, annual, and periodic reviews, that collateral values/ margins/etc. have been assessed and, where necessary, steps have been taken to mitigate any decreased collateral values. The Bank does not use automated valuation models (AVMs) for valuation purposes for traditional non-retail products. The Bank performs its own valuations of companies based on various factors such as book value, discounted book value, enterprise value etc.

Commercial/Corporate Real Estate

New or updated appraisals are generally obtained at inception of a new facility, as well as during loan modifications, loan workouts and troubled debt restructure. The primary reason for requiring a new appraisal is if, in the reasonable opinion of the banking execution unit, or GRM, there has been a material change in value. Additionally, none of the appraisal guidelines contained within the policies should dissuade the Bank from requesting an appraisal more frequently if an adverse change in market conditions, sponsorship, credit worthiness, or other underwriting assumptions is realized or expected.

Appraisals must be in writing and must contain sufficient information and analysis to support the Bank's decision to make the loan. Moreover, in rendering an opinion of the property's market value, third party appraisers are responsible for establishing the scope of work necessary to develop credible assignment results. The appraisal must meet the regulatory and industry requirements which, depending on the type of property being appraised, contain any or all of the following three approaches to value:

- i. comparable sales approach
- ii. replacement cost approach
- iii. income approach

The appraiser must disclose the rationale for the omission of any valuation approach. Furthermore, the appraiser must disclose whether the subject property was physically inspected and whether anyone provided significant assistance to the person signing the appraisal report. The report must contain a presentation and explanation of the assumptions used in determining value under each of the abovementioned approaches.

Retail - Collateral is generally limited to categories such as real estate, readily realizable collateral (RRC), automobiles and other durables. Secured loans are advanced for a fixed percentage of the value of security (e.g., up to 95% typically for real estate).

Small Business - Collateral is generally limited to categories such as residential and commercial real estate, readily realizable collateral (RRC), automobiles and equipment. Secured loans are advanced for a fixed percentage of the value of security.

The following table analyses exposure by collateral as of 31 October 2023:

CR3: Credit risk mitigation techniques – overview								
USD (in \$000)		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which : secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees; of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Q4 2023								
1	Loans	79,384	707,096	707,096				
2	Sovereigns Debt (T-Bill)			-	172,498	172,498		
3	Debt Securities		670,673	634,173				
4	Total	79,384	1,377,769	1,341,269	172,498	172,498	-	-
5	Of which defaulted	8	8,168					

Part 4 - CRD: Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk

The Bank currently holds US Treasury Bills to which it applies the S&P rating. The evaluation of the credit risk to a customer, or for a specific credit facility for a customer, leads to classification under various internal risk rating systems. For Business Banking (corporate & commercial and wealth management) portfolios, STCL has adopted BNS's dual Risk Rating Systems based on IG Codes for Borrowers and

Facilities. The risk rating systems for Business Banking (corporate & commercial and wealth management) employs the Advanced Internal Ratings Base (AIRB) and the Conventional Methodology governed by the Credit Policy Manual. The AIRB portfolios are designed to meet the requirements of transparency, replicability, and archive ability in order to provide consistency in terms of credit adjudication and reporting of credit risk. Key credit risk parameter estimates Probability of Default (PD), Loss-Given Default (LGD) and Exposure at Default (EAD) are applicable to Retail, Wealth and Corporate & Commercial Advanced Internal Rating-Based (AIRB) portfolios and are designed to measure borrower credit and transaction risk. These parameters are used in various internal and regulatory credit risk quantification calculations. The Bank has developed the general relationship between the Bank's IG ratings and external agency ratings. This is discussed in detail in CRA section of this report. The following tables analyse the Risk

Weighting of assets by density and asset class as of 31 October 2023:

CR4: Standardized approach – credit risk exposures and Credit Risk Mitigation (CRM) effects							
USD (in \$000)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM ⁽¹⁾		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Q4 2023							
1	Sovereigns and their central banks	172,498				-	0%
2	Non-central government public sector entities	3		3		3	100%
3	Multilateral development banks						
4	Banks	2,689,898		2,689,898		739,187	27%
5	Securities firms						
6	Corporates	288,759	32,016	288,759	32,016	300,119	94%
7	Regulatory retail portfolios	55,842		55,842		55,842	100%
8	Secured by residential property	433,701		433,701		216,850	50%
9	Secured by commercial real estate						
10	Past-due exposures	8,157		8,157		8,334	102%
11	Higher-risk categories						
12	Other Assets	71,845		71,845		71,845	100%
13	Total	3,720,703	32,016	3,548,205	32,016	1,392,180	

CR5: Standardized approach – exposures by asset classes and risk weights

USD (in \$000)	Risk weight Asset classes	a	b	c	d	e	f	g	h	i	j
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post-CCF and post-CRM) ⁽¹⁾
Q4 2023											
1	Sovereigns and their central banks	172,498.00									172,498
2	Non-central government public sector entities										
3	Multilateral development banks										
4	Banks	6,701.00		2,019,206.00		670,692.00					2,696,599
5	Securities firms										-
6	Corporates							288,759.00			288,759
7	Regulatory retail portfolios							55,842.00			55,842
8	Secured by residential property					433,701.00					433,701
9	Secured by commercial real estate										-
10	Past-due exposures								8,157.00		8,157
11	Higher-risk categories										-
12	Other Assets							71,845.00			71,845
13	Total	179,199	-	2,019,206	-	1,104,393	-	416,446	8,157	-	3,727,401

Part 5 - CCRA: Qualitative disclosure related to counterparty credit risk

Counterparty credit risk-taking activities include over-the-counter derivative transactions and securities financing transactions such as repurchase/reverse repurchase transactions and securities borrowing/lending. STCL is not currently engaged in any such activity and as such, there is no counterparty risk.

STCL is not currently engaged in any such activity, thus, there is no counterparty risk, and this disclosure is not applicable.

Part 7 - LIQA: Liquidity Risk Management

The Board is responsible for the Bank's liquidity risk management processes. Authority is delegated to STCL's senior management through the relevant Board approved policies and documents. Daily, STCL's Treasury Front Office Unit (TFO) headed by the Regional Director and Treasurer, Caribbean North (based at Scotiabank operations in the Bahamas) manages the bank's liquidity in accordance with the Board approved Liquidity Risk and Collateral Management Policy, along with the regulatory requirements, to ensure that the Bank maintains sufficient liquidity to meet the liquidity measurement standards and minimum liquidity requirements established by local regulators.

The major source of funding is retail and commercial local and USD deposits (demand, savings, and term deposits) and equity. Stable deposits are used to fund retail loans, mortgages, credit cards and commercial loans. The Bank's funding and liquidity management strategy incorporates business objectives, balance sheet composition, risk exposures (systemic and idiosyncratic), macroeconomic factors and regulatory constraints.

The strategic direction and governance of the asset liability management strategy is provided by the Asset and Liability Committee (ALCO) which is chaired by the Regional Director and Treasurer. The Bank employs a comprehensive approach for the identification, assessment, measurement and monitoring of liquidity and funding risk exposures. These measures include the development of funding diversification strategies that ensure that liabilities are appropriately diversified across instrument types, depositors, tenors, currencies. Funding diversification is supported by analysis of deposit balances, depositor concentration assessment and controlled through appropriate limits.

The TFO (1st line of defense) is responsible for day-to-day cash management and ensures that sufficient liquidity is in place to meet all SBTC's requirements TFO ensures that activities are conducted within the defined risk limits.

The Caribbean Market Risk Management Unit (2nd line of defense) ensures that the liquidity standards are satisfactorily maintained and provides oversight over the operations of the Treasury Front Office, by ensuring that liquidity risks are properly measured, and monitored, using the established risk measurement and monitoring tools.

Risk reports prepared by CMRM and Limit Monitoring reports prepared by Treasury Back Office (TBO) are sent to TFO and also reported on a monthly basis in the ALCO.

Stress Testing

The Liquidity Stress Testing Operating Framework governs the liquidity Stress Testing Program (LST Program) undertaken by SBTC. The LST Program is established to ensure that the Bank maintain sufficient liquidity, including cushion of unencumbered high quality liquid assets, to withstand a range of internally defined liquidity stress scenarios. These scenarios include those involving the loss or impairment of both secured and unsecured funding sources, liquidity, and credit facility drawdowns as well as collateral requirements. The CMRM Team conducts liquidity stress testing on a daily basis, as well as the under four stress scenarios that include pandemic & local recession, internal fraud (idiosyncratic), natural disaster and a combined pandemic & local recession and fraud. In particular:

- I. Stress scenarios, methodologies, haircuts, and assumptions, included in the liquidity stress testing program are based on an evaluation of the Bank's business profile, client behavior, market trends and capacity, regulatory requirements, external benchmarks, and recommendations from key stakeholders.
- II. The inputs provided business line stakeholders are reviewed and independently challenged by the ALCO. Final sign-off by the ALCO
- III. Stress Testing scenarios and assumptions also incorporate the impact of other contingent funding obligations.
- IV. LST results is integral to the Bank's liquidity management strategy, including, but not limited to, determining minimum liquidity buffers, developing liquidity contingency plans and, where deemed applicable, providing inputs profit optimization.
- V. LST results should be measured against minimum requirements for survival over a specified stress horizon) and maintained within limits stipulated by the Board.
- VI. LST results are included in periodic reporting to ALCO on a monthly basis and to the Board on a quarterly basis.
- VII. Stress scenarios and assumptions should be evaluated, reviewed, and updated, on an ongoing basis to reflect current and future market conditions

Overview of each scenario is provided below:

1. Pandemic and Local Recession (Systemic - Moderate and Severe)

The health pandemic has sunk the economy in a precipitous recession, halting economic activities. The curtailment of the spread of the infection has resulted in an economic downturn which drives record levels of unemployment; liquidity and funding crunch, a fiscal and credit crisis (a rise in non-performing loans). With accommodative monetary policy being implemented to stem the effects of the pandemic on economic activity, we note a fall-off in interest margins for financial institutions, while at the same time given the economic uncertainty, loan disbursements are limited to what was decided on for the pipeline prior to the pandemic. Firms and individuals draw on savings balances to supplement lost revenue and for working capital support.

2. Internal Fraud (Idiosyncratic/Scotiabank Specific Fraud – Severe)

A problem specific to the Scotiabank entities in the English Caribbean Region (ECR) only, as fraudsters target weaknesses in Scotiabank Products which has resulted in customer information and deposits being stolen which results in a negative market perception of Scotiabank entities in the ECR. This triggered a significant run on both commercial and retail funding, along with the inability to successfully borrow funds in the local interbank market. This occurs while other banks in the market remain healthy

3. Natural Disaster – Hurricane/Earthquake (Systemic – Moderate and Severe)

This scenario was based on the stress impact of a Category 5 Hurricane (e.g., Dorian) which impacted the Bahamas in 2019. The Hurricane resulted in a systemic shock for the island which led to deterioration in the real estate sector and fiscal position. Government borrowing increased significantly in an attempt to rebuild damaged essential infrastructure leading to crowding out of private investments and presenting liquidity pressure driving borrowing cost higher for locals. Considering reduced economic activities and higher levels of unemployment, deposit run-off rates increased as corporates utilize funds for working capital and as a source of disposable income.

4. Combined Pandemic and Local Recession plus Internal Fraud

A combination of the Pandemic/Global Recession scenario and Internal Fraud (in the ECR). Consequently, run-off from BNS entities is much higher than the market.

Liquidity Cash Gap (CG): The CG is the difference between cash outflows and inflows. Cash gaps are calculated based on actual and expected cash flows on existing contracts and transactions. The methodology is defined in the Bank's **Guidelines Governing the Calculation of Liquidity Cash Gaps**. The 30-day CG is computed as the difference between the outflows and the inflows over the next 30 calendar days.

Funding Concentration risk refers to the risk of top clients (Retail or Business) who represent a significant portion of deposits decide to pull deposits at once. Reports are produced daily to identify top 20 clients by a cumulative of non-maturity and term deposits.

Liquidity Monitoring and Contingency Plan

Liquidity monitoring, evaluation, and contingency planning are an integral component of the SBTC's funding and liquidity management. The Liquidity Monitoring and Contingency Plan (LMCP) outlines strategies to manage a range of liquidity stress environments and defines responsibilities, procedures, and processes for addressing liquidity shortfalls in emergency situations for SBTC. The strategies provide early warnings of potential or impending liquidity stresses, as well as roles and responsibilities through which the Bank could effectively react to mitigate such stresses. The LMCP outlines the monitoring and evaluation processes through which SBTC can be meaningfully assessed for an impending, or existing liquidity crisis and for gauging the severity of such a crisis. The monitoring and evaluation processes are designed as a continuous loop – evaluation drives the risk assessment, which drives the actions required to mitigate assessed risks. Continuous monitoring and evaluation ensure actions taken are escalated appropriately as the liquidity situation deteriorates. The process also allows for the enhancement and refinement of the LMCP based on the lessons learnt through experience.

There are 2 main metrics for monitoring liquidity, which are the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR aims to ensure that a bank has an adequate stock of unencumbered HQLA that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30-calendar day liquidity stress scenario. The NSFR aims to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities, and limits overreliance on short-term wholesale funding, and promoting overall funding stability.

The following tables analyse the SBTC's liquidity position and gap as of 31 October 2023:

LIQA: Liquidity Position and Funding					
Combined USD (in \$'000)					
	14 Days	30 Days	39 Days	60 Days	90 Days
Deposits With Bank	537,120	947,287	1,302,105	1,743,980	1,938,316
Total Loans	1,477	6,331	7,578	11,299	48,854
Other Inflows	6,710	6,710	6,710	6,710	6,710
Total Inflows	545,307	960,328	1,316,393	1,761,989	1,993,880
Term Deposits	(891)	(5,003)	(11,672)	(12,670)	(18,138)
Non- Maturity Deposits	(16,144)	(35,517)	(45,204)	(69,420)	(103,322)
Non- Maturity Deposits (Core)	(5,129)	(11,278)	(14,349)	(22,020)	(32,740)
Non- Maturity Deposits (Volatile)	(125,623)	(125,623)	(125,623)	(125,623)	(125,623)
Other Outflows	(4,184)	(9,183)	(10,199)	(12,714)	(16,171)
Total Outflows	(151,972)	(186,604)	(207,046)	(242,446)	(295,994)
Net Cash Flow	393,335	773,724	1,109,347	1,519,543	1,697,886
Liquidity Buffer	1,844,724	1,844,724	1,844,724	1,844,724	1,844,724
Liquidity Buffer Coverage	4.69	2.38	1.66	1.21	1.09

LIQA: Liquidity Gap					
USD (in \$'000)					
	Under 1 year	1 year to 5 years	Over 5 Years	No Specific Maturity	Total
Asset					
Cash and deposits	1,968,625			57,283	2,025,908
Loans	180,135	248,777	355,582	1,986	786,480
Investments	172,498	171,125	499,547	2,085	845,255
Other assets				69,760	69,760
Total	2,321,258	419,902	855,129	131,114	3,727,403
Liabilities & Equity					
Deposits from banks	859,653			689	860,342
Other deposits	1,963,372	6,101			1,969,473
Other liabilities				45,465	45,465
Equity				852,123	852,123
Total	2,823,025	6,101	-	898,277	3,727,403
Off-balance sheet items	160,079				
Total	(341,688)	413,801	855,129		-

The following tables analyses SBTC's LCR and NSFR as of 31 October 2023:

LIQ1: Liquidity Coverage Ratio (LCR)					
USD (in \$'000)		Q4 2023		Q3 2023	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value	Total weighted value
High-quality liquid assets					
1	Total HQLA		179,158		182,385
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	2,299,114	27,064	309,871	29,369
3	- of which stable deposits	-	-	-	-
4	- of which less stable deposits	2,299,114	27,064	309,871	29,369
5	Unsecured wholesale funding:	2,009,108	402,150	1,842,409	455,161
6	- of which operational deposits (all counterparties) and deposits in networks of cooperative banks	2,008,122	401,164	1,774,070	386,822
7	- of which non-operational deposits (all counterparties)	986	986	68,339	68,339
8	- of which unsecured debt	-	-	-	-
9	Secured wholesale funding	-	-	-	-
10	Additional requirements:	85,167	8,517	101,382	10,138
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	85,167	8,517	101,382	10,138
14	Other contractual funding obligations	7,718	-	5,932	-
15	Other contingent funding obligations	197,393	42,608	153,500	42,167
16	TOTAL CASH OUTFLOWS		480,339		536,835
Cash Inflows					
17	Secured lending (e.g. reverse repos)				
18	Inflows from fully performing exposures	2,378,399	1,452,894	2,183,106	1,383,046
19	Other cash flows				
20	TOTAL CASH INFLOWS	2,378,399	1,452,894	2,183,106	1,383,046
			Total adjusted value		Total adjusted value
21	TOTAL HQLA		179,158		182,385
22	Total net cash outflows		120,085		134,209
23	Liquidity Coverage Ratio (%)		149%		136%

The increase in LCR over the quarter was mainly driven by lower net cash outflows, from lower unsecured wholesale funding, partially offset by lower HQLA.

Part 8 - SECA: Qualitative disclosure requirements related to securitization exposures

Securitization is the financial practice of pooling various types of contractual debt, such as residential mortgages, commercial mortgages, auto loans or credit card debt obligations (or other non-debt assets which generate receivables) and selling their related cash flows to third party investors as securities, which may be described as bonds, pass-through securities, or collateralized debt obligations (CDOs).

STCL does not have any securitization activities, therefore this risk is not applicable.

Part 9 - Market Risk

Market risk is the risk of loss arising from movements in market prices. For STCL, the key components of this type of risk are as follows:

Interest rate risk (IRR) is the risk of loss due to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and mortgage prepayments rates. Interest rate risk arises in most treasury and trading activities. As excessive IRR can pose a significant threat to the Bank's earnings and capital, an effective risk management process that maintains IRR within prudent levels is essential to the Bank's safety and soundness. Currently, under Pillar I, the Bank is only required to hold capital against interest/profit rate risk arising from trading positions, if any.

While the Bank does not have a fixed income trading book, the Bank's exposures to IRR could pose potentially significant risk and hence, require sufficient capital support.

The Board is responsible for the interest rate risk management processes in STCL. Authority is delegated to STCL's senior management through the relevant Board approved policies and documents. The Asset and Liability Committee (ALCO) provides strategic direction for interest rate management.

The following summarizes the various aspects of the Bank's interest rate risk management policies and examines how these are applied through procedures, controls, limits, and management reporting.

Interest Rate Risk Stress Testing

Focuses on the impact of change in interest rate on bond prices. Varying shocks are applied to the entity's outright holdings.

Foreign exchange risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rates. Foreign exchange risk arises from currency mismatches in assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and currency cash flow mismatches. Sources of foreign exchange risk include spot structural position.

Hedging Strategies

Given the mandates of Treasury and the ALCO to manage liquidity and interest rate risk exposures, the Bank currently doesn't employ hedging. Market and liquidity risks are fully understood by the Bank and are governed through various risk limits by products categories which are authorized by the Board following guidance from the Market Risk Management Teams regionally and with the Parent Bank. These include Static Gap Limits, IRRBB sensitivity limits, Liquidity Buffer Limits, Survival Horizon Limits and

Overnight Trading Position Limits. The Bank uses this comprehensive limit framework to control exposures to various market risk losses.

The following table analyse the Market Risk as of 31 October 2023:

MR1: Market risk under the standardised approach					
		Q4 2023	Q3 2023	Q2 2023	Q1 2023
USD (in \$'000)		RWA	RWA	RWA	RWA
Outright Products					
1	Interest Rate Risk (General and Specific)				
2	Equity Rate Risk (General and Specific)				
3	Foreign Exchange Risk	91,501	109,319	207,540	150,453
4	Commodity Risk				
Options					
5	Simplified Approach				
6	Delta-Plus Method				
7	Scenario Approach				
8	Securitisation				
9	Total	91,501	109,319	207,540	150,453

Part 10 - Interest Rate Risk in the Banking Book (IRRBB)

Interest Rate Risk Reporting

Interest-rate-risk reports are prepared and reviewed monthly by the Caribbean Market Risk Management unit (CMRM). This is distributed to senior management in the Treasury Front Office (TFO) and STCL and reviewed at the monthly Asset and Liability Committee (ALCO) meetings, where appropriate strategies are implemented to deal with the changing market environment.

The Utilization of the Annual Income (Net Interest Income Sensitivity) is calculated as follows:

- For each portfolio (i.e., KYD and USD) before-tax effect on Annual Income of a +/- 100 bp parallel shift in the respective yield curves is calculated.
- Net the KYD equivalent across all currencies of (i) + 100 bp parallel shift in the respective yield curves and of (ii) – 100 bp parallel shift in the respective yield curve.
- Select the largest loss between (i) and (ii).

The Utilization of the Economic Value Sensitivity is calculated as follows:

- For each portfolio (i.e., KYD and USD) before-tax effect on Economic Value of a +/- 100 bp parallel shift in the respective yield curves is calculated.
- Net the JMD equivalent across all currencies of (i) + 100 bp parallel shift in the respective yield curves and of (ii) – 100bp parallel shift in the respective yield curve.
- Select the largest loss between (i) and (ii).

Interest Rate Risk Measurement

- Static Gaps** - Gap measurement is used to analyze funding and investment interest rate risk. A gap is the net of assets and liabilities within specific maturity buckets up to and including the end date of the period being reported. Changes in interest rates can have adverse effects both on the Bank's earnings

and its economic value. This has given rise to two separate, but complementary, perspectives/approaches that are used by STCL for assessing interest rate risk exposure.

IRRB Sensitivity Gauges:

II. Net Interest Income - Focuses on the impact of changes in interest rates on accrual or reported earnings. Variation in earnings is an important focal point for interest rate risk analysis because reduced earnings or outright losses may affect the financial stability of an institution by undermining its capital adequacy and by reducing market confidence.

III. Economic Value - Focuses on how variations in market interest rates affect the economic value of the Bank's assets, liabilities, and off-balance sheet positions. The economic value of the Bank can be viewed as the present value of the Bank's expected net cash flows, defined as expected cash flows on assets minus the expected cash flows on liabilities, plus the expected net cash flows on off-balance sheet positions. Since the economic value perspective considers the potential impact of interest rate changes on the present value of all future cash flows, it provides a more comprehensive view of the potential long-term effects of changes in interest rates than is offered by the earnings perspective.

IV. Measurement Procedures - The Interest Rate Gap Reports are prepared, reviewed, and sent by CMRM. Currently, Interest Rate Gap limits are in place. Interest rate risk should be managed through a combination of monthly gap measurements and stress testing (performed for +/- 100 basis points in interest rate), which is compared to set risk limits for each bucket.

The following table analyses the results of the liquidity stress test as of 31 October 2023:

IRR: Interest Rate Risk In The Banking Book		
Summary of Results		
	Interest Rate Change USD (in \$' 000)	
	-100bps	+100bps
Annual Income (Net Interest Income Sensitivity)		
KYD	(1,467)	1,406
USD	(3,961)	3,956
Total	(5,428)	5,362
Utilization		5,428
Limit		16,000
Limit Utilization		34%
Economic Value		
KYD	(1,904)	1,148
USD	(967)	754
Total	(2,871)	1,901
Utilization		2,871
Limit		10,000
Limit Utilization		29%

Part 11 - Operational Risk

Operational risk is the risk of loss resulting from people, inadequate or failed processes and systems, of from external events. Operational risk includes third party risk management and legal risk but excludes strategic risk and reputational risk. Operational risk in some form exists in each of the Bank's business and support activities and can result in financial loss, regulatory sanctions, and damage to the Bank's reputation.

Operational Risk Management framework principles are:

1. Risk Program Governance

The Bank recognises operational risk is a distinct risk management discipline, managed enterprise-wide, in a globally coordinated manner, and in compliance with local regulations. Governance of operational risk is aligned with the overarching committee governance structure as outlined in the Enterprise-Wide Risk Management Framework (EWRMF).

i) Approval Structure, Delegations of Authority

The risk committee of the board assist the board in fulfilling this responsibility for the review of the Bank's risk appetite and identifying and monitoring key financial and non-financial risk and oversight of the promotion and maintenance of a strong risk culture throughout the bank. The operational risk committee (ORC) is a senior management committee with receives its delegated authority from the chief risk officer (CRO) of the bank and is in place the assist in the execution of the accountabilities of the CRO with respect to operational risk. The operational risk management and control function, based in Jamaica, comprises a Senior Manager Operational Risk who reports directly to the Chief Risk Officer and an Operational Risk Analyst.

ii) Three Lines of Defence

The Bank' operational risk management framework is predicated on the Three Lines of Defence model. The First Line of defence incurs and owns the risk, while the Second Line of defence provides independent oversight and objective challenge to First Line activities. The Audit department is the Third Line of defence and provides enterprise-wide independent objective assurance over the design and operations of the bank's internal control, risk management and governance processes. Employees in every area of the organization are accountable for risk management.

2. Operational Risk Appetite

The Operational Risk Appetite Framework contains the Bank's operational risk appetite statement which articulates the aggregate level and types of operational risks the bank is willing to accept, or seeks to avoid, to achieve its business objectives. It includes qualitative statements, as well as quantitative measures.

3. Risk Culture

Effective risk management requires a strong, robust, and pervasive risk culture where every Bank employee is a risk manager and is responsible for managing risks. The Risk Culture & Conduct Risk Management Framework outlines how the Bank's risk culture is influenced by numerous factors including the interdependencies amongst the Bank's risk governance structure, risk appetite, strategy, organizational culture, and risk management tools.

A strong risk culture supports an environment that promotes sound risk-taking behaviours aligned to the Bank's values and enables employees to identify risk taking activities that are beyond the established risk appetite.

Operational Risk Management Programme Elements

1. Risk Identification and Assessment

Risk identification and assessment is a critical part of effectively managing operational risk at Scotiabank and a core component of the ORMF. Operational Risks are identified, classified, and assessed, and their potential impact is evaluated and reported to management and the Board. ORM tools support the identification and assessment of operational risk with each having their defined methodology and/or standards. The methodologies and standards also outline expectations regarding the frequency with which activities must be performed or repeated/ refreshed and with which the outputs must be reviewed and refreshed to ensure risk assessments are reflective of current risk exposure. The risk identification process includes:

- i) Operational Risk Directory
- ii) Risk & Control Self – Assessment
- iii) Scenario Analysis
- iv) New Initiative Risk Assessment

2. Risk Mitigation and Control

i. Policy and Procedural controls

STCL has adopted BNS Canada's policies in conducting its business and uses BNS Canada's structures to provide risk control including:

- a. Credit risk adjudication is subject to advice and counsel by BNS Canada (Global Risk Management) and BNSJ CRM (Scotia Group Jamaica).
- b. All such limits are subject to independent ratification by the STCL's Board of Directors.
- c. Operational risk controls are in accordance with BNS Canada's policies and procedures.

ii. Controls

Controls are identified and assessed through the various ORM tools. In cases where controls are deemed deficient, a remedial action plan will be required, which in turn will help to mitigate residual risk. This Framework facilitates informed operational risk response decisions which include mitigation, transfer, acceptance, and avoidance of operational risks.

iii. Segregation of Duties

The restrict segregation of duties between the revenue generating business line and operational support which is responsible for settlement, processing, limit monitoring and accounting for transactions.

iv. Insurance

The Bank maintains appropriate insurance policies including public liability and employee indemnity insurance. Such policies are designed to apply globally to all bank subsidiaries.

v. Management Information

There is continuous monitoring and reporting of risk to facilitate effective management oversight. There is also mandatory training for all employees, regular communication and reinforcement of requirements including those stipulated by the Code of Conduct.

vi. **Mitigation of Issues**

Through the Bank's operational risk management tools, issues such as deficiencies in the design or operating effectiveness of a control may be identified. In response to issues being identified, action plans can be created to remediate issues. These plans are managed by action owners to ensure the detailed action plans are executed timely and effectively.

3. Risk Measures

A key component of risk management is quantifying the size and scope of the Bank's operational risk exposure. The collection and analysis of internal and external operational risk event data and operational risk capital values provide meaningful information to measure operational risk.

i. **Operational Risk Events**

Operational Risk Event (ORE) reporting is a key component of the Framework supporting the goal to manage, mitigate and monitor operational risk within the organization. The data captured from OREs is a critical input for the calculation of operational risk regulatory capital and provides meaningful information for identifying, assessing, and mitigating operational risk exposures by conducting root cause analysis of individual events and evaluating internal controls.

ii. **Operational Risk Capital**

Operational risk capital refers to regulatory and internal capital which is quantified as a reserve for unexpected losses resulting from operational risk. Operational risk capital is a component of the total amount of risk capital that Scotiabank holds.

4. Monitoring and Analysis

The Bank has processes in place for the ongoing monitoring of operational risk. These monitoring activities can provide an early warning of emerging issues, triggering timely management response. In addition, these activities allow for review and analysis of the risk profile in relation to risk appetite or other key indicators to identify when events may be approaching or exceeding thresholds, requiring action and/or escalation.

5. Risk Reporting

Effective operational risk management includes the timely and relevant reporting of current trends and analysis. Operational risk reporting is a process which facilitates the distribution and escalation of operational risk information to relevant stakeholders. This ensures relevant stakeholders understand operational risk management exposure and activities by having access to reliable information which supports risk-based decision-making.

The following table analyses the operational risk charge as of 31 October 2023:

Operational Risk		
	a	
	Q4 2023	Q4 2022
USD (in \$'000)		
Capital Requirement		
1 Risk Exposure (Basic Indicator Approach)	21,300	22,786
2 Operation Risk Capital Charge as a % of Total Minimum Regulatory Capital	15%	17%
3 Operational Losses:	115	237
Fraud	39	119
Error	76	118
(1) Whole year fiscal operational losses. (2) ABM Cash differences accounted for 43.8% of total operational losses (3) Debit Card fraud accounts for 25.7% of total operational losses		

Part 12 – Remuneration

Scope

Scotiabank & Trust (Cayman) Ltd. (“STCL”) has prepared this report in accordance with Basel II Pillar 3 disclosure requirements. The following information concerns the Material Risk Takers (“MRTs”), which comprise members of STCL’s Board of Directors and Executive Committee.

QUALITATIVE DISCLOSURE

Governance

The Bank of Nova Scotia (the “Bank”) has an established Human Capital and Compensation Committee (“HCOB”) of the Board of Directors (“Parent Board”), which is responsible for setting global policies on compensation, overseeing the compensation governance framework, and ensuring that compensation arrangements are consistent with and promote effective risk management. Annually, the HCOB and Risk Committee review the Bank’s Compensation Policy and the HCOB recommends it to the Parent Board for approval. There were no material changes to the Bank’s Compensation Policy in fiscal 2023.

The HCOB is comprised of Nora Aufreiter (Chair), Guillermo Babatz, Una Power, Aaron Regent (Chair of the Parent Board) and Calin Rovinescu. The HCOB held eight meetings in 2023 (2022: seven meetings), including one joint session with the Bank’s Risk Committee. Information on the HCOB composition and compensation decision-making can be found in the Scotiabank Management Proxy Circular at <http://www.scotiabank.com/ca/en/0,,917,00.html>.

The HCOB has retained Hugessen Consulting Inc. (“Hugessen”) as its independent advisor since 2019 to advise on compensation-related matters. Hugessen is an independent executive compensation consulting firm based in Toronto, Canada.

STCL does not have a local compensation committee. Global compensation policies are cascaded to STCL for adoption and localized per relevant regulations or legislation as necessary. Global compensation policies are implemented locally and eligibility for various compensation programs is established based on employees’ roles.

STCL’s Board of Directors comprised of four employees of the STCL, three of are staff of Scotiabank and who are not compensated for their role as directors, and one independent director who is compensated. There is also a separate Board of Directors for the Mutual Funds business, which includes STCL’s Managing Director, and other senior managers from the Bank based in Toronto, Canada, as well as a former Managing Director of STCL. The latter is the sole financially compensated board member.

Compensation Structure and Design

STCL’s compensation program is designed to compensate individuals based on business and individual performance with a focus on sustainable growth, the creation of long-term shareholder value and prudent risk management. Our compensation philosophy supports the Bank’s strategic focus and is based on the following objectives and principles.

- Reinforcing Accountability by clearly aligning compensation with individual and corporate performance
- Supporting our Strategy by assessing performance for compensation purposes against the same financial and non-financial metrics we use to drive performance for our shareholders
- Attracting and Retaining Talent by making sure compensation is competitive and appropriate for our strategy
- Emphasizing the Long Term by paying compensation out over time
- Ensuring Prudent Compensation Risk Management by balancing risk and reward in our compensation structure and ensuring our programs do not encourage excessive risk taking

Total compensation of STCL employees, including MRTs, may be comprised of fixed compensation (i.e., base salary, pension, benefits and allowances) and variable compensation (i.e., annual and deferred incentives).

Fixed Compensation

Fixed compensation may include base salary, non-discretionary pension, benefits and allowances, including mobility-related allowances. The fixed compensation of MRTs reflects their professional experience and job responsibilities taking into account the level of education, the degree of seniority, the level of expertise and skills, job experience and the relevant business activity and local market pay levels.

Base Salary

Base salary compensates employees for fulfilling their day-to-day roles and responsibilities, including leadership and management duties they perform at STCL. Total compensation, including base salary and

incentives, is reviewed annually, and adjusted where appropriate based on each employee's role and experience, sustained performance, internal job value and local external market practice.

Pension and Benefits

Additional fixed compensation may include pension contribution by employer, optional employee share participation scheme, medical benefits coverage, housing and relocation or other expatriate allowances such as children's school education costs, storage.

Variable Compensation

Variable compensation is comprised of annual incentives (paid in cash) and deferred incentives (paid in Restricted Share Units ("RSUs") and Performance Share Units ("PSUs")).

Annual Incentives

All STCL employees are eligible to participate in an annual short-term incentive plan. Annual incentives are designed to reward employees for their contribution to the achievement of the Bank's annual financial and non-financial goals. The Annual Incentive Plan (AIP) rewards employees for business results and individual performance relative to financial and non-financial measures that support the Bank's strategic plan and individual deliverables.

Performance Metrics

The performance metrics in the Annual Incentive Plan are based on the Bank's performance on financial, customer and environmental, social and governance (ESG) metrics for the fiscal year and on individual performance, which has a significant impact on final awards. The AIP includes risk-adjusted measures that reflect the full range of potential risks. The aggregate AIP pool is determined based on the Bank's achievement on a scorecard of all-Bank measures: Net Income Attributable to Common Shareholders (NIACS), operating leverage and customer/ESG goals, and may be adjusted based on a Strategic & Operational Modifier and for performance relative to peers, as well as a discretionary risk adjustment that is approved by the Parent Board after considering performance against the Bank's Risk Appetite Framework.

Risk Adjustment

Prior to annual incentive awards being approved, the Parent's CRO assesses whether there are any other potential risks that should be reflected in the incentive pool funding and recommends adjustments, where appropriate, to the HCOB and Risk Committee.

Deferred Remuneration

The Bank has a Restricted Share Unit (RSU) plan and a Performance Share Unit (PSU) plan.

RSU Plan

The purpose of the RSU Plan is to enhance the Bank's ability to attract and retain talented individuals and to promote alignment of interests between such individuals and the shareholders of the Bank.

The Director RSU program is intended for key individuals who have the ability to assist in creating future shareholder value. The program recognizes, rewards and retains high-potential and top-performing directors by aligning their interests with those of our shareholders.

RSUs fully vest at the end of three year period, and the ultimate value of the RSUs depends on the Bank's longer-term performance and future share price.

PSU Plan

The purpose of the PSU Plan is to enhance the Bank's ability to attract and retain talented individuals to serve as executives of the Bank, to reward executives for creating shareholder value over three years and for achieving corporate performance objectives.

PSUs fully vest and are paid out at the end of the three-year performance period based on performance the Bank's Return on Equity ("ROE") and Total Shareholder Return ("TSR") performance.

Risk Adjustment

Prior to RSUs and PSUs vesting, the Parent's CRO assesses whether there are any other potential risks that should be reflected in the amount vesting and recommends adjustments, where appropriate, to the HCOB and Risk Committee.

Risk Management

Risk is carefully managed, so that all business performance targets, and individual/department objectives can be accomplished within established risk policies, limits, processes, and standards. The key metrics and targets on which incentive compensation plans are based are approved by the Parent Board. The main elements of our risk management framework include:

- Employees are discouraged from taking unreasonable and excessive risks through a strong internal risk culture that is reinforced by compensation programs. By delivering incentive compensation through a combination of annual, mid-term and long-term incentives that reflect the Bank's risk profile and by deferring a substantial portion of the incentive compensation paid to senior executives and other employees whose actions can have a material impact on risk, employees are discouraged from taking unreasonable and excessive risks. Caps are also placed on annual incentive funding in conjunction with stress-testing potential payouts and implementing share ownership and post-retirement share retention requirements to ensure shareholder alignment on a long-term basis.
- The Bank's Chief Risk Officer (CRO) and Global Risk Management function review all material compensation plans from a design perspective to ensure that they reflect the Bank's risk appetite framework. The Bank's CRO assesses whether there are other potential risks that should be adjusted for in incentive pool funding (such as concentration risk, off-balance-sheet risk, and liquidity risk) and monitors all material compensation plans for adherence with the Bank's risk appetite and recommends adjustments to the HCOB and the Bank's Risk Committee, if warranted.

- As part of the Parent CRO’s risk assessment, prudent valuations for capital adequacy are conducted to ensure the Bank is appropriately managing its capital to produce shareholder returns. As each business line is allocated equity which reflects their respective economic capital, the capital adequacy assessment ensures that capital is adequate to meet current and future risks and achieve strategic objectives. These prudent valuations ensure business lines are being charged adequately for the risk inherent in their respective business, and feed into the determination of incentive pools.
- The Bank’s Risk Committee participates in reviews of the design and results of incentive program. The Risk Committee members and the HCOB members jointly review and approve the design, metrics, targets, and payouts of material compensation programs.
- Adherence to business values, the code of conduct, and risk and compliance-related policies are key considerations when determining individual compensation awards. For material risk impact employees throughout the Bank and MRTs in STCL, the Parent’s Compensation Review Committee (whose membership includes the global heads of finance, risk management, legal, compliance, internal audit, human resources, and the SVP Total Rewards) reviews possible breaches in conduct to ensure appropriate linkage between incentive compensation and risk.
- Measures for incentive programs are thoroughly reviewed by the Parent’s executive leadership team, the Human Capital Committee (“HCC”) composed of the President and CEO of the Bank and his direct reports, to provide senior leaders with the opportunity to evaluate the key aspects of material compensation programs from an overall policy and comprehensive risk basis.
- Clawback and malus provisions: The Bank’s Clawback Policy applies to covered individuals, including MRTs. Employees may be required to forfeit outstanding awards, repay previous compensation, or have future grants reduced under a variety of triggering events.
- Anti-hedging and non-assignability provisions prohibit employees from utilizing hedging strategies or derivatives to circumvent the risk alignment effects of the Bank’s compensation programs.
- Compensation programs are reviewed independently of management. The Bank’s internal audit function conducts an annual review of compensation programs and practices, reporting the outcomes to the HCOB. The review includes all material compensation plans and programs, and assessment of the appropriateness of these plans and programs against the Bank’s organisational goals and risk profile, as well as compliance with the Financial Stability Board (“FSB”) principles and standards, and an assessment of the appropriateness of payouts relative to performance and risk.

QUANTITATIVE DISCLOSURE

Compensation tables for MRTs

The tables below summarise total remuneration earned during the 2023 fiscal year for MRTs and include variable remuneration awards made after the end of the fiscal year to reflect decisions made during the compensation planning cycle. The Deferred Remuneration table is a snapshot of outstanding deferred remuneration as of October 31, 2023 and deferred remuneration awarded/paid during the fiscal year.

Table REM1: Remuneration awarded during the financial year (USD)

	MRTs
<u>FIXED REMUNERATION</u>	
Number of identified staff	6
Total fixed remuneration	\$1,120,130
Cash	\$1,120,130
<u>VARIABLE REMUNERATION</u>	
Number of identified staff	5
Total variable remuneration	\$492,999
Cash	\$342,323
Share-linked instruments	\$150,676
Total Remuneration	\$1,613,129

Table REM2: Special payments (USD)

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
MRTs	0	0	0	0	0	0

Table REM 3 - Deferred Remuneration (USD)

	a	b	c	d	e
Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
MRTs					
Cash					
Shares	\$ 381,633	\$ 381,633	\$ -	\$ 3,602.75	\$ 145,652
Total	\$ 381,633	\$ 381,633	\$ -	\$ 3,602.75	\$ 145,652

-END-